SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2003

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	1-8944	34-1464672
(State or other jurisdiction of incorporation)	(Commission File Number)	(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 ☒ NO ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES ☒ NO ☐

As of July 24, 2003, there were 10,322,352 Common Shares (par value $1.00 per share) outstanding.

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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED OPERATIONS

	(In Millions, Except Per Share Amounts) Three Months Ended June 30		(In Millions, Except Per Share Amounts) Six Months Ended June 30	
	2003	2002	2003	2002
REVENUES				
Product sales and services				
Iron ore	$ 172.0	$ 135.9	$ 294.9	$ 183.8
Freight and minority interest	34.9	16.7	63.1	23.8
Total product sales and services	206.9	152.6	358.0	207.6
Royalties and management fees	2.3	3.3	4.6	4.6
Total operating revenues	209.2	155.9	362.6	212.2
Interest income	2.5	.9	5.2	2.0
Other income	2.0	2.6	7.4	5.9
Total Revenues	213.7	159.4	375.2	220.1
COSTS AND EXPENSES				
Cost of goods sold and operating expenses	224.8	153.0	375.8	222.1
Administrative, selling and general expenses	4.5	6.8	9.4	10.8
Interest expense	1.3	2.0	2.5	3.9
Other expenses	5.2	1.8	6.3	3.1
Total Costs and Expenses	235.8	163.6	394.0	239.9
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(22.1)	(4.2)	(18.8)	(19.8)
INCOME TAXES (CREDIT)	(.9)	(6.2)	.2	(12.9)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(21.2)	2.0	(19.0)	(6.9)
LOSS FROM DISCONTINUED OPERATION		(1.9)		(4.5)
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	(21.2)	.1	(19.0)	(11.4)
CUMULATIVE EFFECT OF ACCOUNTING CHANGE				(13.4)
NET INCOME (LOSS)	$ (21.2)	$ .1	$ (19.0)	$ (24.8)
NET INCOME (LOSS) PER COMMON SHARE				
Basic and Diluted Continuing operations	$ (2.07)	$ .19	$ (1.86)	$ (.69)
Discontinued operation		(.18)		(.42)
Cumulative effect of accounting change				(1.32)
Net income (loss)	$ (2.07)	$ .01	$ (1.86)	$ (2.43)
AVERAGE NUMBER OF SHARES (IN THOUSANDS)				
Basic	10,248	10,182	10,225	10,114
Diluted	10,248	10,182	10,225	10,114

See notes to consolidated financial statements.

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	(In Millions)	
	June 30 2003	December 31 2002
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 41.6	$ 61.8
Trade accounts receivable — net	21.1	14.1
Receivables from associated companies	2.4	9.0
Product inventories	124.6	111.2
Supplies and other inventories	66.8	73.2
Other	29.5	31.2
TOTAL CURRENT ASSETS	286.0	300.5
PROPERTIES	398.2	390.8
Allowances for depreciation and depletion	(123.8)	(111.9)
TOTAL PROPERTIES	274.4	278.9
OTHER ASSETS		
Long-term receivables	62.6	63.9
Intangible pension asset	31.7	31.7
Other investments	26.8	29.3
Deposits and miscellaneous	22.4	25.8
TOTAL OTHER ASSETS	143.5	150.7
TOTAL ASSETS	$ 703.9	$ 730.1
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	$ 15.0	$ 20.0
Accounts payable	50.4	54.8
Accrued employment cost	49.3	60.1
Accrued expenses	20.0	17.6
Payables to associated companies	13.2	14.1
State and local taxes	12.1	13.2
Environmental and mine closure obligations	9.1	9.8
Other	17.6	15.2
TOTAL CURRENT LIABILITIES	186.7	204.8
LONG-TERM DEBT	35.0	35.0
PENSIONS, INCLUDING MINIMUM PENSION LIABILITY	163.5	151.3
OTHER POST-RETIREMENT BENEFITS	112.9	109.1
ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS	84.2	84.7
OTHER LIABILITIES	39.1	46.0
TOTAL LIABILITIES	621.4	630.9
MINORITY INTEREST	20.8	19.9
SHAREHOLDERS' EQUITY		
Preferred Stock		
Class A — 500,000 shares authorized and unissued		
Class B — 4,000,000 shares authorized and unissued		
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	66.4	69.7
Retained income	269.4	288.4
Accumulated other comprehensive loss, net of tax	(110.7)	(110.7)
Cost of 6,505,360 Common Shares in treasury (2002 — 6,643,730 shares)	(179.1)	(182.2)
Unearned compensation	(1.1)	(2.7)
TOTAL SHAREHOLDERS' EQUITY	61.7	79.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 703.9	$ 730.1

See notes to consolidated financial statements.

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOWS

	(In Millions, Brackets Indicate Cash Decrease) Six Months Ended June 30	
	2003	2002
CASH FLOW FROM (USED BY) CONTINUING OPERATIONS OPERATING ACTIVITIES		
Loss from continuing operations	$(19.0)	$ (6.9)
Depreciation and amortization:		
Consolidated	14.2	11.3
Share of associated companies	1.8	4.0
Pensions and other post-retirement benefits	17.9	3.4
Deferred income taxes		(3.4)
Gain on sale of assets	(5.5)	(3.8)
Other	(4.0)	(2.4)
Total before changes in operating assets and liabilities	5.4	2.2
Changes in operating assets and liabilities	(17.2)	(14.9)
Net cash used by operating activities	(11.8)	(12.7)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment:		
Consolidated	(11.1)	(5.3)
Share of associated companies	(.1)	(2.3)
Investment in steel company common stock		(13.0)
Investment in power-related joint venture		(6.0)
Proceeds from sale of assets	6.9	5.3
Net cash used by investing activities	(4.3)	(21.3)
FINANCING ACTIVITIES		
Repayment of long-term debt	(5.0)	
Contributions by minority interests	.9	.7
Net cash from (used by) financing activities	(4.1)	.7
CASH USED BY CONTINUING OPERATIONS	(20.2)	(33.3)
CASH USED BY DISCONTINUED OPERATION		(7.3)
DECREASE IN CASH AND CASH EQUIVALENTS	(20.2)	(40.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	61.8	183.8
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 41.6	$143.2

See notes to consolidated financial statements.

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2003

NOTE A – BASIS OF PRESENTATION

The accompanying unaudited consolidated 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 2002 Annual Report on Form 10-K. In management’s opinion, the quarterly unaudited consolidated financial statements present fairly the Company’s financial position, results of operations and cash flows in accordance with accounting principles generally accepted in the United States.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and assumptions, including those related to revenue recognition, valuation of inventories, valuation of long-lived assets, post-employment benefits, income taxes, litigation and environmental liabilities. Management bases its estimates on historical experience, current business conditions and expectations and on various other assumptions it believes are reasonable under the circumstances. Actual results could differ from those estimates.

References to the “Company” mean Cleveland-Cliffs Inc and consolidated subsidiaries. The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries, including: Tilden Mining Company L.C. (“Tilden”) in Michigan, consolidated since January 31, 2002, when the Company increased its ownership from 40 percent to 85 percent; Empire Iron Mining Partnership (“Empire”) in Michigan, consolidated effective December 31, 2002, when the Company increased its ownership from 35 percent to 79 percent; and 100 percent of Wabush Iron Co. Limited (“Wabush Iron”), consolidated since August 29, 2002. Wabush Iron owns a 26.83 percent interest in the Wabush Mines Joint Venture (“Wabush”) in Canada.

Quarterly results historically are not 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 – ACCOUNTING POLICIES

Variable Interest Entities

In January 2003, the Financial Accounting Standards Board issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 clarifies the application of Accounting Research Bulletin No. 51, "Consolidated Financial Statements" for certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 requires that variable interest entities, as defined, should be consolidated by the primary beneficiary, which is defined as the entity that is expected to absorb the majority of the expected losses, receive the majority of the gains, or both. The Interpretation requires that companies disclose certain information about a variable interest entity created prior to February 1, 2003 if it is reasonably possible that the enterprise will be required to consolidate that entity. The application of this Interpretation is required on July 1, 2003 for entities created prior to February 1, 2003 and immediately for any variable interest entities created subsequent to January 31, 2003. The Company has evaluated its unconsolidated entities and does not believe that any entity in which it has an interest, but does not currently consolidate, meets the definition of a variable interest entity.

Stock Compensation

Effective January 1, 2003, the Company adopted the fair value method, which is considered the preferable accounting method, of recording stock-based employee compensation as contained in SFAS No. 123, "Accounting for Stock-Based Compensation." As prescribed in SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure," the Company elected to use the "prospective method." The prospective method requires expense to be recognized for all awards granted, modified or settled beginning in the year of adoption. Historically, the Company applied the intrinsic method as provided in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and related interpretations and accordingly, no compensation cost had been recognized for stock options in prior years.

As a result of adopting the fair value method for stock options, all future awards will be expensed over the stock options vesting period. The Company expects that adoption will not have a significant financial effect in 2003.

The following illustrates the pro forma effect on net income and earnings per share as if the Company had applied the fair value recognition provisions of SFAS No. 123 to all awards unvested in each period.

	(In Millions, Except Per Share)			
	Three Months Ended June 30		Six Months Ended June 30	
	2003	2002	2003	2002
Net income (loss) as reported	$(21.2)	$ .1	$(19.0)	$(24.8)
Stock-based employee compensation:				
Add (deduct) expense included in reported results	(.3)	.8	2.4	1.8
Add (deduct) fair value based method	.1	(.5)	(2.9)	(1.9)
Pro forma net income (loss)	$(21.4)	$ .4	$(19.5)	$(24.9)
Earnings (loss) per share:				
Basic - as reported	$(2.07)	$ .01	$(1.86)	$(2.43)
- pro forma	$(2.09)	$ .03	$(1.91)	$(2.46)

Income Taxes

Income taxes are based on income (loss) for financial reporting purposes and reflect a current tax liability (asset) for the estimated taxes payable (recoverable) on the current year tax return and changes in deferred taxes. Deferred tax assets or liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using enacted tax laws and rates. A valuation allowance (Note G) is provided on deferred tax assets in recognition of uncertainty regarding realization.

