

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, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_ .

Commission File Number: 1-8944

CLEVELAND-CLIFFS INC

(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction of  
incorporation)

34-1464672  
(I.R.S. Employer  
Identification No.)

1100 Superior Avenue, Cleveland, Ohio 44114-2589  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (216) 694-5700

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

YES X NO  
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As of July 31, 1994, there were 12,081,060 Common Shares (par value \$1.00 per share) outstanding.

PART I - FINANCIAL INFORMATION

CLEVELAND-CLIFFS INC.

STATEMENT OF CONSOLIDATED INCOME

<TABLE>  
<CAPTION>

	(In Millions, Except Per Share Amounts)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	1994	1993	1994	1993
<S>	<C>	<C>	<C>	<C>
REVENUES:				
Product sales and services	\$ 71.9	\$ 73.4	\$ 112.0	\$ 105.9
Royalties and management fees	11.5	11.1	19.5	19.3
Total operating revenues	83.4	84.5	131.5	125.2
Recovery on bankruptcy claim	-	34.8	-	34.8
Investment income (securities)	1.5	2.1	2.7	4.4
Other income	0.1	0.3	0.3	0.6
TOTAL REVENUES	85.0	121.7	134.5	165.0
COSTS AND EXPENSES:				
Cost of goods sold and operating expenses	63.8	65.3	103.3	102.6
Administrative, selling and general expenses	3.9	4.4	7.9	8.1
Interest expense	1.7	1.7	3.3	3.3
Other expenses	1.6	1.0	3.0	1.9
TOTAL COSTS AND EXPENSES	71.0	72.4	117.5	115.9

INCOME BEFORE INCOME TAXES	14.0	49.3	17.0	49.1
Income taxes (credits)				
Currently payable	3.9	15.3	4.7	15.2
Deferred	(0.3)	0.5	(0.3)	0.5
TOTAL INCOME TAXES	3.6	15.8	4.4	15.7
NET INCOME	\$ 10.4	\$ 33.5	\$ 12.6	\$ 33.4
INCOME PER COMMON SHARE	\$ 0.86	\$ 2.79	\$ 1.04	\$ 2.78

</TABLE>

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CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<TABLE>  
<CAPTION>

	(In Millions)	
	June 30, 1994	December 31, 1993
	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 99.6	\$ 67.9
Marketable securities	51.9	93.1
	-----	-----
Accounts receivable	151.5	161.0
Product inventories	26.8	36.9
Deferred income taxes	43.3	27.5
Other	14.1	14.1
	12.7	10.5
	-----	-----
TOTAL CURRENT ASSETS	248.4	250.0
PROPERTIES	172.4	172.6
Less allowances for depreciation and depletion	(137.9)	(137.3)
	-----	-----
TOTAL PROPERTIES	34.5	35.3
INVESTMENTS IN ASSOCIATED COMPANIES	147.2	152.3
OTHER ASSETS		
Long-term investments	59.0	57.4
Deferred income taxes	6.9	6.5
Other	46.5	43.9
	-----	-----
TOTAL OTHER ASSETS	112.4	107.8
	-----	-----
TOTAL ASSETS	\$ 542.5	\$ 545.4
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term obligations	\$ 5.0	\$ -
Other	54.2	64.0
	-----	-----
TOTAL CURRENT LIABILITIES	59.2	64.0
LONG-TERM OBLIGATIONS	70.0	75.0
POST-EMPLOYMENT BENEFITS	72.2	71.2
RESERVE FOR CAPACITY RATIONALIZATION	23.6	21.7
OTHER LIABILITIES	31.0	32.8
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	61.3	61.4
Retained income	321.2	315.8
Foreign currency translation adjustments	0.2	(0.3)
Unrealized gain on available-for-sale securities, net of tax	0.9	1.3
Cost of 4,747,381 Common Shares in treasury (1993 - 4,763,824)	(113.9)	(114.3)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	286.5	280.7
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 542.5	\$ 545.4
	=====	=====

<F/N>  
See notes to financial statements

</TABLE>

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CLEVELAND-CLIFFS INC  
CONSOLIDATED STATEMENT OF CASH FLOWS

<TABLE>  
<CAPTION>

	Increase (Decrease) in Cash and Cash Equivalents for Six Months Ended June 30, (In Million)	
	1994	1993
	-----	-----
	<C>	<C>
OPERATING ACTIVITIES		
Net income (loss)	\$ 12.6	\$ 33.4
Depreciation and amortization:		
Consolidated	1.0	1.0
Share of Associated Companies	5.6	5.8
Provision for deferred income taxes	(0.3)	(0.5)
Charges to capacity rationalization reserve	1.2	0.4
Recovery of Bankruptcy Claim		(34.8)
Other	(0.4)	(0.5)
	-----	-----
Total Before Changes in Operating Assets and Liabilities	19.7	4.8
Changes in operating assets and liabilities		
Marketable Securities (increase) decrease	41.2	(91.2)
Other	(17.7)	(2.9)
	-----	-----
NET CASH FROM (USED BY) OPERATING ACTIVITIES	43.2	(89.3)
INVESTING ACTIVITIES		
Purchase of long-term investments	(2.0)	(6.0)
Capital expenditures	(3.1)	(2.1)
	-----	-----
NET CASH (USED BY) INVESTING ACTIVITIES	(5.1)	(8.1)
FINANCING ACTIVITIES		
Dividends	(7.2)	(7.2)
Other	0.3	0.2
	-----	-----
NET CASH (USED BY) FINANCING ACTIVITIES	(6.9)	(7.0)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.5	(0.1)
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	31.7	(104.5)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	67.9	128.6
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 99.6	\$ 24.1
	=====	=====
Taxes paid on income	\$ 10.9	\$ 10.5
Interest paid on debt obligations	\$ 3.3	\$ 3.3

