SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For fiscal year ended December 31, 1998

OR

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

For the transition period from ______ to ______.

COMMISSION FILE NUMBER: 1-8944

CLEVELAND-CLIFFS INC
(Exact name of registrant as specified in its charter)

OHIO	34-1464672
(STATE OR OTHER JURISDICTION OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NO.)

1100 Superior Avenue, Cleveland, Ohio 44114-2589
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (216) 694-5700

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO

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

As of March 15, 1999, the aggregate market value of the voting and non-voting stock held by non-affiliates of the registrant, based on the closing price of $35.00 per share as reported on the New York Stock Exchange - Composite Index was $377,354,670 (excluded from this figure is the voting stock beneficially owned by the registrant's officers and directors).

The number of shares outstanding of the registrant's $1.00 par value common stock was 11,209,734 as of March 15, 1999.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's 1998 Annual Report to Shareholders are filed as Exhibits 13(a) through 13(j) and are incorporated by reference into Parts I, II and IV.
2. Portions of registrant's Proxy Statement for the Annual Meeting of Shareholders scheduled to be held May 11, 1999 are incorporated by reference into Part III.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES.

INTRODUCTION

Cleveland-Cliffs Inc (including its consolidated subsidiaries, the "Company") is the successor to business enterprises whose beginnings can be traced to earlier than 1850. The Company's headquarters are at 1100 Superior

Avenue, Cleveland, Ohio 44114-2589, and its telephone number is (216) 694-5700.

BUSINESS

The Company has two business segments offering differing iron products and services to the steel industry, with iron ore being the Company's dominant segment and ferrous metallics being the other segment. The ferrous metallics segment is in the development stage, and consists mainly of a hot briquetted iron venture project located in Trinidad. The Company is seeking additional investment opportunities, domestically and internationally, to broaden its scope as a supplier of iron units to the steel industry, including investments in iron ore mines or ferrous metallics facilities.

IRON ORE

The Company owns, directly or indirectly, three major iron ore operating subsidiaries, The Cleveland-Cliffs Iron Company ("CCIC"), Cliffs Mining Company ("CMC") and Northshore Mining Company ("Northshore"). CCIC and CMC hold interests in various independent iron ore mining ventures ("mining ventures") and act as managing agent. The operations of Northshore are entirely owned by the Company. CCIC, CMC and Northshore's business during 1998 was the production and sale of iron ore, principally iron ore pellets. Collectively, CCIC, CMC and Northshore control, develop, and lease reserves to mine owners; manage and own interests in mines; sell iron ore; and provide ancillary services to the mines. The operations of each mine are independent of the other mines. Iron ore production activities are conducted in the United States and Canada. Iron ore is marketed by the subsidiaries in the United States, Canada, and Europe.

For information on the iron ore business, including royalties and management fees for the years 1996-1998, see Note C in the Notes to the Company's Consolidated Financial Statements in the Company's Annual Report to Security Holders for the year ended December 31, 1998, which Note C is contained in Exhibit 13(g) and incorporated herein by reference and made a part hereof.

For information concerning operations of the Company, see material under the heading "Summary of Financial and Other Statistical Data" in the Company's Annual Report to Security Holders for the year ended December 31, 1998, which Summary of Financial and Other Statistical Data is contained in Exhibit 13(j) and incorporated herein by reference and made a part hereof.

CCIC owns or holds long-term leasehold interests in active North American properties containing an estimated 1.5 billion tons of crude iron ore reserves (approximately 493 million tons of equivalent standard iron ore pellets). CCIC, CMC and Northshore manage six active mines in North America with a total rated annual capacity of 41.6 million tons and own equity interests in five of these mines (see Table on page 4).