NOTE C – REVENUE RECOGNITION

Revenue is recognized on sales of products when title has transferred and on services when performed. Revenue for the first half of the year from product sales and services includes reimbursement for freight charges ($26.8 million – 2003; $6.2 million – 2002) paid on behalf of customers, and cost reimbursement ($36.3 million – 2003; $17.6 million – 2002) from minority interest partners for their contractual share of mine costs. Royalty and management fee revenue from venture participants is recognized on production.

NOTE D – LONG-TERM DEBT

In June 2003, the Company amended its $55 million senior unsecured note agreement to provide modifications to its financial covenants adjusting the required minimum levels of EBITDA and fixed charge ratios. The Company was in compliance with the amended covenants at June 30, 2003, the most restrictive of which is a minimum EBITDA requirement that the Company exceeded by about $19.5 million. As a result of the amendment, the Company made a principal payment of $5.0 million on June 30, reducing the outstanding balance of the notes to $50.0 million. Remaining principal payments were rescheduled to $15.0 million in December 2003 and the lesser of $35.0 million or the remaining principal balance in December 2004. Accelerated principal payments may be required to the extent the Company generates defined excess cash flow, asset sales above certain levels, or insurance recoveries resulting from the power outage and production loss. The interest rate remains 7.0 percent through December 14, 2003, and increases to 9.5 percent from December 15, 2003 until final maturity on December 15, 2004. Additionally, in June 2003, the Company cancelled a 364-day unsecured revolving credit facility in the amount of $20.0 million.

NOTE E – ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS

At June 30, 2003, the Company had environmental and mine closure liabilities of $94.4 million, of which $9.1 million was classified as current. Payments in 2003 were $3.0 million (2002 — $3.5 million). Following is a summary of the obligations:

	(In Millions)	
	June 30 2003	December 31 2002
Environmental	$17.0	$ 18.3
Mine Closure		
LTV Steel Mining Company	39.4	41.1
Operating mines	38.0	36.1
Total mine closure	77.4	77.2
Total environmental and mine closure obligations	$94.4	$ 95.5

Environmental

The Company's environmental liabilities of $17.0 million, including obligations for known environmental remediation exposures at active and closed mining operations and other sites, have been recognized based on the estimated cost of investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the minimum of the range is accrued in accordance with SFAS No. 5. Future expenditures are not discounted, and potential insurance recoveries have not been reflected. Additional environmental obligations could be incurred, the extent of which cannot be assessed.

The environmental liability includes the Company's obligations related to five sites which are independent of the Company's iron mining operations, seven former iron ore-related sites, eight leased land sites and miscellaneous remediation obligations at the Company's operating units. Included in the obligation are Federal and State sites where the Company is named as a potentially responsible party, the Rio Tinto mine site in Nevada, where significant site cleanup activities have taken place, and the Kipling, Deer Lake and Pellestar sites in Michigan.

Mine Closure

The mine closure obligation of $77.4 million includes the accrued obligation at June 30, 2003 for a closed operation formerly known as the LTV Steel Mining Company, and for the Company's active operating mines. The closed operation obligation results from an October 2001 transaction where subsidiaries of the Company received a net payment of $50 million and certain other assets and assumed environmental and certain facility closure obligations of $50 million, which obligations have declined to $39.4 million at June 30, 2003, as a result of expenditures totaling $10.6 million since 2001.

The accrued closure obligation for the Company's active mining operations of $38.0 million at June 30, 2003 ($36.1 million at December 31, 2002), reflects the adoption of SFAS No. 143 in 2002, to provide for contractual and legal obligations associated with the eventual closure of the mining operations and the effects of mine ownership increases during 2002. The Company determined the obligations, based on detailed estimates, adjusted for factors that an outside third party would consider (i.e., inflation, overhead and profit), escalated to the estimated closure dates, and then discounted using a credit adjusted risk-free interest rate of 10.25 percent. The closure date for each location was determined based on the projected exhaustion date of the remaining economic iron ore reserves. The accretion of the liability is being recognized over the estimated mine lives for each location. The expense recorded in the first half of 2003 was $1.9 million. There were no expenditures in the first half of 2003.

NOTE F – SEGMENT REPORTING

The Company operated in one reportable segment in 2003 and 2002 offering iron products and services to the steel industry. The Ferrous Metallics segment, which included a hot briquetted iron ("HBI") project in Trinidad and Tobago, was discontinued in 2002 and reported as a discontinued operation, see Note I – Discontinued Operation.

NOTE G – INCOME TAXES

In the second half of 2002, the Company provided a valuation allowance to fully reserve its net deferred tax assets, in recognition of uncertainty regarding their realization. Through the first half of 2003, the Company increased its deferred tax valuation allowance by $5.0 million to $125.6 million to offset comparable increases in its net deferred tax assets. The Company recorded income tax expense of $.2 million in the first half of 2003 to recognize estimated state and foreign income tax liabilities. The Company's reserved deferred tax assets include significant net operating loss carryforwards for regular income tax, but no operating loss carryforwards for alternative minimum tax.

If in the future it is determined that it is more likely than not that some or all of the net deferred tax assets will be realized, a reversal of the valuation allowance will be made. This reversal will increase income in the period such determination is made.

NOTE H – LEASE OBLIGATIONS

The Company and its ventures lease certain mining, production and other equipment under operating and capital leases. Future minimum payments under capital leases and non-cancellable operating leases, including the Company's share of ventures, at June 30, 2003 are expected to be:

	In Millions			
	Company Share		Total	
	Capital Leases	Operating Leases	Capital Leases	Operating Leases
2003 (July 1 – December 31)	$ 1.9	$ 12.0	$ 3.0	$ 21.4
2004	3.3	20.3	5.2	38.7
2005	2.0	15.1	3.0	24.2
2006	2.0	10.7	2.6	17.0
2007	2.8	6.9	3.1	9.6
2008 and thereafter	1.1	10.0	1.2	10.6
Total minimum lease payments	13.1	$ 75.0	18.1	$ 121.5
Amounts representing interest	(2.3)		(3.0)	
Present value of net minimum lease payments	$10.8		$15.1	

The Company's share, of total minimum lease payments, $88.1 million, is comprised of the Company's consolidated obligation of $77.4 million and the Company's share of unconsolidated ventures' obligations of $10.7 million.

NOTE I – DISCONTINUED OPERATION

In the fourth quarter of 2002, the Company exited the ferrous metallics business and abandoned its 82 percent interest in Cliffs and Associates Limited ("CAL"), an HBI facility located in Trinidad and Tobago, and accordingly wrote off the carrying value of its investment in CAL.

In 2002, the Company recorded expense of $1.9 million and $4.5 million in the second quarter and first six months, respectively, net of minority interest relating to CAL. No expense was recorded in 2003.

NOTE J – SUBSEQUENT EVENT – THIRD QUARTER RESTRUCTURING

In the third quarter 2003, the Company initiated a salaried employee reduction program affecting its corporate and central services staff and various mining operations. The action is expected to result in an approximate 20 percent overall staff reduction at the affected locations. The Company currently expects to record a restructuring charge in the third quarter 2003 in excess of $10 million principally related to pension and healthcare benefits. Less than 10 percent of the restructuring charge is expected to require cash funding in 2003.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMPARISON OF SECOND QUARTER AND FIRST SIX MONTHS — 2003 AND 2002

The net loss was $21.2 million, or $2.07 per share (all per share earnings are "diluted earnings per share" unless stated otherwise) in the second quarter and a net loss of $19.0 million, or $1.86 per share, for the first six months. In the second quarter and first six months of 2002, the Company had net income of $.1 million, or $.01 per share, and a net loss of $24.8 million, or $2.43 per share, respectively, including the loss from a discontinued operation and a first quarter charge relating to the cumulative effect of the accounting change relating to adoption of SFAS No. 143, "Accounting for Asset Retirement Obligations." Following is a summary of results:

	(In Millions, Except Per Share)			
	Second Quarter		First Six Months	
	2003	2002	2003	2002
Income (loss) from continuing operations:				
Amount	$(21.2)	$ 2.0	$(19.0)	$ (6.9)
Per share	(2.07)	.19	(1.86)	(.69)
Loss from discontinued operation:				
Amount		(1.9)		(4.5)
Per share		(.18)		(.42)
Cumulative effect of accounting change:				
Amount				(13.4)
Per share				(1.32)
Net income (loss):				
Amount	$(21.2)	$ .1	$(19.0)	$(24.8)
Per share	$(2.07)	$ .01	$(1.86)	$(2.43)

Second Quarter

The loss from continuing operations was $21.2 million in the second quarter of 2003 compared to income from continuing operations of $2.0 million for the second quarter of 2002. Included in the second quarter 2003 net loss was a $.9 million tax credit compared to a tax credit of $6.2 million in the second quarter 2002, which included a $4.4 million favorable adjustment of prior years' tax liabilities. The pre-tax loss from continuing operations was $22.1 million in 2003 compared to a pre-tax loss of $4.2 million in the second quarter of 2002. The $17.9 million increase in the pre-tax loss was primarily due to a decreased sales margin, summarized as follows:

	(In Millions) Second Quarter		
	2003	2002	Change
Sales (tons)	4.9	3.9	1.0
Revenue from product sales and services*	$172.0	$135.9	$ 36.1
Cost of goods sold and operating expenses*			
Total	189.9	136.3	53.6
Fixed costs of production curtailments	11.0	3.4	7.6
Excluding costs of production curtailments	178.9	132.9	46.0
Sales margin (loss)			
Total	$ (17.9)	$ (.4)	$(17.5)
Excluding costs of production curtailments	$ (6.9)	$ 3.0	$ (9.9)

* Excludes revenues and cost of goods sold and operating expenses related to freight and minority interests.

The loss on sales in the second quarter of 2003 was $17.9 million versus a sales loss of $.4 million in 2002. The $17.5 million decline in sales margin was principally due to higher operating costs partly offset by an increase in sales volume. The operating cost increase reflects the adverse impact of higher energy costs, significant production throughput challenges at the Michigan operations, and rising pension and medical benefit costs. Included in 2003 operating costs was the $11.0 million fixed cost impact of a five-week production curtailment at the Empire and Tilden mines as a result of the loss of electric power supply (see Electric Power Curtailment). Included in second quarter 2002 was the unfavorable impact of production curtailments, $3.4 million, necessitated by a weak market for pellets.