</TABLE>

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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 1993 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 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 option and restricted award transactions since December 31, 1993 are summarized as follows:

<TABLE>  
<CAPTION>

Stock Options:	1987 Plan	1992 Plan
	-----	-----
<S>	<C>	<C>
Options outstanding as of 12/31/93	95,125	10,000
Granted	-0-	5,500
Exercised	(16,643)	-0-
Cancelled	-0-	-0-
	-----	-----
Options outstanding as of 06/30/94	78,482	15,500
Options exercisable as of 06/30/94	78,482	10,000
Restricted awards:		
Awarded and restricted as of 12/31/93	4,941	15,277
Awarded	-0-	-0-
Vested	(2,442)	-0-
Cancelled	-0-	-0-
	-----	-----
Awarded and restricted as of 06/30/94	2,499	15,277
Performance Shares allocated	-0-	42,067
Reserved for future grants or awards as of 06/30/94	6,501	522,156

</TABLE>

NOTE C - INVESTMENTS IN ASSOCIATED COMPANIES

Summarized income statement information for a significant unconsolidated subsidiary, as defined, follows:

<TABLE>

TILDEN MINING COMPANY

(A 60% ownership interest at June 30, 1994 and 1993 carried at equity)

STATEMENT OF COSTS AND EXPENSES CHARGED TO ASSOCIATES

<CAPTION>

	(In Millions)	
	Six Months	
	Ended June 30	
	-----	
	1994	1993
	-----	-----
<S>	<C>	<C>

EXPENSES:		
Operating costs	\$ 6.8	\$ 7.0
Interest	--	--
	----	----
TOTAL EXPENSES	\$ 6.8	\$ 7.0
	=====	=====

</TABLE>

In February, 1994, the Company reached agreement in principle with Algoma Steel Inc. ("Algoma") and Stelco Inc. to restructure and simplify the Tilden Mine entities 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 corresponding 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 (beyond its Tilden share) 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. 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 D - ENVIRONMENTAL MATTERS

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.

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At June 30, 1994, the Company has an environmental reserve of \$8.2 million, of which \$3.0 million is current. The components are as follows:

- \$2.7 million for the Cliffs-Dow site in Michigan, which is independent of the Company's mining operations. The reserve is based on an engineering study prepared by outside consultants engaged by the responsible parties. The Company continues to evaluate the study recommendations and other means to clean-up the site. Significant site clean-up activities have taken place in the fourth quarter of 1993 and the first half of 1994.
- \$5.5 million for other identified environmental exposures, including the Arrowhead Refinery site in Minnesota, the Rio Tinto mine site in Nevada and the Summitville mine site in Colorado, which sites are independent of the Company's iron mining operations. The reserve is based on the estimated cost of investigation and remediation of sites where expenditures may be incurred. Final plans and allocations among the involved parties are undetermined.

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

NOTE E - ACCOUNTING CHANGES

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 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.

Prior year financial statements have not been restated for adoption of

the two standards. However, certain prior year amounts have been reclassified to conform to current year classifications.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

COMPARISON OF SECOND QUARTER AND FIRST SIX MONTHS - 1994 AND 1993

Net income for the second quarter of 1994 was \$10.4 million, or \$.86 per share. Comparable earnings in the second quarter of 1993 were \$10.5 million, or \$.88 per share, before recognizing a \$23.0 million after-tax gain 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").

Net income for the first half of 1994 was \$12.6 million or \$1.04 per share. In the first six months of 1993, comparable earnings, before the bankruptcy settlement gain, were \$10.4 million or \$.87 a share.

The \$2.2 million increase in first half earnings, excluding the 1993 bankruptcy gain, primarily resulted from higher sales realization in North America, and higher earnings from Australian operations, partially offset by increased operating costs and lower investment income. The second quarter comparison reflected a less favorable mix of the same factors.

Second quarter and first half of 1994 results included losses on investments in marketable securities due to the rapid rise in interest rates. Excluding such losses, second quarter earnings would have been \$11.2 million, or \$.93 per share, and first half earnings would have been \$14.4 million, or \$1.19 per share. The losses will not reoccur in the second half of 1994 as the investment portfolio has been converted to short-term securities.

\* \* \*

The Company's North American pellet sales in the second quarter of 1994 were 1.7 million tons, unchanged from 1993. First half sales were 2.4 million tons in 1994 compared to 2.3 million tons in 1993. Pellet inventory at June 30, 1994 was 1.2 million tons versus 2.0 million tons one year ago. The Company's pellet sales, including resale of purchased ore, are estimated to be 6.9 million tons for the year 1994 versus 6.4 million tons in 1993.