CCIC, CMC and Northshore's United States properties are located on the Marquette Range of the Upper Peninsula of Michigan, which has two active open-pit mines and pellet plants, and the Mesabi Range in Minnesota, which has three active open-pit mines and pellet plants. CMC acts only in the capacity of manager at one of the Mesabi Range facilities. Two railroads, one of which is 99.5% owned by a subsidiary of the Company, link the Marquette Range with Lake Michigan at the loading port of

Escanaba and with Lake Superior at the loading port of Marquette. From the Mesabi Range, pellets are transported by rail to shiploading ports at Superior, Wisconsin and Taconite Harbor, Minnesota. At Northshore, crude ore is shipped by rail from the mine to the processing facilities at Silver Bay, Minnesota, which is also the upper lakes port of shipment. In addition, in Canada, there is an open-pit mine and concentrator at Wabush, Labrador, Newfoundland and a pellet plant and dock facility at Pointe Noire, Quebec. At Wabush Mines, concentrates are shipped by rail from the Scully Mine at Wabush to Pointe Noire, Quebec, where they are pelletized for shipment via vessel to Canada, United States and Europe or shipped as concentrates for sinter feed to Europe.

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

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

With respect to the active mines in which CCIC and CMC have an equity interest, such interests range from 15% to 40% (see Table on page 4). Pursuant to certain operating agreements at each mine, each participant is generally obligated to take its share of production for its own use. CCIC and CMC's share of production is resold to steel manufacturers pursuant to multi-year contracts, usually with price escalation provisions, or one-year contracts. Pursuant to operating agreements at each mine, each participant is entitled to nominate the amount of iron ore which will be produced for its account for that year. During the year, such nomination generally may be increased (subject to capacity availability) or decreased (subject to certain minimum production levels) by a specified amount. During 1998, the North American mines operated at or near capacity levels.

Cliffs Minnesota Minerals Company, a subsidiary of the Company, owns an iron ore operation (Northshore) and power plant (Silver Bay Power Company ("Silver Bay Power")) in Minnesota with 4.3 million annual tons of active capacity for production of standard and flux pellets (equivalent to 4.8 million tons of standard pellet capacity), supported by a 115 megawatt power generation plant, and an estimated 1.1 billion tons of magnetite crude iron ore reserves (approximately 355 million tons of equivalent standard iron ore pellets) leased mainly from the Mesabi Trust. Production in 1998 was 4.3 million tons of standard and flux pellets.

Effective January 1, 1997, CMC acquired the 15.1% interest of Ispat Inland Inc. ("Ispat Inland") in Wabush Mines, an iron ore joint venture interest in Canada, for $15 million, which acquisition raised CMC's ownership interest in Wabush Mines to 22.8%.

On September 29, 1998, Acme Metals Incorporated ("Acme") petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. Acme's subsidiary, Acme Steel Company, is a partner in the Company's managed Wabush Mines and the Company has a multi-year pellet sales contract to supply Acme iron ore pellets. At the time of the bankruptcy filing, the Company had a receivable from Acme of $1.2 million. Since Acme's bankruptcy filing, Acme has continued its ongoing commercial relationship with Wabush Mines and the Company. Pellet sales by the Company to Acme in 1998 represented less than 5% of the Company's total pellet sales volume and did not have a significant impact on the Company's financial results for the year 1998.

Following is a table of production, current defined capacity, and implied exhaustion dates for the iron ore mines currently managed or owned by CCIC, CMC and Northshore. The exhaustion dates are based on estimated mineral reserves and full production rates, which could be affected, among other things, by future industry conditions, geological conditions, and ongoing mine planning. Maintenance of effective production capacity or implied exhaustion dates could require increases in capital and development expenditures. Alternatively, changes in economic conditions or the expected quality of ore reserves could decrease capacity or accelerate exhaustion dates. Technological progress could alleviate such factors or increase capacity or mine life.

<TABLE>
<CAPTION>

Name and Location	Type of Ore	Company's Current Operating Interest	Current Pellet Production 1996	1997	1998	Current Annual Capacity	Operating Continuously Since	Implied Exhaustion Date(1)
			(Tons in Thousands)(2)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mining Ventures								
Michigan								
Marquette Range								
- Empire Iron Mining Partnership (3)	Magnetite	22.56%	8,084	8,353	8,114	8,000	1963	2018
- Tilden Mining	Hematite and							

Company L.C.(3)	Magnetite	40.00%(4)	6,702	6,016	6,891	7,800(4)	1974	2041
Minnesota								

Mesabi Range								
- Hibbing Taconite Joint Venture (5)	Magnetite	15.00%	8,120	7,670	7,777	8,000	1976	2029
- LTV Steel Mining Company (5)	Magnetite	0.00%	7,457	7,709	7,108	7,500	1957	2053
Canada								