Royalties and fees from partners decreased $1.0 million primarily due to lower production at the Michigan mines. Other expense increased principally reflecting a $2.6 million reserve for exposures related to Weirton Steel Corporation (“Weirton”), which filed for Chapter 11 bankruptcy protection in May. Offsetting the decreases in earnings, were lower administrative, selling and general expense, $2.3 million, primarily due to a decrease in incentive compensation expenses, higher interest income, $1.6 million, mainly due to interest on the long-term receivables from Ispat Inland Inc., and lower interest expense, $.7 million, reflecting a lower principal balance on the Company’s long-term debt and the repayment of the bank credit facility borrowings in 2002.

First Half

The loss from continuing operations for the first six months 2003 was $19.0 million versus an after-tax loss from continuing operations of $6.9 million in 2002. The first six months of 2003 included state and foreign taxes of $.2 million and no federal tax credit due to the valuation reserve. The first six months of 2002 included a tax credit of $12.9 million, including a $4.4 million favorable adjustment of prior years' tax liabilities. The loss from continuing operations before income taxes for the first six months 2003 was $18.8 million, an earnings improvement of $1.0 million from the $19.8 million pre-tax loss from continuing operations for the comparable 2002 period. The change was primarily due to increased interest income, higher other income, lower interest expense and decreased administrative, selling and general expense, largely offset by higher other expense and lower sales margin. The decrease in sales margin reflected higher cost of goods sold largely offset by increased sales volume, summarized as follows:

	(In Millions) First Six Months		
	2003	2002	Change
Sales (tons)	8.4	5.2	3.2
Revenue from product sales and services*	$294.9	$183.8	$111.1
Cost of goods sold and operating expenses*			
Total	312.7	198.3	114.4
Fixed costs of production curtailments	11.0	17.2	(6.2)
Excluding costs of production curtailments	301.7	181.1	120.6
Sales margin (loss)			
Total	$ (17.8)	$ (14.5)	$ (3.3)
Excluding costs of production curtailments	$ (6.8)	$ 2.7	$ (9.5)

* Excludes revenues and cost of goods sold and operating expenses related to freight and minority interests.

Operating costs in 2003 reflect the adverse effects of higher energy costs, significant production throughout challenges at the Michigan operations and rising pension and medical costs. Included in cost of goods sold and operating expenses in the first half of 2003, was $11.0 million of fixed costs related to the lost production at the Michigan mines due to the loss of electricity. Production curtailments in the first half of 2002, due to market conditions, had a $17.2 million fixed cost effect.

Interest income of $5.2 million was $3.2 million higher than the same period last year; the increase was mainly due to interest on the long-term receivable from Ispat Inland Inc. Other income of $7.4 million in 2003 was $1.5 million higher than first half 2002; the improvement was principally due to higher sales of non-strategic lands in Michigan. Interest expense decreased by $1.4 million in 2003 reflecting a lower principal balance on the Company's long-term debt and the repayment of the revolving credit facility in October 2002. Administrative, selling and general expenses were $1.4 million lower in the first six months of 2003 compared to the same period in 2002 primarily due to the reduction of incentive compensation expense. Other expense increased $3.2 million, principally reflecting the $2.6 million reserve for Weirton bankruptcy exposures.

Pellet sales in the second quarter of 2003 were 4.9 million tons compared to 3.9 million tons in 2002. First half sales were 8.4 million tons versus 5.2 million tons in the first half 2002, with the majority of the sales increase resulting from sales to International Steel Group Inc. While there is uncertainty regarding the pellet requirements of customers, sales volume is currently forecasted to be about 18 million tons in 2003 compared to sales of 15 million tons in 2002. The increase in tons sold in the first half and expected full year reflects the Company's new business model. The Company has repositioned itself from a manager of iron ore mines on behalf of steel company owners to primarily a merchant of iron ore to steel customers by entering into long-term pellet sales contracts, supported by increased mine ownerships, and increases in consignment inventory at steel company sites. During 2002, the Company increased its share of mine production capacity more than 50 percent or approximately 7 million tons.

The Company's share of second quarter 2003 production was 3.9 million tons compared to 3.8 million tons in second quarter 2002. For the first half of 2003, the Company's share of production was 8.4 million tons, 2.1 million tons above last year's first half production of 6.3 million tons. Total iron ore pellet production at the Company's managed mines was 6.8 million tons in the second quarter 2003 and 14.1 million tons in the first six months of 2003 compared to 7.4 million tons and 12.0 million tons in the second quarter and first six months of 2002, respectively.

The Company's share of full year production is expected to be about 18.3 million tons, which is 1.6 million tons below planned production at the beginning of the year, primarily reflecting production losses at Michigan mines due to the power interruption and throughput challenges. Total production for the managed mines for the full year is expected to be about 30.6 million tons.

The Company's share of capital expenditures at the five mining ventures and supporting operations is expected to approximate $34 million in 2003, with $11.2 million having occurred through June 30, 2003.

CASH FLOW, LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2003, the Company had cash and cash equivalents of $41.6 million. Following is a summary of cash activity:

	(In Millions)
Decreased payables and accrued expenses	$(15.4)
Increased product inventories	(13.4)
Capital expenditures	(11.2)
Repayment on long-term debt	(5.0)
Increased receivables	(1.5)
Proceeds from sale of assets	6.9
Decreased supplies and other inventories	6.4
Net cash from operating activities before changes in operating assets and liabilities	5.4
Other	7.6
Decrease in cash and cash equivalents	(20.2)
Cash and cash equivalents at beginning of period	61.8
Cash and cash equivalents at end of period	$ 41.6

At the end of June, there were 4.3 million tons of pellets in inventory at a cost of $124.6 million, an increase of .4 million tons from December 31, 2002, reflecting increased mine ownerships and increased consignment inventory at steel company sites. Pellet inventory at June 30, 2002, was 4.1 million tons, or $118.1 million.

In June 2003, the Company amended its $55 million senior unsecured note agreement to provide modifications to its financial covenants adjusting the required minimum levels of EBITDA and fixed charge ratios. The Company was in compliance with the amended covenants at June 30, 2003, the most restrictive of which is a minimum EBITDA requirement that the Company exceeded by about $19.5 million. As a result of the amendment, the Company made a principal payment of $5.0 million on June 30, reducing the outstanding balance of the notes to $50.0 million. Remaining principal payments were rescheduled to $15.0 million in December 2003 and the lesser of $35.0 million or the remaining principal balance in December 2004. Accelerated principal payments may be required to the extent the Company generates defined excess cash flow, asset sales above certain levels, or insurance recoveries resulting from the power outage and production loss. The interest rate remains 7.0 percent through December 14, 2003, and increases to 9.5 percent from December 15, 2003, until final maturity on December 15, 2004. The fair value of the Company’s long-term debt approximated the carrying value of $50 million at June 30, 2003, based on a discounted cash flow analysis utilizing estimated current borrowing rates. Additionally, in June 2003, the Company cancelled a 364-day unsecured revolving credit facility in the amount of $20.0 million.

Anticipated cash flows and current financial resources are expected to meet the Company’s needs. The Company continues to investigate alternative sources of financing.

Following is a summary of common shares outstanding:

	2003	2002	2001
March 31	10,323,421	10,180,849	10,143,272
June 30	10,322,581	10,184,846	10,148,939
September 30		10,185,083	10,143,509
December 31		10,184,211	10,141,953

ELECTRIC POWER CURTAILMENT

On May 15, 2003, the failure of a dam in the Upper Peninsula of Michigan resulted in flood conditions which caused production curtailments at the Empire and Tilden mines for approximately five weeks. While the flooding did not directly damage the mines, the mines were idled when Wisconsin Energy Corporation, which supplies electricity to the mines, was forced to shutdown its power plant in Marquette, Michigan. The mines returned to full production by the end of June; however, it is estimated that about 1.0 million tons of production was lost (Company's share .8 million tons). The Company's share of fixed costs related to the lost production was $11.0 million. The Company is pursuing a business interruption claim under its property insurance program.

WEIRTON BANKRUPTCY

On May 19, 2003, Weirton petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. Weirton purchased 2.9 million tons, or 20 percent of total tons sold in 2002, and has purchased 1.4 million tons, or 17 percent of total tons sold in the first six months of 2003. Weirton has continued to perform on its sales contract since the filing. The sales contract, which runs through 2009, will be extended by contract for the life of the power-related lease (discussed below), which is scheduled to be completed at the end of 2012.

The Company is a 40.6 percent participant in a joint venture which acquired certain power-related assets from a subsidiary of Weirton Steel in 2001, in a purchase-leaseback arrangement. The Company's investment at June 30, 2003 of $10.7 million, which is included in "Other investments", is accounted for utilizing the "equity method." Subsequent to its filing, Weirton has continued to meet its obligations under the lease agreement which extends through 2012. In the second quarter of 2003, the Company recorded a reserve of $2.6 million for bankruptcy exposures.

PENSIONS AND OTHER POSTRETIREMENT BENEFITS

The Company and its mining ventures sponsor defined benefit pension plans covering substantially all employees. These plans are largely noncontributory, and benefits are generally based on employees' years of service and average earnings for a defined period prior to retirement. Additionally, the Company and its ventures provide retirement health care ("OPEB") to most full-time employees who meet certain length of service and age requirements. Due to the significantly rising costs associated with these plans, effective July 1, 2003, the Company implemented changes to U.S. salaried employee plans to reduce costs by more than an estimated $8.0 million on an annualized basis. Benefits under the current defined benefit formula will be frozen for affected U.S. salaried employees and a new cash balance formula will be instituted. Increases in affected U.S. salaried retiree healthcare co-pays will become effective for retirements after June 30, 2003. A cap on the Company's share of annual medical premiums will also be implemented for existing and future U.S. salaried retirees. The foregoing does not reflect any modifications to bargaining unit plans, which contracts expire in 2004.