Cliffs-managed mines in North America produced 8.7 million tons of iron ore in the second quarter of 1994, unchanged from 1993. Year-to-date production was 16.4 million tons in 1994 compared with 16.8 million tons in 1993. Full year production is expected to be 34.5 million tons, a seven percent increase from the strike-affected 1993 production level. Operating costs in the first half of 1994 were substantially higher than one year ago, primarily due to lower ore grades mined, higher employment costs, unusually severe winter weather, and maintenance outages. The Company is addressing the problems with emphasis on orebody development, related capital expenditures, and productivity improvement.

LIQUIDITY

At June 30, 1994, the Company had cash and marketable securities of \$151.5 million, including \$6.0 million dedicated to fund Australian mine obligations. In addition, the full amount of a \$75.0 million unsecured revolving credit was available. The Company was in compliance with all financial covenants and restrictions of the revolving credit agreement.

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Since December 31, 1993, cash and marketable securities have decreased \$9.5 million due to increased working capital, \$17.7 million, dividends, \$7.2 million, capital expenditures, \$3.1 million, and purchase of long-term investments, \$2.0 million, partially offset by cash flow from operating activities, \$19.7 million.

North American pellet inventories were 1.2 million tons, at June 30, 1994, versus .8 million tons at December 31, 1993 and 2.0 million tons one year ago. The increase of .4 million tons from December 31, 1993 reflects the first quarter build-up due to the seasonal nature of the Great Lakes shipping season.

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 has evaluated each assignment, has contested those it believes were incorrectly assigned, and is currently paying premiums under protest. 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 (a separate fund from the Combined Benefit Fund) 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. At June 30, 1994, the coal retiree reserve maintained by the Company is \$10.9 million, of which \$1.0 million is current. In the second quarter 1994, the Company increased its coal retiree reserve by \$.6 million (reflecting accretion of discount), and made payments of \$.3 million. The reserve is reflected at present value, utilizing an assumed discount rate of 7.25%. Constitutional and other legal challenges to various provisions of the Benefit Act by other former coal producers are pending in the Federal Courts.

CAPITALIZATION

Long-term obligations effectively serviced by the Company at June 30, 1994, including the current portion, totalled \$88.5 million. The Company guarantees Empire mine debt obligations of LTV and Wheeling Pittsburgh Steel Corporation ("Wheeling") which totalled \$20.8 million at June 30, 1994. The following table sets forth information concerning long-term obligations guaranteed and effectively serviced by the Company.

	(Millions)			
	June 30, 1994		December 31, 1993	
	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees
CONSOLIDATED	\$ 75.0	\$ 75.0	\$ 75.0	\$ 75.0
SHARE OF UNCONSOLIDATED AFFILIATES	13.5	34.3*	13.6	34.4*
TOTAL	\$ 88.5	\$ 109.3	\$ 88.6	\$ 109.4
RATIO TO SHAREHOLDERS' EQUITY	.3:1	.4:1	.3:1	.4:1

\* Includes \$20.8 million of Empire Mine debt obligations which are serviced by LTV and Wheeling.

At June 30, 1994, the Company was in compliance with all financial covenants and restrictions related to its \$75.0 million, medium-term, unsecured senior note agreement.

The fair value of the Company's long-term debt (which had a carrying value of \$75.0 million) at June 30, 1994, was estimated at \$76.0 million based on a discounted cash flow analysis and estimates of current borrowing rates.

In addition, 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 Company was in compliance with all financial covenants and restrictions of the revolving credit agreement at June 30, 1994.

Following is a summary of common shares outstanding:

	1994	1993	1992
March 31	12,079,885	11,992,804	11,979,764
June 30	12,080,560	12,008,065	11,985,804
September 30		12,038,092	11,987,554
December 31		12,064,117	11,988,554

ACTUARIAL ASSUMPTIONS

As a result of the increasing trend in long-term interest rates, the

Company is re-evaluating the interest rates used to calculate its pension and post-retirement benefit obligations ("OPEB"). 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. A discount rate of 7.25% was used to calculate the Company's pension and OPEB obligations as of December 31, 1993. The Company does not anticipate changing the long-term rate of return assumption on pension assets (currently 8%) in the near-term future. An increase in the interest rate assumption would not affect 1994 financial results; however, in 1995 and subsequent years, the Company would recognize a non-cash increase in pension credits and a non-cash decrease in OPEB expense.

#### POTENTIAL INVESTMENTS

On July 25, 1994, the Company signed a letter of intent with Cyprus Amax Minerals Company ("Cyprus Amax") to acquire the Cyprus Northshore Mining Corporation ("Northshore") and its subsidiary, the Cyprus Silver Bay Power Corporation, located in Minnesota. The principal assets are an iron ore mine and processing facilities, with a current annual capacity of four million tons of iron ore pellets, supported by six million tons of annual concentrate capacity, and a 115 megawatt power generation plant.

Northshore produces several iron ore products, including fluxed pellets that receive a price premium over standard pellets. Northshore has sales contracts for most of its pellet capacity and has been studying installation of a "direct reduced iron" production facility. The acquisition is consistent with the Company's strategy to be the premier supplier of high quality iron feedstocks to a broad spectrum of steelmakers.

The acquisition is subject to the satisfactory completion of due diligence, a definitive agreement, regulatory approvals, and other customary closing conditions. Closing is expected by September 30, 1994. The mine and power plant companies to be acquired from Cyprus Amax will be operated by their present management as separate subsidiaries of the Company.