- Wabush Mines (Newfoundland and Quebec) (5)(6)	Specular Hematite	22.78%(6)	5,309	5,581	6,009	6,000(6)	1965	2042
Wholly-Owned Entities								
- --------------------								
Minnesota								

Mesabi Range								
- Northshore Mining Company	Magnetite	100.00%	4,252	4,245	4,353	4,300(7)	1989	2081
Australia								

- Savage River Mines (8) (Tasmania)	Magnetite	100.00%	1,583	--	--(8)	--(8)	(8)	(8)
			------	------	------	------		
TOTAL			41,507	39,574	40,252	41,600		
			======	======	======	======		

</TABLE>

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(1) Based on full production at current annual capacity without regard to economic feasibility.
(2) Tons are long tons of 2,240 pounds.
(3) CCIC receives royalties and management fees.
(4) Expenditures in 1998 increased capacity to 7.8 million tons for 1999. The predominant ore reserves are hematite.
(5) CMC receives no royalty payments with respect to such mine, but does receive management fees.
(6) In 1996, the mine's annual production capacity was increased to 6 million tons per year from 5.4 million tons per year. Effective January 1, 1997, CMC's ownership in the Wabush Mines increased from 7.69% to 22.78%.
(7) Northshore can produce 4.8 million tons of standard pellets.
(8) Savage River Mines terminated operations at the end of 1996 and terminated shipments in the first quarter of 1997.

With respect to the Empire Mine, CCIC owns directly approximately one-half of the remaining mineral reserves and leases the balance of the reserves from their owners; with respect to the Tilden Mine, CCIC owns all of the mineral reserves; with respect to the Hibbing Mine, Wabush Mines, Northshore Mine and the LTV Steel Mining Company, all mineral reserves are owned by others and leased or subleased directly to those mines.

Each of the mines contains crushing, concentrating, and pelletizing facilities. The Empire Iron Mining Partnership facilities were constructed beginning in 1962 and expanded in 1966, 1974 and 1980 with a total cost of approximately $367 million; the Tilden Mine facilities were constructed beginning in 1972, expanded in 1979 and modified in 1988 with a total cost of approximately $523 million; the LTV Steel Mining Company facilities were constructed beginning in 1954 and expanded in 1967 with a total cost of approximately $250 million; the Hibbing Taconite Joint Venture facilities were constructed beginning in 1973 and expanded in 1979 with a total cost of approximately $302 million; the Northshore Mining Company facilities were constructed beginning in 1951, expanded in 1963 and significantly modified in 1979 with a total cost estimated in excess of $500 million; and the Wabush Mines facilities were constructed beginning in 1962 with a total cost of approximately $103 million. The Company believes the facilities at each site are in satisfactory condition. However, the older facilities require more capital and maintenance expenditures on an ongoing basis.

PRODUCTION AND SALES INFORMATION. The Company's sales are subject to or influenced by seasonal factors in the first quarter of the year, as the shipments and sale of iron ore are restricted by weather conditions.

The Company's managed capacity is approximately 41.6 million tons, or 46% of total pellet capacity in North America, and the Company's annual North American pellet sales capacity in 1998 was 11.5 million tons. In 1998, the Company produced 11.4 million tons of pellets in North America for its own account.

In 1998, the Company produced 28.7 million gross tons of iron ore in the United States and Canada for participants other than the Company. The share of participants having the five largest amounts, Algoma Steel Company, Bethlehem Steel Corporation, Ispat Inland, LTV Steel Company and Stelco Inc., aggregated 25.5 million gross tons, or 88.2%. The largest such participant accounted for 31.6% of such production.

During 1998, 100% of the Company's sales of iron ore and pellets, that were produced in the United States and Canada for its own account or purchased from others, were to 13 U.S., Canadian and European iron and steel manufacturing companies.

In 1998, Weirton Steel Company, AK Steel, and Ispat Inland, directly and indirectly accounted for 22%, 15%, and 9%, respectively, of total revenues.