Following is a summary of the Company's expected pension and OPEB funding and expense for 2003, including the partial year impact of the salaried benefit changes, as compared to 2002:

	(In Millions)			
	Pension		OPEB	
	Funding	Expense	Funding	Expense
2002	$ 1.1	$ 7.2	$16.8	$21.5
2003 (Expected)	2.8	27.1	21.6	30.7

Given the decline in interest rates, the Company may be required to record a significant increase to its minimum pension liability at year-end with a charge to shareholders equity (other comprehensive loss).

In the third quarter 2003, the Company initiated a salaried employee reduction program affecting its corporate and central services staff and various mining operations. The action is expected to result in an approximate 20 percent overall staff reduction at the affected locations. The Company currently expects to record a restructuring charge in the third quarter 2003 in excess of $10 million principally related to pension and healthcare benefits. Less than 10 percent of the restructuring charge is expected to require cash funding in 2003.

MARKET RISKS

The Company is subject to a variety of risks including, among others, changes in commodity prices and foreign currency exchange rates. The Company has established policies and procedures to manage such risks.

To reduce the volatility and market price risk exposure associated with the purchase of natural gas, the Company and its mining ventures in the normal course of business employ a strategy that utilize forward purchases, call options and floating market pricing as part of an overall strategy to control costs. At inception, such contracts are in quantities expected to be delivered and used in the production process and are not intended for resale or speculative purposes. These contracts are accounted for by the normal purchases and sales exceptions as defined by SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," with gains and losses recognized when incurred.

A portion of the Company's operating costs related to Wabush Mines are subject to change in the value of the Canadian dollar; the Company has not hedged its exposure to changes in the Canadian dollar.

STRATEGIC INVESTMENTS

The Company is pursuing investment opportunities to broaden its scope as a supplier of iron ore pellets to the integrated steel industry through acquisition of additional mining interests. In the normal course of business, the Company examines opportunities to strengthen its position by evaluating various investment opportunities consistent with its strategy. In the event of any future acquisitions or joint venture opportunities, the Company may consider using available liquidity or other sources of funding to make investments.

FORWARD-LOOKING STATEMENTS

Cautionary Statements

Certain expectations and projections regarding future performance of the Company referenced in this report are forward-looking statements. These expectations and projections are based on currently available financial, economic and competitive data, along with the Company's operating plans, and are subject to certain future events and uncertainties. We caution readers that in addition to factors described elsewhere in this report, the following factors, among others, could cause the Company's actual results in 2003 and thereafter to differ significantly from those expressed.

Steel Company Customers: More than 95 percent of the Company's revenue is derived from the North American integrated steel industry, consisting of twelve current or potential customers. Of the twelve companies (not all of whom are current customers or partners of the Company), two companies are in reorganization, and certain others have experienced financial difficulties. The Company's pellet sales are primarily concentrated with seven North American steel producers. Loss of major sales contracts or the failure of customers to perform under existing arrangements due to financial difficulties could adversely affect the Company. Rejection of major contracts and/or partner agreements by customers and/or partners under provisions related to bankruptcy/reorganization represents a major uncertainty.

Demand for Iron Ore Pellets: Demand for iron ore is a function of the operating rates for the blast furnaces of North American steel companies. The restructuring of the steel industry is likely to result in a reduction of integrated steelmaking capacity over time, and thereby reduce iron ore consumption. Demand for iron ore can be displaced by lower iron production in North America due to imports of finished and semi-finished steel, replacement by electric furnace production, or insufficient resources to reline or adequately maintain blast furnaces. Most of the Company's sales contracts are requirements-based or provide for flexibility of volume above a minimum level.

Mine Operating Risks: The Company's iron ore operations are volume sensitive with a portion of its costs fixed irrespective of current operating levels. Iron ore operations can be affected by unanticipated geological conditions, ore processing changes, availability and cost of key components of production (e.g., labor, electric power and fuel), and weather conditions (e.g., extreme winter weather and availability of process water due to drought).

Mine Closure Risks: Although ore reserves are long-lived, premature closure or reduced operating levels of an iron ore mine could accelerate significant employment legacy costs and environmental closure obligations, and result in asset impairment charges.

Litigation; Taxes; Environmental Exposures: The Company's operations are subject to various governmental, tax, environmental and other laws and regulations, and potentially to claims for various legal, environmental and tax matters. While the Company carries liability insurance which it believes to be appropriate to its businesses, and has provided accounting reserves, in accordance with SFAS No. 5, for such matters which it believes to be adequate, an unanticipated liability or increase in a currently identified liability arising out of litigation, tax, or environmental proceeding could have a material adverse effect on the Company.

The Company has no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

Information regarding Market Risk of the Company is presented under the caption "Market Risk" which is included in the Company's 2002 Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-14(c). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Within 90 days prior to the date of this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and the Company's Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on the foregoing, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective.

There have been no significant changes in the Company's internal controls or in other factors that could significantly affect the internal controls subsequent to the date the Company completed its evaluation.

PART II — OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On April 30, 2003, pursuant to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (“VNQDC Plan”), the Company sold 143 shares of common stock, par value $1.00 per share, of Cleveland-Cliffs Inc (“Common Shares”) for an aggregate consideration of $2,525.38 to the Trustee of the Trust maintained under the VNQDC Plan. These sales were made in reliance on Rule 506 of Regulation D under the Securities Act of 1933 pursuant to an election made by two managerial employees under the VNQDC Plan.

Item 4. Submission of Matters to Vote of Security Holders

The Company’s Annual Meeting of Shareholders was held on May 13, 2003. At the meeting the Company’s shareholders acted upon the election of Directors. In the election of Directors, all 11 nominees named in the Company’s Proxy Statement, dated March 24, 2003, 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
John S. Brinzo	9,411,991	70,158
Ronald C. Cambre	9,422,949	59,200
Ranko Cucuz	9,425,924	56,225
David H. Gunning	9,426,277	55,872
James D. Ireland III	9,422,455	59,694
Francis R. McAllister	9,422,345	59,804
John C. Morley	9,424,463	57,686
Stephen B. Oresman	9,420,495	61,654
Roger Phillips	9,426,454	55,695
Richard K. Riederer	9,425,644	56,505
Alan Schwartz	9,425,754	56,395

There were no broker non-votes with respect to the election of directors.

Item 6. Exhibits and Reports on Form 8-K

(a) List of Exhibits — Refer to Exhibit Index on page 23.

(b) During the quarter for which this 10-Q Report is filed, the Company filed two separate Current Reports on Form 8-K, dated April 8 and dated April 24, 2003; two separate reports each dated May 13, 2003; a report dated May 20, 2003, covering information reported under Item 9. Regulation FD Disclosure; and a report dated April 23, 2003, reported under Item 9. Regulation FD Disclosure but furnished pursuant to Item 12. Results of Operations and Financial Condition in accordance with SEC Release No. 33-8216. The Company also filed Current Reports on Form 8-K dated July 29, 2003, and a report dated July 30, 2003, covering information reported under Item 9. Regulation FD Disclosure; and a report dated July 30, 2003, covering information reported under Item 12. Results of Operations and Financial Condition. There were no financial statements filed as part of the Current Reports on Form 8-K.

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 July 31, 2003

By /s/ Donald J. Gallagher

Donald J. Gallagher
Senior Vice President and Chief
Financial Officer and Treasurer
(Principal Financial Officer)

EXHIBIT INDEX

Exhibit Number	Exhibit	
4(a)	Third Amendment Agreement to Note Agreements Dated as of December 15, 1995, dated Effective as of June 30, 2003, among Cleveland-Cliffs Inc and the Purchasers named on Schedule 1 attached thereto	Filed Herewith
10(a)	*Employment and Separation Agreement entered into as of April 8, 2003, by and between Cleveland-Cliffs Inc and Thomas J. O'Neil	Filed Herewith
31(a)	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by John S. Brinzo as of July 31, 2003	Filed Herewith
31(b)	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Donald J. Gallagher as of July 31, 2003	Filed Herewith
32(a)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by John S. Brinzo as of July 31, 2003	Filed Herewith
32(b)	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Donald J. Gallagher as of July 31, 2003	Filed Herewith

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

Exhibit 4(a)

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THIRD AMENDMENT AGREEMENT

TO

Re: Note Agreements Dated as of December 15, 1995

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<TABLE>
<CAPTION>

Dated as of
June 30, 2003

To each of the holders
listed in Schedule I to
this Third Amendment Agreement

Ladies and Gentlemen:

Reference is made to (i) the separate Note Agreements each dated as of December 15, 1995 among Cleveland-Cliffs Inc, an Ohio Corporation (the "Company"), and each of you, as amended by the First Amendment Agreement dated as of December 15, 2002 and as further amended by the Second Amendment Agreement dated as of March 14, 2003 (the "Existing Note Agreements" and, as amended hereby, the "Note Agreements"), and (ii) the $55,000,000 aggregate principal amount of 7.00% Senior Notes due December 15, 2005 of the Company (the "Existing Notes" and, as amended hereby, the "Notes").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company requests the amendment of certain provisions of the Existing Note Agreements and the Existing Notes as hereinafter provided.

Upon your acceptance hereof in the manner hereinafter provided and upon satisfaction of all conditions to the effectiveness hereof and receipt by the Company of similar acceptances from the holders of all of the Existing Notes, this Third Amendment Agreement shall constitute a contract between us amending the Existing Note Agreements and the Existing Notes, in each case, as of June 30, 2003, but only in the respects hereinafter set forth:

SECTION 1. OMNIBUS AMENDMENT.

All references in any and all of the Existing Note Agreements, the Existing Notes and each other Financing Agreement to a maturity date applicable to the Notes of "December 15, 2005" shall hereafter read "December 15, 2004" in any and all instances where such maturity date appears. All written references to the maturity date in effect prior to this Third Amendment Agreement shall be and are hereby amended to incorporate the above-described new maturity date with respect to the Notes. Upon the request of any holder of a Note, the Company shall replace such holder's Note with a new Note substantially in the form of Exhibit A attached hereto.

SECTION 2. ADDITIONAL AMENDMENTS TO EXISTING NOTE AGREEMENTS.

Section 2.1. Amendment to Section 1.1. Section 1.1 of the Existing Note Agreements shall be and is hereby amended to delete the reference to "December 15, 2005" that appears in the first paragraph thereof and to insert in place thereof "December 15, 2004."