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The Company plans to finance the acquisition from current cash and marketable securities which before the acquisition would be expected to be approximately \$175 million at year-end 1994. After the closing of the acquisition, the Company expects to have adequate financial capability to implement its strategic objectives.

On July 26, 1994, the Company significantly enhanced its Utah oil shale holdings when it agreed to purchase the oil shale mineral rights on 16,000 acres which the Company previously held under a long-term lease. The \$700,000 purchase, which is expected to close later this month, will give the Company title "in fee" to one of the most attractive oil shale properties in the United States, containing up to an estimated one billion barrels of recoverable shale oil. While commercialization of oil shale is currently uneconomical, the Company's holding costs are minimal.

Extensive activity continues toward development of reduced iron ventures, principally in the Caribbean and Pacific Basin. A go-ahead decision on one project is possible by late 1994 if economic and commercial arrangements are satisfactorily negotiated.

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#### 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 10, 1994. 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 12 nominees named in the Company's Proxy Statement, dated March 25, 1994, 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:

<TABLE>

<CAPTION>

NOMINEES

FOR

WITHHELD



<S>	<C>	<C>
Robert S. Colman	10,892,647	42,978
James D. Ireland III	10,892,977	42,648
G. Frank Joklik	10,890,596	45,029
E. Bradley Jones	10,891,907	43,718
Leslie L. Kanuk	10,892,687	42,938
Gilbert H. Lamphere	10,891,792	43,833
M. Thomas Moore	10,891,922	43,703
Stephen B. Oresman	10,891,872	43,753
Alan Schwartz	10,892,089	43,536
Samuel K. Scovil	10,891,860	43,765
Jeptha H. Wade	10,892,170	43,455
Alton W. Whitehouse	10,893,335	42,290

</TABLE>

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, independent public accountants to examine the books of account and other records of the Company and its consolidated subsidiaries for the year 1994 were as follows: 10,776,795 Common Shares were cast for the adoption of the proposal; 42,849 Common Shares were cast against the adoption of the proposal; and 115,980 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 6. Exhibits and Reports on Form 8-K

- (a) List of Exhibits - Refer to Exhibit Index on page 13.
- (b) There were no reports on Form 8-K filed during the three months ended June 30, 1994.

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 9, 1994

By /s/ J. S. Brinzo  
 J. S. Brinzo  
 Senior Executive-Finance  
 and Principal Financial  
 Officer

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 EXHIBIT INDEX

Exhibit Number	Exhibit	Page Number
10	Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan, Amended and Restated as of January 1, 1994	14-27
11	Statement re computation of earnings per share	28

CLEVELAND-CLIFFS INC

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VOLUNTARY NON-QUALIFIED  
DEFERRED COMPENSATION PLAN  
(AMENDED AND RESTATED AS OF JANUARY 1, 1994)

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ARTICLE I

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PURPOSE

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1.1 STATEMENT OF PURPOSE; EFFECTIVE DATE. This is the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (the "Plan") made in the form of this Plan and in related agreements between an Employer and certain management and highly compensated employees. The purpose of the Plan is to provide management and highly compensated employees of the Employers with the option to defer the receipt of a portion of their regular compensation or bonuses payable for services rendered to the Employer. It is intended that the Plan will assist in attracting and retaining qualified individuals to serve as officers and key managers of the Employers. The Plan, originally effective as of June 1, 1989, as amended by Amendments No. 1 and No. 2, effective as of January 1, 1991 and February 1, 1992, respectively, is amended and restated as of January 1, 1994.

ARTICLE II

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DEFINITIONS

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When used in this Plan and initially capitalized, the following words and phrases shall have the meanings indicated:

2.1 ACCOUNT. "Account" means the sum of a Participant's Deferral Account and Matching Account under the Plan.

2.2 BASE SALARY. "Base Salary" means a Participant's base earnings paid by an Employer to a Participant without regard to any increases or decreases in base earnings as a result of an election to defer base earnings under this Plan, or an election between benefits or cash provided under a plan of an Employer maintained pursuant to Section 125 or 401(k) of the Code.

2.3 BENEFICIARY. "Beneficiary" means the person or persons designated or deemed to be designated by the Participant pursuant to Article VII to receive benefits payable under the Plan in the event of the Participant's death.

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2.4 BOARD. "Board" means the Board of Directors of the Company.

2.5 BONUS. "Bonus" means a Participant's annual bonus paid by an Employer to a Participant under the Cleveland-Cliffs Inc Management Performance Incentive Plan without regard to any decreases as a result of an election to defer all or any portion of a bonus under this Plan, or an election between benefits or cash provided under a plan of an Employer maintained pursuant to Section 401(k) of the Code.

2.6 CHANGE IN CONTROL. "Change in Control" means the date on which any of the following is effective:

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

(b) The Company shall sell or transfer to one or more persons, corporations or entities, in a single transaction or a series of related transactions, more than one-half of the assets accounted for on the Statement of Consolidated Financial Position of the Company as "properties" or "investments in associated companies" (or such replacements for these accounts as may be adopted from time to time) unless by an affirmative vote of two-thirds of the members of the

Board of Directors, the transaction or transactions are exempted from the operation of this provision based on a good faith finding that the transaction or transactions are not within the intended scope of this definition for purposes of this instrument;

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

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

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of the Company on the date of the beginning of any such period.