RAIL TRANSPORTATION. The Company, through a wholly-owned subsidiary, owns a 99.5% stock interest in Lake Superior & Ishpeming Railroad Company. The railroad operates approximately 49 miles of track in the Upper Peninsula of Michigan, principally to haul iron ore from the Empire and Tilden Mines to Lake Superior at Marquette, Michigan, where the railroad has an ore loading dock, or to interchange points with another railroad for delivery to Lake Michigan at Escanaba, Michigan. In 1998, 81.9% of the railroad's revenues were derived from hauling iron ore and pellets and other services in connection with mining operations managed by CCIC. The railroad's rates are subject to regulation by the Surface Transportation Board of the Department of Transportation.

FERROUS METALLICS

Cliffs and Associates Limited, a joint venture in Trinidad and Tobago, is completing construction of a facility to produce premium quality hot-briquetted iron ("HBI") to be marketed to the steel industry. The venture's participants, through subsidiaries, include the Company, 46.5 percent; The LTV Corporation, 46.5 percent; and Lurgi AG of Germany, 7.0 percent, with the Company acting as manager and sales agent. Project capital expenditures through December 31, 1998 were $141.1 million (Company share - $65.6 million). Currently estimated total capital expenditures of $151 million (Company share - $70.2 million) do not include construction claims of $16 million (Company share - $7.5 million) which are being contested. The Company believes the claims are largely without merit; any payments on these claims are expected to be partially offset by recoveries from contractors and suppliers. No project financing has been used during construction. Plant commissioning activities are nearly complete for start-up. At design, the facility is expected to produce 500,000 metric tons annually. Full year production volume will depend on market demand.

The Company is studying the feasibility of an investment in a plant at the Company's Northshore Mine that would produce "pig iron" from North American iron ore with coal as the reductant. Markets for the product would be primarily electric furnaces and foundries.

The Company is investigating additional investment opportunities in the ferrous metallics business that could be developed, including strategic alliances or joint ventures.

CREDIT AGREEMENT AND SENIOR NOTES

In 1995, the Company entered into a Credit Agreement ("Credit Agreement") with Chemical Bank (now Chase Manhattan Bank), as Agent for a six-bank lending group, pursuant to which the Company may borrow up to $100 million as revolving loans. The Credit Agreement was amended at various times to reduce interest rates and fees and extend the expiration date currently to May 31, 2003. Interest on borrowings will be based on various interest rates as defined in the Credit Agreement and as selected by the Company pursuant to the terms of the Credit Agreement. There were no borrowings under the revolving credit facility.

In 1995, the Company placed privately with a group of institutional lenders $70 million 7% Senior Notes, due December 15, 2005.

COMPETITION

The iron ore mines, which the Company's subsidiaries operate in North America and Canada, produce various grades of iron ore which are marketed in the United States, Canada, and Europe. In North America, the Company is in competition with several iron ore producers, including Iron Ore Company of

Canada, Quebec Cartier Mining Company, and Evtac Mining Company, as well as other steel companies which own interests in iron ore mines and/or have excess iron ore purchase commitments. In addition, significant amounts of iron ore have, since the early 1980s, been shipped to the United States from Venezuela and Brazil in competition with iron ore produced by the Company.

Other competitive forces have effectively become large factors in the iron ore business. With respect to a significant portion of steelmaking in North America, electric furnaces built by "minimills" have replaced the use of iron ore pellets with scrap metal in the steelmaking process. In addition, operators of sinter plants produce iron agglomerates which substitute for iron ore pellets. Imported steel slabs also replace the use of iron ore pellets in producing finished steel products. Imported steel produced from iron ore supplied by international competitors also effectively competes with the Company's iron ore pellets. Imported steel, especially in 1998, has had a significant impact on steelmaking in the United States, which has adversely affected the demand for iron ore pellets.

The HBI, to be produced by the Cliffs and Associates Limited joint venture in Trinidad in which the Company has an interest, is in competition with other direct reduced iron projects (operating both domestically and internationally), other scrap substitutes, premium grade scrap and pig iron.

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

ENVIRONMENT, EMPLOYEES, ENERGY, AND RESEARCH AND DEVELOPMENT

ENVIRONMENT. In the construction of the Company's facilities and in its operating arrangements, substantial costs have been incurred and will be incurred to avoid undue effect on the environment. The Company's commitment to environmental preservation resulted in North American capital expenditures of $6.9 million in 1997 and $5.1 million in 1998. It is estimated that approximately $5.3 million will be spent in 1999 for environmental control facilities.