Section 2.2. Amendment to Section 2.1. Section 2.1 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

> "Section 2.1. Required Prepayments. (a) The Company will make the following prepayments with respect to the outstanding principal amount of the Notes: (i) on June 30, 2003, the Company will prepay $5,000,000 principal amount of the Notes, (ii) on December 15, 2003, the Company will prepay $15,000,000 principal amount of the Notes, and (iii) on December 15, 2004, the Company will prepay $35,000,000 principal amount of the Notes (or such lesser principal amount as shall then be outstanding). Each of the foregoing prepayments will be at par and without payment of the Make-Whole Amount or any premium.
>
> (b) Within five Business Days after receipt thereof, the Company will make a prepayment of the principal amount of the Notes at par and without payment of the Make-Whole-Amount or any premium with any proceeds received by the Company from the Company's contingent business interruption insurance policy and relating to the idling of the Empire and Tilden mines on or after May 15, 2003 as a result of the shutdown of Wisconsin Energy Corp.'s power plant.

Section 2.3. Amendment to Section 5.16. Section 5.16 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

> "Section 5.16. Minimum Consolidated EBITDA. The Company will not permit, as of the end of each fiscal quarter described below, Consolidated EBITDA for the respective period described below to be less than the respective amounts set forth opposite such fiscal quarter end in the following table:

FISCAL QUARTER END	MINIMUM CONSOLIDATED EBITDA
the four fiscal quarter period ending December 31, 2002	$7,000,000
the fiscal quarter ending March 31, 2003	$0
the two fiscal quarter period ending June 30, 2003	$(25,000,000)
the three fiscal quarter period ending September 30, 2003	$(17,000,000)
the four fiscal quarter period ending December 31, 2003	$(2,000,000)
the four fiscal quarter period ending March 31, 2004	$0
the four fiscal quarter period ending June 30, 2004	$15,000,000
the four fiscal quarter period ending September 30, 2004	$28,000,000

Section 2.4. Amendment to Section 5.17. Section 5.17 of the Existing Note Agreements shall be and is hereby amended in its entirety to read as follows:

"Section 5.17 Consolidated EBITDAR. The Company will not permit, as of the end of each fiscal quarter described below, the ratio of Consolidated EBITDAR to Fixed Charges for the respective period described below to be less than the respective amounts set forth opposite such fiscal quarter end in the following table:

FISCAL QUARTER END	MINIMUM RATIO
the four fiscal quarter period ending December 31, 2002	.98 to 1.00
the fiscal quarter ending March 31, 2003	.90 to 1.00
the two fiscal quarter period ending June 30, 2003	Not Tested
the three fiscal quarter period ending September 30, 2003	.00 to 1.00
the four fiscal quarter period ending December 31, 2003	.75 to 1.00
the four fiscal quarter period ending March 31, 2004	.85 to 1.00
the four fiscal quarter period ending June 30, 2004	1.40 to 1.00
the four fiscal quarter period ending September 30, 2004	1.80 to 1.00

Section 2.5. Exhibit and Schedules. All exhibits and schedules hereto shall be deemed to be exhibits and schedules of the same designation to the Note Agreements.

SECTION 3. CONDITIONS PRECEDENT

Section 3.1. This Third Amendment Agreement shall not become effective until, and shall become effective on, the Business Day when each of the following conditions shall have been satisfied:

(a) Each holder shall have received this Third Amendment Agreement, duly executed by the Company.

(b) The Holders shall have consented to this Third Amendment Agreement as evidenced by their execution thereof.

(c) The representations and warranties of the Company set forth in Section 4 hereof shall be true and correct in all material respects as of the date of the execution and delivery of this Third Amendment Agreement.

(d) Any consents or approvals from any holder or holders of any outstanding security of the Company or any Subsidiary and any amendments of agreements pursuant to which any securities may have been issued which shall be necessary to permit the consummation of the transactions contemplated hereby shall have been obtained and all such consents or amendments shall be reasonably satisfactory in form and substance to the holders and their special counsel.

(e) Each holder shall have received such certificates of a secretarial officer of the Company as it may reasonably request with respect to this Third Amendment Agreement and the transactions contemplated hereby.

(f) Each holder shall have received the opinion of counsel for the Company covering the matters set forth in Exhibit B hereto and such other matters incident to the transactions contemplated hereby as the holders may reasonably request.

(g) The Company shall have paid the fees and disbursements of the holders' special counsel, Chapman and Cutler, incurred in connection with the negotiation, preparation, execution and delivery of this Third Amendment Agreement and the transactions contemplated hereby which fees and disbursements are reflected in the statement of such special counsel delivered to the Company at the time of the execution and delivery of this Third Amendment Agreement. Upon receipt of any supplemental statement after the execution of this Third Amendment Agreement, the Company will pay such additional fees and disbursements of the holders' special counsel which were not reflected in its accounting records as of the time of the delivery of the initial statement of fees and disbursements.

(h) A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau in cooperation with the Securities Valuation Office of the National Association of Insurance Commissioners shall have been obtained for the Notes.

(i) The Company shall have prepaid, on a pro rata basis, $5,000,000 aggregate principal amount of the Notes together with accrued and unpaid interest on such principal amount to the date of prepayment thereof.

(j) All corporate and other proceedings in connection with the transactions contemplated by this Third Amendment Agreement and all documents and instruments

incident to such transactions shall be satisfactory to you and your special counsel, and you and your special counsel shall have received all such counterpart originals or certified or other copies of such documents as you or they may reasonably request.

SECTION 4. REPRESENTATIONS AND WARRANTIES.

The Company hereby represents and warrants that as of the date hereof and as of the date of execution and delivery of this Third Amendment Agreement:

(a) Each Obligor is duly incorporated, validly existing and in good standing under the laws of its state of incorporation.

(b) Each Obligor has the corporate power to own its property and to carry on its business as now being conducted.

(c) Each Obligor is duly qualified and in good standing as a foreign corporation authorized to do business in each jurisdiction in which the failure to do so would, individually or in the aggregate, have a material adverse effect on the business, condition (financial or other), assets, operations, properties or prospects of such Obligor.

(d) This Third Amendment Agreement and all other Financing Agreements and the transactions contemplated hereby are within the corporate powers of each Obligor, have been duly authorized by all necessary corporate action on the part of each Obligor and this Third Amendment Agreement and all other Financing Agreements have been duly executed and delivered by each Obligor and constitute legal, valid and binding obligations of each Obligor enforceable in accordance with their respective terms.

(e) The Company represents and warrants that there are no Defaults or Events of Default under the Existing Note Agreements.

(f) The execution, delivery and performance of this Third Amendment Agreement and all other Financing Agreements by each Obligor does not and will not result in a violation of or default under (A) the articles of incorporation or bylaws of such Obligor, (B) any material agreement to which such Obligor is a party or by which it is bound or to which such Obligor or any of its properties is subject, (C) any material order, writ, injunction or decree binding on such Obligor, or (D) any material statute, regulation, rule or other law applicable to such Obligor.

(g) No authorization, consent, approval, exemption or action by or notice to or filing with any court or administrative or governmental body (other than periodic filings with regulatory authorities, none of which are required to be filed as of the effective date of this Third Amendment Agreement) is required in connection with the execution and delivery of this Third Amendment Agreement or any other Financing Agreements or the consummation of the transactions contemplated thereby.

(h) The Company has terminated the Credit Agreement dated as of March 14, 2003 between the Company and Fifth Third Bank.

SECTION 5. MISCELLANEOUS.

Section 5.1. Except as amended herein, all terms and provisions of the Existing Note Agreements, the Existing Notes and related agreements and instruments are hereby ratified, confirmed and approved in all respects.

Section 5.2. Any and all notices, requests, certificates and other instruments, including the Notes, may refer to any of the Financing Agreements without making specific reference to this Third Amendment Agreement, but nevertheless all such references shall be deemed to include this Third Amendment Agreement unless the context shall otherwise require. Your acceptance hereof will also constitute your agreement that prior to any sale, assignment, transfer, pledge or other disposition by you of any Notes, you shall either (i) impose on the Notes so to be disposed of an appropriate endorsement referring to this Third Amendment Agreement as binding on the parties hereto and upon any and all future holders of such Notes or (ii) at your option at any time, surrender such Notes for new Notes of the same form and tenor as the Notes so surrendered but revised to contain express textual reference to this Third Amendment Agreement. All expenses for the preparation of such new Notes and the exchange for such new Notes are to be borne by the Company.

Section 5.3. This Third Amendment Agreement and all covenants herein contained shall be binding upon and inure to the benefit of the respective successors and assigns of the parties hereunder. All covenants made by the Company herein shall survive the closing and the delivery of this Third Amendment Agreement.

Section 5.4. This Third Amendment Agreement shall be governed by and construed in accordance with Illinois law.

Section 5.5. The capitalized terms used in this Third Amendment

Agreement shall have the respective meanings specified in the Note Agreements unless otherwise herein defined, or the context hereof shall otherwise require.

The execution hereof by the holders shall constitute a contract among the Company and the holders for the uses and purposes hereinabove set forth. This Third Amendment Agreement may be executed in any number of counterparts, each executed counterpart constituting an original but all together only one agreement.

CLEVELAND-CLIFFS INC

By /s/ R. Emmet

Robert Emmet, Treasurer

The undersigned acknowledges receipt of that certain Third Amendment Agreement to Note Purchase Agreements dated as of December 15, 1995 and for itself, as a guarantor, consents to the terms thereof and reaffirms, ratifies and conforms (i) in all respects each and every obligation and covenant made by it in the Subsidiary Guarantee Agreement dated as of December 15, 2002, as amended by the Subsidiary Guaranty Supplement dated as of March 17, 2003 by the undersigned in favor of the Holders (the "Guaranty") and (ii) that the Guaranty remains the legal, valid and binding obligation of the undersigned enforceable against the undersigned in accordance with its terms.