2.7 CODE. "Code" means the Internal Revenue Code of 1986, as amended.

2.8 COMMITTEE. "Committee" has the meaning set forth in Section 8.1.

2.9 COMPANY. "Company" means Cleveland-Cliffs Inc and any successor thereto.

2.10 COMPENSATION. "Compensation" means the Base Salary and Bonus payable with respect to an Eligible Employee for each calendar year.

2.11 DECLARED RATE. "Declared Rate" for any period ending on or before December 31, 1993 means the base lending interest rate ("Prime Rate") published by Ameritrust Company National Association or its successor on the specified date or, if not a business day, on the next succeeding business day. "Declared Rate" for any period commencing on or after January 1, 1994 means the Moody's Corporate Bond Yield, as adjusted on the first business day of each January, April, July and October.

2.12 DEFERRAL ACCOUNT. "Deferral Account" means the account maintained on the books of the Employer for the purpose of accounting for the amount of Compensation that each Participant elects to defer under the Plan and for the amount of interest credited thereto for each Participant pursuant to Article V.

2.13 DEFERRAL BENEFIT. "Deferral Benefit" means the benefit payable to a Participant or his or her Beneficiary pursuant to Article VI.

2.14 DETERMINATION DATE. "Determination Date" means a date on which the amount of a Participant's Account is determined as provided in Article V. The 15th day and the last day of each month shall be a Determination Date.

2.15 ELIGIBLE EMPLOYEE. "Eligible Employee" means a senior corporate officer of the Company or a full-time, salaried employee of an Employer who has a Management Performance Incentive Plan Salary Grade 18 or above.

2.16 EMERGENCY BENEFIT. "Emergency Benefit" has the meaning set forth in Section 6.2.

2.17 EMPLOYER. "Employer" means, with respect the Participant, the Company or the Selected Affiliate which pays such Participant's Compensation.

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2.18 MATCHING ACCOUNT. "Matching Account" means the account maintained on the books of an Employer for the purpose of accounting for the Matching Amount and for the amount of interest credited thereto for each Participant pursuant to Article V.

2.19 MATCHING AMOUNT. "Matching Amount" means the amount credited to a Participant's Matching Account under Section 4.3.

2.20 MATCHING PERCENTAGE. "Matching Percentage" means the matching contribution percentage in effect for a specific Plan Year under the Savings Plan.

2.21 PARTICIPANT. "Participant" means any Eligible Employee who elects to participate by filing a Participation Agreement as provided in Section 3.2.

2.22 PARTICIPATION AGREEMENT. "Participation Agreement" means the agreement filed by a Participant, in the form prescribed by the Committee, pursuant to Section 3.2.

2.23 PLAN. "Plan" means the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan, as amended from time to time.

2.24 PLAN YEAR. "Plan Year" means a twelve-month period commencing January 1 and ending the following December 31, provided that the first Plan Year shall commence June 1, 1989 and end December 31, 1989.

2.25 SAVINGS PLAN. "Savings Plan" means, with respect to a Participant, the Cliffs and Associated Employers Salaried Employees Supplemental Retirement Savings Plan for which he is eligible to contribute.

2.26 SELECTED AFFILIATE. "Selected Affiliate" means (1) any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the chain owns or controls, directly or indirectly, stock possessing not less than 50 per cent of the total combined voting power of all classes of stock in one of the other corporations, or (2) any partnership or joint venture in which one or more of such corporations is a partner or venturer, each of which shall be selected by the Committee.

ARTICLE III

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ELIGIBILITY AND PARTICIPATION  
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3.1 ELIGIBILITY. Eligibility to participate in the Plan is limited to Eligible Employees.

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3.2 PARTICIPATION. Participation in the Plan shall be limited to Eligible Employees who elect to participate in the Plan by filing a Participation Agreement with the Committee. A properly completed and executed Participation Agreement shall be filed on or prior to the December 31 immediately preceding the Plan Year in which the Participant's participation in the Plan will commence. The election to participate shall be effective on the first day of the Plan Year following receipt by the Committee of the Participation Agreement. Notwithstanding the foregoing, in the case of the first Plan Year, a Participation Agreement shall be filed by June 15, 1989 and shall be effective as of June 1, 1989. In the event that an Eligible Employee first becomes eligible to participate in the Plan or first commences employment during the course of a Plan Year, a Participation Agreement shall be filed with the Committee not later than 30 days following his eligibility date or date of employment. Each Participation Agreement shall be effective only with regard to Compensation earned and payable following the later of the effective date of the Participation Agreement or the date the Participation Agreement is filed with the Committee.

3.3 TERMINATION OF PARTICIPATION. A Participant may elect to terminate his or her participation in the Plan by filing a written notice thereof with the Committee. The termination shall be effective at any time specified by the Participant in the notice but not earlier than the first day of the Plan Year immediately succeeding the Plan Year in which such notice is filed with the Committee. Amounts credited to such Participant's Account with respect to periods prior to the effective date of such termination shall continue to be payable pursuant to, receive interest on, and otherwise governed by, the terms of the Plan.

3.4 INELIGIBLE PARTICIPANT. Notwithstanding any other provisions of this Plan to the contrary, if the Committee determines that any Participant may not qualify as a "management or highly compensated employee" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or regulations thereunder, the Committee may determine, in its sole discretion, that such Participant shall cease to be eligible to participate in this Plan. Upon such determination, the Employer shall make an immediate lump sum payment to the Participant equal to the vested amount credited to his Account. Upon such payment no benefit shall thereafter be payable under this Plan either to the Participant or any Beneficiary of the Participant, and all of the Participant's elections as to the time and manner of payment of his Account will be deemed to be cancelled.