The Company received notice in 1983 from the U.S. Environmental Protection Agency ("U.S. EPA") that the Company is a potentially responsible party with respect to the Cliffs-Dow Superfund Site, located in the Upper Peninsula of the State of Michigan, which is not related to the Company's iron ore mining business. The Cliffs-Dow site was used prior to 1973 for the disposal of wastes from charcoal production by a joint venture of the Company, the Dow Chemical Company and afterward by a successor in interest, Georgia-Pacific Corporation. The Company and certain other potentially responsible parties have agreed upon allocation of the costs for investigation and remediation. The Company and other potentially responsible parties voluntarily participated in the preparation of a Remedial Investigation and Feasibility Study with respect to the Cliffs-Dow site, which concluded with the publication by the U.S. EPA of a Record of Decision dated September 27, 1989 setting forth the selected remedial action plan adopted by the U.S. EPA for the Cliffs-Dow site. The Company and other potentially responsible parties have largely implemented remedial action satisfactory to the U.S. EPA at an estimated total cost of $8 million, of which the Company's share is $1.7 million. Upon the advice of counsel, the Company believes it has a right to continued contribution from the other potentially responsible parties for the costs of any further remedial action required at the Cliffs-Dow site.

The Company has sufficient financial reserves at December 31, 1998 to provide for its expected share of the cost of the remedial actions at the above mentioned site.

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

EMPLOYEES. As of December 31, 1998, CCIC and CMC and the North American independent mining ventures had 5,006 employees, of which 4,125 were hourly employees. The hourly employees are represented by the United Steelworkers of America ("United Steelworkers") which have collective bargaining agreements. In 1993, a six-year "no strike" labor agreement was entered between the Hibbing Taconite, Tilden and Empire Mines and the United Steelworkers covering the period to August 1, 1999, but with provisions for a limited economic reopener on August 1, 1996. In 1994, a new United Steelworkers labor agreement was entered into covering employees of LTV Steel Mining Company, which agreement will expire on August 1, 1999. In 1996, a new United Steelworkers labor agreement was entered into covering the employees of Wabush Mines, which agreement expired on March 1, 1999. Negotiations with the United Steelworkers on a new labor agreement are about to begin with respect to the Wabush Mines and will begin by early summer 1999 with respect to the Hibbing, Tilden, Empire and LTV Steel Mining Company Mines.

As of December 31, 1998, Northshore had 508 salaried employees, none of whom are represented by a union.

As of December 31, 1998, Cliffs Reduced Iron Management Company had 2 salaried employees and Cliffs and Associates Limited had 63 salaried employees.

As of December 31, 1998, Cleveland-Cliffs Inc and its wholly-owned subsidiary, Cliffs Mining Services Company, had 279 salaried executive, managerial, administrative and technical employees.

In addition, as of December 31, 1998, the Lake Superior & Ishpeming Railroad had 171 employees.

ENERGY. In 1996, the Empire and Tilden Mines entered into new seven-year electric power supply contracts with Wisconsin Electric Power Company ("WEPCo") to furnish electric power to those mines. Various terms and conditions of the previous power contracts with WEPCo were revised to better accommodate the operation of those Mines. The new power supply contracts became effective March 1, 1996 and have curtailable features.

Electric power for Hibbing Taconite is supplied by Minnesota Power, Inc. under a recently executed agreement, which became effective January 1, 1998 and continues to December, 2008. The Agreement provides for significant cost reduction, reduction in certain take-or-pay commitments, and an energy price cap. Electric power requirements will continue to be specified annually by the Hibbing Taconite venturers corresponding to Hibbing's operating requirements.

LTV Steel Mining Company is currently generating the majority of its requirements, and an interchange agreement with Minnesota Power, Inc. provides backup power and allows sale of excess capacity to the Midwestern Area Power Pool. Effective May 1, 1995, the interchange agreement was extended to April 30, 2000 to provide additional backup power and other cost-effective services.

Silver Bay Power Company, an indirect subsidiary of the Company, provides the majority of Northshore's energy requirements, has an interchange agreement with Minnesota Power, Inc. for backup power and sells 40 megawatts of excess power capacity to Northern States Power Company. The contract with Northern States Power extends to the year 2011. Effective November 1, 1995, the interchange agreement was extended to October 31, 2000 to provide additional backup power and other cost-effective services.