"GUARANTORS"

CLEVELAND-CLIFFS ORE CORPORATION
THE CLEVELAND-CLIFFS IRON COMPANY
NORTHSHORE SALES COMPANY
WABUSH IRON CO. LIMITED
CLIFFS OIL SHALE CORP.
CLIFFS ERIE L.L.C.
CLIFFS MINING COMPANY
CLIFFS MINING SERVICES COMPANY
CLIFFS REDUCED IRON CORPORATION
CLIFFS REDUCED IRON MANAGEMENT COMPANY
IRONUNITS LLC
NORTHSHORE MINING COMPANY
SEIGNELAY RESOURCES, INC.
SILVER BAY POWER COMPANY
THE CLEVELAND-CLIFFS STEAMSHIP COMPANY
CLIFFS BIWABIK ORE CORPORATION
PICKANDS HIBBING CORPORATION
SYRACUSE MINING COMPANY
CLIFFS EMPIRE, INC.
CLIFFS IH EMPIRE, INC.
CLIFFS MARQUETTE, INC.
CLIFFS MC EMPIRE, INC.
CLIFFS TIOP, INC.
EMPIRE-CLIFFS PARTNERSHIP
By: CLIFFS EMPIRE, INC., its General Partner
MARQUETTE IRON MINING PARTNERSHIP
By: CLEVELAND-CLIFFS ORE CORPORATION, its General Partner
WHEELING-PITTSBURGH/CLIFFS PARTNERSHIP
By: CLIFFS EMPIRE, INC., its General Partner
CLIFFS SYNFUEL CORP.

By: /s/ R. Emmet

Name: Robert Emmet
Title: Treasurer

LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY
LASCO DEVELOPMENT CORPORATION

By: /s/ R. Emmet
Name: Robert Emmet
Title: Assistant Treasurer

REPUBLIC WETLANDS PRESERVE LLC

By: Marquette Iron Mining Partnership, its sole member

By: The Cleveland-Cliffs Iron Company, its manager

By: /s/ R. Emmet
Name: Robert Emmet
Title: Treasurer

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

J. ROMEO & CO.

By /s/ R. Duffy
Name: Raymond Duffy
Title: As Partner

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

THE VARIABLE ANNUITY LIFE INSURANCE COMPANY

By: AIG Global Investment Corp., investment adviser

By /s/ Sarah Helmich
Name: Sarah Helmich
Title: Vice President

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

RELIASTAR LIFE INSURANCE COMPANY

By: ING Investment Management LLC, as Agent

By: /s/ James V. Wittich

Name: James V. Wittich
Title: Senior Vice President

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

FIRST ALLMERICA FINANCIAL LIFE INSURANCE COMPANY

By /s/ Scott C. Hyney

Name: Scott C. Hyney
Title: Assistant Vice President

ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY

By /s/ Scott C. Hyney

Name: Scott C. Hyney
Title: Vice President

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

SUN LIFE ASSURANCE COMPANY OF CANADA

By /s/ J. N. Whelihan

Name: John N. Whelihan
Title: Vice President, US. Private Placement for President

By /s/ Ann C. King

Name: Ann C. King
Title: Senior Counsel - For Secretary

SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)

By /s/ J. N. Whelihan

Name: John N. Whelihan
Title: Vice President, U.S. Private Placement for President

By /s/ Ann C. King

Name: Ann C. King
Title: Senior Counsel - For Secretary

CLARICA LIFE INSURANCE COMPANY (U.S. BRANCH)

By

Name:
Title:

By

Name:
Title:

* Sun Life Assurance Company of Canada is successor by amalgamation to Clarica Life Insurance Company (U.S. Branch).

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

THE GREAT SOUTHERN LIFE INSURANCE CO.

By /s/ G. Hamilton

Name: Greg Hamilton
Title: VP - Investments

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

THE UNION CENTRAL LIFE INSURANCE COMPANY

By /s/ Gary R. Rodmaker

Name: Gary R. Rodmaker
Title: Managing Director

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

PAN-AMERICAN LIFE INSURANCE COMPANY

By /s/ Luis Ingles

Name: Luis Ingles
Title: Senior Vice President
Investments

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

STANDARD INSURANCE COMPANY

By /s/ Julie Grandstaff

Name: Julie Grandstaff
Title: Assistant Vice President

This foregoing Third Amendment Agreement is hereby accepted and agreed to as of the date aforesaid. The execution by each holder listed below shall constitute its respective several and not joint confirmation that it is the owner and holder of the Notes set opposite its name on Schedule I hereto and that it has not sold or otherwise transferred any of the Notes originally purchased by it pursuant to the Note Agreements.

WOODMEN ACCIDENT AND LIFE COMPANY

By /s/ Joseph J. Mick

Name: Joseph J. Mick
Title: Senior Investment Analyst and
Assistant Treasurer

<TABLE>
<CAPTION>

NAME OF HOLDER	OUTSTANDING PRINCIPAL AMOUNT AND SERIES OF NOTES HELD AS OF JUNE 29, 2003
<S>	<C>
J. ROMEO & CO.	$7,857,143
J. ROMEO & CO.	$3,142,857
J. ROMEO & CO.	$ 785,714
THE VARIABLE ANNUITY LIFE INSURANCE COMPANY	$7,857,143
RELIASTAR LIFE INSURANCE COMPANY	$7,464,286
FIRST ALLMERICA FINANCIAL LIFE INSURANCE COMPANY	$3,535,715
ALLMERICA FINANCIAL LIFE INSURANCE AND ANNUITY COMPANY	$3,928,572
SUN LIFE ASSURANCE COMPANY OF CANADA	$2,357,143 $ 785,715 $ 785,714 $ 785,715
SUN LIFE ASSURANCE COMPANY OF CANADA (U.S.)	$ 785,714
PEBBLE CHART & CO. (as nominee for Great	$3,928,571

Southern Life Insurance Company)	
HARE & CO. (as nominee for The Union Central Life Insurance Company)	$3,535,714
PAN-AMERICAN LIFE INSURANCE COMPANY	$3,535,714
HARE & CO (as nominee for Standard Insurance Company)	$1,964,285
WOODMEN ACCIDENT AND LIFE COMPANY	$1,964,285

</TABLE>

SCHEDULE I
(to Third Amendment Agreement)

CLEVELAND-CLIFFS INC
Senior Note
Due December 15, 2004

No.

_________, 20__

$

CLEVELAND-CLIFFS INC, an Ohio corporation (the "Company"), for value received, hereby promises to pay to

or registered assigns
on the fifteenth day of December, 2004
the principal amount of

DOLLARS ($____________)

and to pay interest (computed on the basis of a 360-day year of twelve 30-day months) on the principal amount from time to time remaining unpaid hereon at the rate of (i) 7.00% per annum from the date hereof until December 14, 2003, and (ii) 9.50% per annum from December 15, 2003 until December 14, 2004 and (iii) 10.50% per annum from December 15, 2004 until maturity, payable semi-annually on the fifteenth day of each June and December in each year (commencing on the first of such dates after the date hereof) and at maturity. The Company agrees to pay interest on overdue principal (including any overdue required or optional prepayment of principal) Make-Whole Amount, if any, and (to the extent legally enforceable) on any overdue installment of interest, at the rate of (i) 9.00% per annum after the due date during the period from the date hereof until December 14, 2003 and (ii) 11.50% per annum after the due date during the period from December 15, 2003 until December 14, 2004 and (iii) 12.50% per annum after the due date during the period from December 15, 2004 until maturity, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable at the principal office of the Company in Cleveland, Ohio in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the Senior Notes due December 15, 2004 (the "Notes") of the Company in the original aggregate principal amount of $70,000,000 issued or to be issued under and pursuant to the terms and provisions of the separate Note Agreements, each dated as of December 15, 1995 (as amended by the First Amendment Agreement dated as of December 15, 2002, the Second Amendment Agreement dated as of March 14, 2003, and the Third

Amendment dated as of June 30, 2003, the "Note Agreements"), entered into by the Company with the original Purchasers therein referred to and this Note and the holder hereof are entitled equally and ratably with the holders of all other Notes outstanding under the Note Agreements to all the benefits provided for thereby or referred to therein including, without limitation, the benefits and security of all other Financing Agreements (as defined in the Note Agreements). Reference is hereby made to the Financing Agreements for a statement of such rights and benefits.

This Note and the other Notes outstanding under the Note Agreements may be declared due prior to their expressed maturity dates and certain prepayments are required to be made thereon, all in the events, on the terms and in the manner and amounts as provided in the Note Agreements.

The Notes are not subject to prepayment or redemption at the option of the Company prior to their expressed maturity dates except on the terms and conditions and in the amounts and with the Make-Whole Amount, if any, set forth in the Note Agreements.

This Note is registered on the books of the Company and is transferable only by surrender thereof at the principal office of the Company duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of this Note or its attorney duly authorized in writing. Payment of or on account of principal, Make-Whole Amount, if any, and interest on this Note shall be made only to or upon the order in writing of the registered holder.

CLEVELAND-CLIFFS INC

By

Its

Exhibit 10(a)

EMPLOYMENT AND SEPARATION AGREEMENT

This EMPLOYMENT AND SEPARATION AGREEMENT ("Agreement") is entered into as of this 8th day of April, 2003, by and between Cleveland-Cliffs Inc (the "Company") and Thomas J. O'Neil (the "Executive").

WHEREAS, the Company and the Executive have arrived at a satisfactory agreement regarding the basis upon which the employment of the Executive with the Company will continue until his retirement; and

WHEREAS, the Company and the Executive desire to set forth in a written agreement the terms and provisions of the continued employment and retirement of the Executive and certain benefits to be provided to the Executive under certain circumstances;

NOW THEREFORE, in consideration of the foregoing, the mutual covenants and agreements set forth in this Agreement and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive agree as follows:

SECTION 1. CONTINUED EMPLOYMENT.

1.1 EMPLOYMENT AT WILL. The Company and the Executive agree that the employment of the Executive has been and will continue to be "at will" such that the Executive can quit at any time without prior notice to the Company and the Company can terminate the employment of the Executive at any time without prior notice to the Executive.

1.2 EMPLOYMENT UNTIL JULY 1, 2003. Subject to the provisions of Section 1.1 hereof, the Company and the Executive agree that it is intended that the Executive will continue in his current position of President and Chief Operating Officer of the Company until July 1, 2003 at

the same level of compensation and benefits which currently apply to the Executive, except that the Board of Directors may, in its discretion, grant an increase in base salary to the Executive at any time, and except that all compensation programs and benefits programs applicable to the Executive can be amended or terminated by the Company at any time.