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ARTICLE IV

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DEFERRAL OF COMPENSATION  
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4.1 AMOUNT OF DEFERRAL. With respect to each Plan Year, a Participant may elect to defer a specified percentage of his or her Compensation, provided the deferred Compensation under this Plan and the Participant's pretax elective deferrals for such Plan Year under the Savings Plan, in the aggregate, shall not exceed the sum of 25% of his or her Base Salary net of such pretax elective deferrals, if any, plus 100% of his or her Bonus. A Participant may choose to have amounts deferred under this Plan deducted from his Base Salary, Bonus or a combination of both. For the first Plan Year, a Participant may elect to defer all or any portion of his or her Compensation earned or payable after the later of the effective date of the Participation Agreement or the date of filing the Participation Agreement with the Committee, provided the total deferred amount for such Plan Year does not exceed the annual limitation under this Section 4.1. A Participant may change the percentage of his or her Compensation to be deferred by filing a written notice thereof with the Committee. Any such change shall be effective as of the first day of the Plan Year immediately succeeding the Plan Year in which such notice is filed with the Committee.

4.2 MATCHING AMOUNTS. An Employer shall provide Matching Amounts under this Plan with respect to each Participant who is eligible to be allocated matching contributions under the Savings Plan. The total Matching Amounts under this Plan on behalf of a Participant for each Plan Year shall not exceed (i) the Matching Percentage of the Compensation deferred by a Participant under Section 4.1, up to a maximum of 7% of Compensation, less (ii) the Employer matching contributions allocated to the Participant under the Savings Plan for such Plan Year.

4.3 CREDITING DEFERRED COMPENSATION AND MATCHING AMOUNTS. The amount of Compensation that a Participant elects to defer under the Plan shall be credited by the Employer to the Participant's Deferral Account semi-monthly. To the extent that the Employer is required to withhold any taxes or other amounts' from a Participant's deferred Compensation pursuant to any state, federal or local law, such amounts shall be withheld from the Participant's Compensation before such amounts are credited. The Matching Amount under the Plan for each Participant shall be credited by the Employer at the same time that matching contributions are allocated under the Savings Plan.

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ARTICLE V  
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BENEFIT ACCOUNTS  
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5.1 INVESTMENT OF ACCOUNTS. As soon as practicable after the crediting of any amount to a Participant's Account, the Company may, in its sole discretion, direct that the Company invest the amount credited, in whole or in part, in such property (real, personal, tangible or intangible), other than securities of the Company, (collectively the "Investments"), as the Committee shall direct, or may direct that the Company retain the amount credited as cash to be added to its general assets. The Committee may, but is under no obligation to, direct the investment of amounts credited to a Participant's Account in accordance with requests made by the Participant and communicated to the Committee. Earnings from Investments shall be credited to a Participant's Account and shall be reinvested, as soon as practicable, in the manner provided above. The Company shall be the sole owner and beneficiary of all Investments, and all contracts and other evidences of the Investments shall be registered in the name of the Company. The Company, under the direction of the Committee, shall have the unrestricted right to sell any of the Investments included in any Participant's Account, and the unrestricted right to reinvest the proceeds of the sale in other Investments or to credit the proceeds of the sale to a Participant's Account as cash. Amounts credited to a Participant's Account that are not invested in Investments shall be credited to a Participant's Account as cash.

5.2 DETERMINATION OF ACCOUNT. As of each Determination Date, a Participant's Account shall consist of the following: (i) the balance of the Participant's Account as of the immediately preceding Determination Date, plus (ii) the Participant's deferred Compensation and Matching Amount credited pursuant to Section 4.3 since the immediately preceding Determination Date and any earnings and/or income credited to such amounts pursuant to Sections 5.1 and 5.3 as of such Determination Date, minus (iii) any losses or other diminution in the value of assets in such Account since the immediately preceding Determination Date, minus (iv) the aggregate amount of distributions, if any, made from such Participant's Account since the immediately preceding Determination Date.

5.3 CREDITING OF INTEREST. As of each Determination Date, the amounts credited to a Participant's Account as cash shall be increased by the amount of interest earned since the immediately preceding Determination Date. Interest shall be credited at the Declared Rate as of such Determination Date based on the balance of the cash amounts credited to the Account since the immediately preceding Determination Date, but after such Account has been adjusted for any contributions or distributions to be credited or deducted for such period. Interest for the

period prior to the first Determination Date applicable to a Participant's Account shall be deemed earned ratably over such period.

5.4 STATEMENT OF ACCOUNTS. The Committee shall cause to be kept a detailed record of all transactions affecting each Participant's Account and shall provide to each Participant, within 120 days after the close of each Plan Year, a written statement setting forth a description of the Investments in such Participant's Account and the cash balance, if any, of such Participant's Account as of the last day of the preceding Plan Year and showing all adjustments made thereto during such Plan Year.