Wabush Mines owns a portion of the Twin Falls Hydro Generation facility which provides power for Wabush's mining operations in Newfoundland. A twenty year agreement with Newfoundland Power, which agreement continues until December 31, 2004, allows an interchange of water rights in return for the power

needs for Wabush's mining operations. The Wabush pelletizing operations in Quebec are served by Quebec Hydro on an annual contract.

The Company has contracts providing for the transport of natural gas for its North American iron ore operations.

The Empire and Tilden Mines have the capability of burning natural gas, coal, or, to a lesser extent, oil. Wabush Mines has the capability of burning oil and coke breeze. Hibbing Taconite, Northshore and LTV Steel Mining Company have the capability of burning natural gas and oil. During 1998, the U.S. mines burned natural gas as their primary fuel. Wabush Mines used oil, supplemented with coke breeze.

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

RESEARCH AND DEVELOPMENT. The Company maintains a strong commitment to research and development with engineering staffs that are engaged in full-time research and development of new iron-bearing products and improvement of existing products with two research facilities, one located in Hibbing, Minnesota, and one in Negaunee, Michigan.

In the paper format version of this document, this page contains a map. The map is entitled, "Cleveland-Cliffs Inc and Associated Companies Location of Iron Ore Operations". The map has an outline of the United States and Canada. Located specifically on the map are arrows and dots representing the location of the properties described in the Table on page 4 to this report.

ITEM 3. LEGAL PROCEEDINGS.

The Company and certain of its subsidiaries are involved in various claims and ordinary routine litigation incidental to their businesses, including claims relating to the exposure of asbestos and silica to seamen who sailed on the Great Lakes vessels formerly owned and operated by subsidiaries of the Company. The full impact of these claims and proceedings in the aggregate continues to be unknown. The Company continues to monitor its claims and litigation expense, but believes that resolution of currently pending claims and proceedings are unlikely in the aggregate to have a material adverse effect on the Company's financial position.

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

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Position with the Company as of March 15, 1999	Age
J. S. Brinzo	President and Chief Executive Officer	57
W. R. Calfee	Executive Vice President-Commercial	52
T. J. O'Neil	Executive Vice President-Operations	58
C. B. Bezik	Senior Vice President-Finance	46
E. C. Dowling	Senior Vice President-Operations	43

J. W. Sanders	Senior Vice President-International Development	56
A. S. West	Senior Vice President-Sales and Commercial Planning	62

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

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

J. S. Brinzo	Senior Executive-Finance, Company, October 1, 1993 to September 30, 1995. Executive Vice President-Finance, Company, October 1, 1995 to June 30, 1997. Executive Vice President-Finance and Planning, Company, July 1, 1997 to November 9, 1997. President and Chief Executive Officer, Company, November 10, 1997 to date.
W. R. Calfee	Senior Executive-Commercial, Company, October 1, 1993 to September 30, 1995. Executive Vice President-Commercial, Company, October 1, 1995 to date.
T. J. O'Neil	Senior Vice President-Technical, Company, November 18, 1991 to September 30, 1994. Executive Vice President-CCI Operations and Technology, Company, October 1, 1994 to September 30, 1995. Executive Vice President-Operations, Company, October 1, 1995 to date.

C. B. Bezik	Manager-Financial Planning, Company, December 1, 1991 to April 30, 1994. Director-Financial Planning, Company, May 1, 1994 to September 30, 1994. Treasurer and Director-Financial Planning, Company, October 1, 1994 to September 30, 1995. Vice President and Treasurer, Company, October 1, 1995 to November 9, 1997. Senior Vice President-Finance, Company, November 10, 1997 to date.
E. C. Dowling	Vice President-Downstream Operations, Cyprus Climax Metals Company, November, 1993 to October, 1994. Senior Vice President-Operations, Cyprus Climax Metals Company, October, 1994 to September, 1996. Senior Vice President-Director Process Management and Engineering, Cyprus Amax Minerals Company, September, 1996 to April, 1998. Senior Vice President-Operations, Company, April 15, 1998 to date.
J. W. Sanders	Senior Vice President and General Manager, Copper Range Company, June, 1991 to June, 1994. President and Chief Operating Officer, Copper Range Company, July, 1994 to September 30, 1995. Senior Vice President-Technical, Company, October 1, 1995 to June 30, 1997. Senior Vice President-International Development, Company, July 1, 1997 to date.
A. S. West	Senior Vice President-Sales, Company, July 1, 1988 to July 31, 1998. Senior Vice President-Sales and Commercial Planning, Company, August 1, 1998 to date.