1.3 EMPLOYMENT ON AND AFTER JULY 1, 2003. The Company and the Executive agree that it is intended that the Executive will cease to be the President and Chief Operating Officer of the Company on July 1, 2003 but will continue to be a full-time employee of the Company until June 30, 2004. Subject to the provisions of Section 1.1 hereof, commencing on July 1, 2003 and continuing until June 30, 2004, the Executive shall be employed as President of Cliffs International Division, which position is not an elected officer position. It is intended that the Executive will be based in Arizona during this period and will be entitled to the following salary, bonus, and incentive compensation for such period:

(a) the Executive will be paid his annual base rate of salary of $350,000 for the period July 1, 2003 to June 30, 2004:

(b) the Executive will participate in the Company's annual bonus program, the Management Performance Incentive Plan, for 2003 on the basis of his performance through June 30, 2003 on a pro-rata basis;

(c) the Executive will not participate in such Management Performance Incentive Plan with respect to his service after June 30, 2003 or during 2004;

(d) the Executive has not received and will not receive any grants of performance shares under the Company's Performance Share Plan for calendar year 2003 and 2004; and

(e) if the Executive remains in the employ of Cleveland-Cliffs Inc until June 30, 2004, all performance shares held by the Executive under the Company's Performance Share Plan which have not previously vested will become fully vested on June 30, 2004 and will be valued and paid as otherwise provided in the Plan.

Notwithstanding the terms and provisions of the letter to the Executive dated February 9, 2001 under the Company's Special Executive Retention Program, the Executive will not receive the second retention payment which would be payable on or after March 31, 2004 and the Executive hereby waives his right to receive such second retention payment.

Except as provided above and subject to the provisions of Section 1.1 hereof, the Executive shall continue to participate in all compensation and employee benefit programs of the Company recognizing however that all such compensation programs and benefits programs applicable to the Executive can be amended or terminated by the Company at any time.

SECTION 2. RETIREMENT, TERMINATION OF EMPLOYMENT, OR DEATH.

2.1 RETIREMENT DATE. The Company and the Executive agree that the Executive's employment with the Company will terminate as of June 30, 2004 (the "Retirement Date").

2.2 TERMINATION ON THE RETIREMENT DATE. In the event the Executive terminates employment with the Company on the Retirement Date and executes the Release of All Claims described in Section 5.2 hereof, the Executive will be entitled to receive the Special Benefits set forth in Section 3 hereof.

2.3 TERMINATION BY THE COMPANY WITHOUT CAUSE PRIOR TO THE RETIREMENT DATE. In the event the Company terminates the employment of the Executive without Cause prior to the Retirement Date and the Executive executes the Release of All Claims described in Section 5.2 hereof, the Executive will be entitled to receive the compensation and benefits described in Sections 1.2 and 1.3 hereof and the Special Benefits set forth in Section 3 hereof. For purposes of this Agreement "Cause" shall mean only (i) Executive's willful failure to perform his duties under this Agreement within a reasonable period of time after receipt of written notice from the Company setting forth in reasonable detail the duties which Executive has failed to perform and

the corrective actions expected of him; (ii) a breach of Executive's duty of loyalty to the Company, including but not limited to a breach of Executive's obligations under Section 6 below; (iii) indictment for, conviction of, or written confession to a crime against the Company or a crime which otherwise materially adversely affects Executive's ability to perform his obligations under this Agreement, any business relationships which the Company maintains or the general reputation and good will of the Company.

2.4 TERMINATION BY THE COMPANY WITH CAUSE OR BY THE EXECUTIVE FOR ANY REASON PRIOR TO THE RETIREMENT DATE. In the event the Company terminates the employment of the Executive with Cause, as defined in Section 2.3 hereof, prior to the Retirement Date, the Executive will not be entitled to receive the Special Benefits set forth in Section 3 hereof. In the event the Executive terminates his employment with the Company for any reason other than death prior to the Retirement Date, the Executive will also not be entitled to receive the Special Benefits set forth in Section 3 hereof.

2.5 DEATH PRIOR TO THE RETIREMENT DATE. In the event the Executive does not otherwise terminate employment and dies prior to the Retirement Date, his spouse, if she is same spouse as the Executive is married to on the date of this Agreement, shall be entitled to the Medical Benefit described in Section 4.2 hereof.

2.6 DEATH AFTER THE RETIREMENT DATE. In the event the Executive terminates employment with the Company on the Retirement Date and dies thereafter, his spouse, if she is same spouse as the Executive is married to on the date of this Agreement, shall be entitled to receive the Medical Benefits described in Section 4.2 hereof.

SECTION 3. SPECIAL BENEFITS.

3.1 SPECIAL RETIREMENT BENEFITS. If the Executive retires pursuant to Section 2.2 hereof or is terminated by the Company pursuant to Section 2.3 hereof and the Executive executes the release described in Section 5.2 hereof, the Company will pay the Executive a supplemental retirement benefit commencing on the first day of the month next following his date of retirement or termination of employment a monthly amount equal to the monthly amount of his unreduced accrued retirement benefit under The Pension Plan For Employees Of Cleveland-Cliffs Inc And Its Associated Employers ("Qualified Pension Plan"). Such monthly benefit shall be paid until the month before the month in which the

Executive is first eligible to receive an unreduced retirement benefit under the Qualified Pension Plan at which time the payments under this Agreement shall cease. At the election of the Company such amount may be paid under the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan or may be paid separately by the Company.

3.2 CONTINUATION OF ARRANGEMENT WITH AYCO. The Company hereby agrees that, unless this Agreement is terminated pursuant to Section 2.4 hereof, the Executive will continue to be provided with personal financial planning services by AYCO until December 31, 2005 and shall be provided with personal tax return preparation services by AYCO for the Executive's taxable years ending in 2003, 2004, and 2005.

3.3 EXPENSES AS 2003 PRESIDENT OF SOCIETY FOR MINING, METALLURGY AND EXPLORATION. The Company agrees that, unless this Agreement is terminated pursuant to Section 2.4 hereof, the Company shall pay all reasonable travel expenses which the Executive shall incur as the President of the Society for Mining, Metallurgy and Exploration during his term of office as 2003 President of the Society.

SECTION 4. RETIREE MEDICAL BENEFITS

4.1 RETIREE MEDICAL BENEFITS FOR THE EXECUTIVE. The Company will, in accordance with a letter dated May 20, 1997 from Mr. M. Thomas Moore, Chairman and Chief Executive Officer of Cleveland-Cliffs Inc to the Executive, provide retiree medical coverage to the Executive and his spouse and dependents, if any, on the same terms and conditions as retiree medical benefits are being provided to retired salaried employees of the Company subject to the right of the Company to amend or terminate retiree medical benefits at any time and subject to all conditions specified in such May 20, 1997 letter. In order to be covered by such retiree medical benefits, the Executive must make such contribution to the cost of such coverage as is being paid by other retired salaried employees of the Company. In the event that the Executive shall fail to timely make such required contributions, the retiree medical coverage under this Agreement shall cease. The Executive may elect to have the payments under Section 3.1 hereof and the payments under the Qualified Plan reduced by the amount of such contributions.

In the event that the Company shall establish different retiree medical programs for different groups of retired salaried employees or provide for different contribution levels for different groups of salaried employees, the Executive shall be covered by the retiree medical program and the contribution level which applies to retired salaried employees whose dates of hire and service most closely resemble the date of hire and service of the Executive. Executive may, however, be allowed to choose alternative levels of retiree medical coverage and contribution levels, if such alternative levels are made available by the Company to others under its salaried retiree medical plan.

4.2 SPOUSAL MEDICAL BENEFITS. In the event that the Executive dies under the circumstances described in Section 2.5 hereof, the Company shall, in accordance with a letter

dated May 20, 1997 from Mr. M. Thomas Moore, Chairman and Chief Executive Officer of Cleveland-Cliffs Inc to the Executive, provide retiree medical coverage to the spouse of the Executive at the time of his death, if she is the same person who was his spouse on the date of execution of this Agreement on the same terms and conditions as retiree medical benefits are being provided to surviving spouses of deceased salaried employees of the Company subject to the right of the Company to amend or terminate retiree medical benefits at any time. In the event that the Executive dies under the circumstances described in Section 2.6 hereof at a time when the Executive is covered by retiree medical benefits for himself and his dependents, the Company shall provide retiree medical coverage to the spouse of the Executive at the time of his death, if she is the same person who was his spouse on the date of execution of this Agreement on the same terms and conditions as retiree medical benefits are being provided to surviving spouses of deceased retired salaried employees of the Company subject to the right of the Company to amend or terminate retiree medical benefits at any time. In order to be covered by such spousal retiree medical benefits, the spouse must make such contribution to the cost of such coverage as is being paid by other surviving spouses of deceased retired salaried employees of the Company. In the event that the spouse of the Executive shall fail to timely make such required contributions, the spousal retiree medical coverage under this Agreement shall cease. The surviving spouse of the Executive may elect to have the payments to her under the Qualified Plan, if any, reduced by the amount of such contributions.

SECTION 5. RELEASE OF ALL CLAIMS.

5.1 RELEASE AS OF DATE OF THIS AGREEMENT. By executing this Agreement, the Executive hereby fully releases and forever discharges the Company, its Affiliates and Successors, and their officers, directors, shareholders, agents, representatives, and employees,

from any and all claims, debts, liabilities, demands and obligations, known and unknown (hereinafter collectively referred to as "claims") of any kind, character and nature which the Executive has or arguably may have now or in the future against the Company and any of the entities or persons identified above, especially, but not limited to, those matters which may arise out of or in any way relate to the Executive's employment with the Company and which occurred from the beginning of time until the date of the execution of this Agreement. This release is intended to be broadly construed to encompass all possible legal and equitable claims, and is intended to include, but not to be limited to, claims brought under the Age Discrimination in Employment Act of 1967, which prohibits age discrimination in employment; Title VII of the Civil Rights Act of 1964 as amended by the Civil Rights Act of 1991, which prohibits discrimination in employment based on race, color, national origin, religion, sex; the Americans with Disabilities Act, which prohibits discrimination against individuals with disabilities; Fair Labor Standards Act of 1938, as amended; the Family and Medical Leave Act of 1993, the Civil Rights Attorney's Fees Awards Act of 1976; or any other federal, state or local laws or regulations prohibiting employment discrimination or restricting an employer's right to terminate employees. This Release also includes any state or federal claims for wrongful discharge, breach of contract, breach of promise, breach of public policy, or any claim of wrongful doing arising out of Executive's employment or the termination of the Executive's employment. The Executive warrants and represents that he understands and acknowledges the significance and consequences of this release and waiver, that the Executive has been advised of his right to consult with an attorney for information and advice concerning such release and waiver, and that such release and waiver is freely and voluntarily given. This Release is intentionally broad but is not intended to release any claims the Executive may have for vested accrued benefits under any

compensation program or employee benefit program of the Company provided that such claims for benefits have not been denied prior to the date of execution of this Agreement.