5.5 VESTING OF ACCOUNT. A Participant shall be 100% vested in his or her Account at all times.

#### ARTICLE VI

#### PAYMENT OF BENEFITS

6.1 PAYMENT OF DEFERRAL BENEFIT ON TERMINATION OF SERVICE OR DEATH. Upon the earlier of (i) termination of service of the Participant as an employee of the Employer and all Selected Affiliates, for reasons other than death, or (ii) the death of a Participant, the Employer shall, in accordance with this Article VI, pay to the Participant or his Beneficiary, as the case may be, a Deferral Benefit equal to the balance of his or her vested Account determined pursuant to Article V, less any amounts previously distributed.

6.2 EMERGENCY BENEFIT. In the event that the Committee, upon written petition of a Participant, determines, in its sole discretion, that the Participant has suffered an unforeseeable financial emergency, the Employer shall pay to the Participant, as soon as practicable following such determination, an amount necessary to meet the emergency (the "Emergency Benefit"), but not exceeding the aggregate balance of such Participant's Deferral Account and Matching Account as of the date of such payment. For purposes of this Section 6.2, an "unforeseeable financial emergency" shall mean an unexpected need for cash arising from an illness, disability, casualty loss, sudden financial reversal or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. The amount of the Deferral Benefit otherwise payable under the Plan to such Participant shall be adjusted to reflect the early payment of the Emergency Benefit.

6.3 IN-SERVICE DISTRIBUTION. A Participant may elect to receive an in-service distribution of his or her deferred Compensation beginning at any time at least four years after the date such Compensation otherwise would have been first payable. A Participant's election for an in-service distribution shall be filed in writing with the Committee before the date his or her deferred Compensation otherwise would have been first payable. The Participant may elect to receive such Compensation as an in-service distribution as provided in Section 6.4. Any benefits paid to the Participant as an in-service distribution shall reduce the amount of Deferral Benefit otherwise payable to the Participant under the Plan.

#### 6.4 FORM OF PAYMENT.

(a) The Deferral Benefit payable pursuant to Section 6.1 or Section 6.3 shall be paid in one of the following forms, as elected by the Participant in his or her Participation Agreement:

(1) Annual payments of a fixed amount which shall amortize the vested Account balance, or the in-service distribution portion thereof, as of the payment commencement date elected by the Participant over a period not to exceed ten years (together, in the case of each annual payment, with interest thereon credited after the payment commencement date pursuant to Section 5.2).

(2) A lump sum.

(3) A combination of (1) and (2) above. The Participant shall designate the percentage payable under each option.

(b) After a Participant elects the payment commencement date and the form of payment for his benefits, he may not change the payment commencement date or form thereafter.

6.5 COMMENCEMENT OF PAYMENTS. Commencement of payments under Section 6.1 of the Plan shall begin as soon as practicable, and in accordance with the payment commencement date elected by the Participant, following receipt of notice by the Committee of an event which entitles a Participant (or a Beneficiary) to payments under the Plan.

6.6 SMALL BENEFIT. In the event the Committee determines that the balance of the Participant's Account is less than \$50,000 at the time of commencement of payments, or the portion of the balance of the Participant's Account payable to any beneficiary is less than \$50,000 at the time of commencement

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of the payments, the Employer may pay the benefit in the form of a lump sum payment, notwithstanding any provision of the Plan to the contrary. Such lump sum payment shall be equal to the balance of the Participant's Account, or the portion thereof payable to a beneficiary.

ARTICLE VII

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BENEFICIARY DESIGNATION  
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7.1 BENEFICIARY DESIGNATION. Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary to whom payment under the Plan shall be made in the event of his or her death prior to complete distribution to the Participant of his or her Deferral Benefit. Any Beneficiary designation shall be made in a written instrument filed with the Committee and shall be effective only when received in writing by the Committee.

7.2 AMENDMENTS. Any Beneficiary designation may be changed by a Participant by the filing of a new Beneficiary designation, which will cancel all Beneficiary designations previously filed.

7.3 NO DESIGNATION. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

7.4 EFFECT OF PAYMENT. Payment to a Participant's Beneficiary (or, upon the death of a Beneficiary, to the Beneficiary's estate) shall completely discharge the Employer's obligations under the Plan.

ARTICLE VIII

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ADMINISTRATION  
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8.1 COMMITTEE. The administrative committee for the Plan (the "Committee") shall be those members of the Compensation Committee of the Board who are not Participants, as long as there are at least three such members. If there are not at least three such non-participating persons on the Compensation Committee, the chief executive officer of the Company shall appoint other non-participating Directors or Company officers to serve on the Committee. The Committee shall supervise the administration and operation of the Plan, may from time to time adopt rules and procedures governing the Plan and shall have authority to give interpretive rulings with respect to the Plan.

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8.2 AGENTS. The Committee may appoint an individual, who may be an employee of the Company, to be the Committee's agent with respect to the day-to-day administration of the Plan. In addition, the Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.3 BINDING EFFECT OF DECISIONS. Any decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan shall be final and binding upon all persons having any interest in the Plan.

8.4 INDEMNITY OF COMMITTEE. The Company shall indemnify and hold harmless the members of the Committee and their duly appointed agents under Section 8.2 against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee.

ARTICLE IX

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AMENDMENT AND TERMINATION OF PLAN  
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9.1 AMENDMENT. The Company, on behalf of itself and of each Selected Affiliate may at any time amend, suspend or reinstate any or all of the provisions of the Plan, except that no such amendment, suspension or reinstatement may adversely affect any Participant's Account, as it existed as of the effective date of such amendment, suspension or reinstatement, without such Participant's prior written consent. Written notice of any amendment or other action with respect to the Plan shall be given to each Participant.