The Executive further warrants and acknowledges that he has been given a reasonable period of time of at least twenty-one (21) days within which to consider the terms of this Agreement and that the Executive has carefully read, understood and agreed to each and every provision contained in this Agreement.

5.2 RELEASE ON JUNE 30, 2004. The Company agrees to provide and Executive agrees to execute and deliver to the Company an additional release in form and substance similar to Section 5.1 hereof on June 30, 2004.

5.3 RIGHT TO REVOKE RELEASES. The Executive shall have seven (7) days from the date of his execution of this Agreement within which to revoke the Agreement. Said revocation shall be in writing and delivered to the Company. If the Executive revokes the Agreement, all provisions of the Agreement will be null and void.

The Executive shall have seven days from the date that he delivers the release described in Section 5.2 hereof to revoke such Release. Failure to deliver such Release or revocation of such Release will terminate the obligation of the Company to provide any of the Special Benefits to the Executive described in Section 3 hereof.

5.4 RELEASE DOES NOT APPLY TO CLAIMS FOR INDEMNIFICATION OR INSURANCE AGAINST THIRD PARTY CLAIMS AGAINST THE EXECUTIVE. The Release contained in Section 5.1 hereof and the Release described in Section 5.2 hereof shall not release claims which the Executive may have against the Company or against any insurance contract purchased by the Company for indemnification against claims against the Executive by a third party arising out of his service as an officer or employee of the Company or his service at the request of the Company as a director, trustee, officer, employee or agent of another corporation, domestic or foreign, nonprofit or for profit, partnership, joint venture, trust or other enterprise.

SECTION 6. COVENANTS.

6.1 DISCLOSURE OR USE OF INFORMATION. The Executive will at all times during and after the term of his employment by the Company keep and maintain the confidentiality of all Confidential Information and will not at any time either directly or indirectly use such information for his own benefit or otherwise divulge, disclose or communicate such information, except as required by law, to any person or entity in any manner whatsoever other than employees or agents of the Company or its Affiliates who have a need to know such information and then only to the extent necessary to perform their responsibilities on behalf of the Company or its Affiliates. As used herein, "Confidential Information" will mean any and all information (EXCLUDING INFORMATION IN THE PUBLIC DOMAIN) which relates to the business of the Company and its Affiliates including without limitation all patents and patent applications, copyrights applied for, issued to or owned by the Company or any of its Affiliates, inventions, trade secrets, computer programs, proprietary engineering and technical data, drawings or designs, proprietary manufacturing techniques, information concerning pricing and pricing policies, marketing techniques, suppliers, proprietary methods and manner of operations, and information relating to the identity and/or location of all past, present and prospective customers of the Company and its Affiliates.

6.2 CO-OPERATION. During the term of his employment by the Company after the date this Agreement is executed and for a period of twenty-four (24) months following the Retirement Date, the Executive will not attempt to induce any employee of the Company or an Affiliate to terminate his or her employment with the Company or an Affiliate nor will he take any action

with respect to any of the suppliers or customers of the Company and its Affiliates which would have or might be likely to have an adverse effect upon the business of the Company and its Affiliates. Executive hereby agrees not to make any statement or take any action, directly or indirectly, except as required by law, that will disparage or discredit the Company and its Affiliates, their Officers, Directors of the Company, their employees or any of their products, or in any way damage their reputation or ability to do business or conduct their affairs. Executive agrees that subsequent to the Retirement Date he will, in conjunction with a Company request, reasonably co-operate with the Company in connection with transition matters, disputes and litigation matters upon reasonable notice, at reasonable times, and will be paid or reimbursed for reasonable expenses incurred by the Executive relating to such matters.

6.3 NON-COMPETITION. The Executive hereby agrees that the Executive will not, for a period of two (2) years after June 30, 2004, directly or indirectly, for himself or for others, in any state of the United States or in any foreign country where the Company or any of its Affiliates (as defined below) is then conducting business:

(1) engage, as an employee, partner, or sole proprietor, in any business segment of any person or entity which competes, directly or indirectly, with the product lines of the Company or its Affiliates; or

(2) in connection with any product lines of the Company or its Affiliates, render advice, consultation, or services to or otherwise assist any other person or entity which competes, directly or indirectly, with the Company or any of its Affiliates with respect to such product lines.

The Executive understands that the foregoing restrictions may limit his ability to engage in certain business pursuits during the period provided for above, but acknowledges that he will receive sufficiently higher Special Benefits from the Company than he would otherwise receive to justify such restriction. The Executive acknowledges that he understands the effect of the provisions of this Agreement, that he has had reasonable time to consider the effect of these provisions, and that he was encouraged to and had an opportunity to consult an attorney with respect to these provisions. The Company and the Executive consider the restrictions contained in this Agreement to be reasonable and necessary. Nevertheless, if any aspect of these restrictions is found to be unreasonable or otherwise unenforceable by a Court of competent jurisdiction, the parties intend for such restrictions to be modified by such Court so as to be reasonable and enforceable and, as so modified by the Court, to be fully enforced.

6.4 INJUNCTIVE RELIEF. In the event of a breach of any of the provisions of this Section 6 by the Executive, the Company will be entitled to preliminary and permanent injunctive relief, without bond or security, sufficient to enforce the provisions thereof and the Company will be entitled to pursue such other remedies at law or in equity as it deems appropriate.

SECTION 7. MISCELLANEOUS.

7.1 DEFINITIONS.

a. The term "Affiliate" shall mean any entity controlling, controlled by or under common control with the Company, including, but not limited to, divisions and subsidiaries of the Company.

b. The term "Successor" will include any person, firm, corporation or business entity which acquires all or substantially all of the assets or succeeds to the business of the Company.

7.2 TAX WITHHOLDING. The Company may withhold from any benefits payable under this Agreement all federal, state, city, or other taxes as may be required pursuant to any law or governmental regulation or ruling.

7.3 GOVERNING LAW. To the extent not preempted by federal law, the provisions of this Agreement will be construed and enforced in accordance with the laws of the State of Ohio.

7.4 SUCCESSORS. This Agreement is personal to the Executive and will not be assignable by him without the prior written consent of the Company except that he can assign any payments under this Agreement (but not any of his obligations under this Agreement) to his spouse or to his estate. This Agreement may be assigned or transferred to and will be binding upon and inure to the benefit of any Successor of the Company.

7.5 ENTIRE AGREEMENT. As of the execution date of this Agreement, the Company and the Executive agree that this Agreement shall become effective as of July 1, 2003 and shall replace the Management Agreement dated August 17, 1998 between the Company and the Executive as of the Retirement Date if and only if the Executive terminates employment with the Company on the Retirement Date. If and when this Agreement has become effective, it shall supersede any other prior agreements or understandings, oral or written, between the Executive and the Company with respect to the subject matter hereof and shall constitute the entire agreement of the parties with respect thereto.

7.6 MODIFICATION. This Agreement will not be varied, altered, modified, canceled, changed, or in any way amended except by mutual agreement in a written instrument executed by the Company and the Executive or their legal representatives.

7.7 EXECUTION OF AGREEMENT. In executing this Agreement, the parties acknowledge that they do so freely and voluntarily after having had ample time to fully consider and reflect upon their decision to enter into this Agreement, and not as a result of any duress, fraud or undue influence exerted by either party upon the other. In addition, the Executive acknowledges that he has read this Agreement carefully, that he has been advised by the Company to consult an

attorney or other independent advisor of his own choosing, and that he has determined that it is in his best interest to enter into this Agreement.

7.8 PERIODS FOR CONSIDERATION AND REVOCATION. The Executive acknowledges that he has been given the right to a period of at least twenty-one (21) days, if he so desires, within which to consider entering into this Agreement and that he further has seven (7) days following execution of this Agreement to revoke it. This Agreement shall not become effective or enforceable until the date the revocation period has expired.

IN WITNESS WHEREOF, the Executive and the Company have executed this Agreement as of the day and year first above written.

CLEVELAND-CLIFFS INC

By: /s/John S. Brinzo

And:___________________________________

/s/ Thomas J. O'Neil
____
THOMAS J. O'NEIL

Exhibit 31(a)

CERTIFICATION

I, John S. Brinzo, certify that:

1. I have reviewed the quarterly report on Form 10-Q of Cleveland-Cliffs Inc;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (c) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; over financial reporting.

Date: July 31, 2003

By /s/ John S. Brinzo

John S. Brinzo
Chairman and Chief Executive Officer

Exhibit 31(b)

CERTIFICATION

I, Donald J. Gallagher, certify that:

1. I have reviewed the quarterly report on Form 10-Q of Cleveland-Cliffs Inc;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; over financial reporting.

Date: July 31, 2003

By /s/ Donald J. Gallagher

Donald J. Gallagher
Senior Vice President and Chief
Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32(a)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cleveland-Cliffs Inc (the "Company") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John S. Brinzo, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2003

/s/ John S. Brinzo

John S. Brinzo
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Cleveland-Cliffs Inc and will be retained by Cleveland-Cliffs Inc and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(b)

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Cleveland-Cliffs Inc (the "Company") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald J. Gallagher, Senior Vice President and Chief Financial Officer and Treasurer (Principal Financial Officer) of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 31, 2003

/s/ Donald J. Gallagher

Donald J. Gallagher
Senior Vice President and Chief
Financial Officer and Treasurer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Cleveland-Cliffs Inc and will be retained by Cleveland-Cliffs Inc and furnished to the Securities and Exchange Commission or its staff upon request.