9.2 TERMINATION. The Company, on behalf of itself and of each Selected Affiliate, in its sole discretion, may terminate this Plan at any time and for any reason whatsoever. Upon termination of the Plan, the Committee shall take those actions necessary to administer any Accounts existing prior to the effective date of such termination; provided, however, that a termination of the Plan shall not adversely affect the value of a Participant's Account, the earnings from Investments credited to a Participant's Account under Section 5.1, the interest on cash amounts credited to a Participant's Account under Section 5.3, or the timing or method of distribution of a Participant's Account, without the Participant's prior written consent.

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ARTICLE X

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MISCELLANEOUS  
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10.1 FUNDING. Participants, their Beneficiaries, and their heirs, successors and assigns, shall have no secured interest or claim in any property or assets of the Employer. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Employer to pay money in the future. Notwithstanding the foregoing, in the event of a Change in Control, the Company shall create an irrevocable trust to hold funds to be used in payment of the obligations of Employers under the Plan, and the Company shall fund such trust in an amount equal to no less than the total value of the Participants' Accounts under the Plan as of the Determination Date immediately preceding the Change in Control, provided that any funds contained therein shall remain liable for the claims of the respective Employer's general creditors.

10.2 NONASSIGNABILITY. No right or interest under the Plan of a Participant or his or her Beneficiary (or any person claiming through or under any of them), other than the surviving spouse of any deceased Participant, shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Beneficiary. If any Participant or Beneficiary (other than the surviving spouse of any deceased Participant) shall attempt to or shall transfer, assign, alienate, anticipate, sell, pledge or otherwise encumber his or her benefits hereunder or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by him or her, then the Committee, in its discretion, may terminate his or her interest in any such benefit to the extent the Committee considers necessary or advisable to prevent or limit the effects of such occurrence. Termination shall be effected by filing a written "termination declaration" with the Secretary of the Company and making reasonable efforts to deliver a copy to the Participant or Beneficiary whose interest is adversely affected (the "Terminated Participant").

As long as the Terminated Participant is alive, any benefits affected by the termination shall be retained by the Employer and, in the Committee's sole and absolute judgment, may be paid to or expended for the benefit of the Terminated Participant, his or her spouse, his or her children or any other person or persons in fact dependent upon him or her in such a manner as the Committee shall deem proper. Upon the death of the Terminated Participant, all benefits withheld from him or her and not paid to others in accordance with the preceding sentence shall be disposed of according to the provisions of the Plan that

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would apply if he or she died prior to the time that all benefits to which he or she was entitled were paid to him or her.

10.3 LEGAL FEES AND EXPENSES. It is the intent of the Company and each Selected Affiliate that no Eligible Employee or former Eligible Employee be required to incur the expenses associated with the enforcement of his rights under this Plan by litigation or other legal action because the cost and



expense thereof would substantially detract from the benefits intended to be extended to an Eligible Employee hereunder. Accordingly, if it should appear that the Employer has failed to comply with any of its obligations under this Plan or in the event that the Employer or any other person takes any action to declare this Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Eligible Employee the benefits intended to be provided to such Eligible Employee hereunder, the Employer irrevocably authorizes such Eligible Employee from time to time to retain counsel of his choice, at the expense of the Employer as hereafter provided, to represent such Eligible Employee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Employer or any director, officer, stockholder or other person affiliated with the Employer in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Employer and such counsel, the Employer irrevocably consents to such Eligible Employee's entering into an attorney-client relationship with such counsel, and in that connection the Employer and such Eligible Employee agree that a confidential relationship shall exist between such Eligible Employee and such counsel. The Employer shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by such Eligible Employee as a result of the Employer's failure to perform under this Plan or any provision thereof; or as a result of the Employer or any person contesting the validity or enforceability of this Plan or any provision thereof.

10.4 CAPTIONS. The captions contained herein are for convenience only and shall not control or affect the meaning or construction hereof.

10.5 GOVERNING LAW. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Ohio.

10.6 SUCCESSORS. The provisions of the Plan shall bind and inure to the benefit of the Company, its selected Affiliates, and their respective successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company or a

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Selected Affiliate and successors of any such corporation or other business entity.

10.7 RIGHT TO CONTINUED SERVICE. Nothing contained herein shall be construed to confer upon any Eligible Employee the right to continue to serve as an Eligible Employee of the Employer or in any other capacity.

Executed this 21st day of December, 1993.

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CLEVELAND-CLIFFS INC

By: /s/ Richard F. Novak

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Vice President-Human Resources

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<TABLE>

COMPUTATION OF EARNINGS PER SHARE

Exhibit 11

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

<CAPTION>

	(In Millions, Except Per Share Amounts) Six Months Ended June 30	
	1994	1993
<S>	<C>	<C>
Primary and fully diluted earnings per share:		
Average shares outstanding	12.1	12.0
Net effect of dilutive stock options - based on treasury stock method using average market price	--	--
Average shares and equivalents	12.1	12.0
Net income (loss) applicable to average share and equivalents	\$12.6	\$33.4
Income (loss) per share	\$1.04	\$2.78

</TABLE>