PART II

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

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1998 contained in the material under the headings, "Common Share Price Performance and Dividends", "Investor and Corporate Information" and "Summary of Financial and Other Statistical Data", such information filed as a part hereof as Exhibits 13(h), 13(i) and 13(j), respectively.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1998 contained in the material under the heading, "Summary of Financial and Other Statistical Data", such information filed as a part hereof as Exhibit 13(j).

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

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1998 contained in the material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations", such information filed as a part hereof as Exhibit 13(a).

ITEM 7. A. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1998 contained in the material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations", such information located on page 35, and filed as a part hereof as Exhibit 13(a).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1998 contained in the material under the headings "Statement of Consolidated Financial Position", "Statement of Consolidated Income", "Statement of Consolidated Cash Flows", "Statement of Consolidated Shareholders' Equity", "Notes to Consolidated Financial Statements" and "Quarterly Results of Operations", such information filed as a part hereof as Exhibits 13(c), 13(d), 13(e), 13(f), 13(g) and 13(h), respectively. Following is the "Report of Independent Auditors":

REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors
Cleveland-Cliffs Inc

We have audited the accompanying statement of consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries as of December 31, 1998 and 1997, and the related statements of consolidated income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1998. Our audits also included the financial statement schedule listed in the index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries at December 31, 1998 and 1997, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Cleveland, Ohio
January 29, 1999

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding Directors required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 22, 1999, from the material under the heading "Election of Directors". The information regarding executive officers required by this item is set forth in Part I hereof under the heading "Executive Officers of the Registrant", which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 22, 1999, from the material under the headings "Executive Compensation" (excluding the Compensation Committee Report on Executive Compensation), "Pension Benefits", and the first five paragraphs under "Agreements and Transactions".

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

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 22, 1999, from the material under the heading "Securities Ownership of Management and Certain Other Persons".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 22, 1999, from the material in the fifth paragraph under the heading "Directors' Compensation".

PART IV

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

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

The following consolidated financial statements of the Company, included in the Annual Report to Security Holders for the year ended December 31, 1998, are incorporated herein by reference in Item 8:

Statement of Consolidated Financial Position - December 31, 1998 and 1997
Statement of Consolidated Income - Years ended December 31, 1998, 1997 and 1996
Statement of Consolidated Cash Flows - Years ended December 31, 1998, 1997 and 1996
Statement of Consolidated Shareholders' Equity - Years ended December 31, 1998, 1997 and 1996
Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of the Company is included herein in Item 14(d) and attached as Exhibit 99(a).

Schedule II - Valuation and Qualifying accounts

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

(3) List of Exhibits - Refer to Exhibit Index on pages 19-26 which is incorporated herein by reference.

(b) There were no reports on Form 8-K filed during the three months ended December 31, 1998.

(c) Exhibits listed in Item 14(a)(3) above are included on pages 27-70.

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

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLEVELAND-CLIFFS INC

By: /s/ John E. Lenhard

John E. Lenhard,
Secretary and Associate General Counsel

Date: March 25, 1999

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

Signatures	Title	Date
J. S. Brinzo	President and Chief Executive Officer and Principal Executive Officer and Director	March 25, 1999
C. B. Bezik	Senior Vice President-Finance and Principal Financial Officer	March 25, 1999
R. J. Leroux	Controller and Principal Accounting Officer	March 25, 1999
R. C. Cambre	Director	March 25, 1999
R. S. Colman	Director	March 25, 1999
J. D. Ireland, III	Director	March 25, 1999
G. F. Joklik	Director	March 25, 1999
L. L. Kanuk	Director	March 25, 1999
F. R. McAllister	Director	March 25, 1999
M. T. Moore	Director	March 25, 1999

J. C. Morley	Director and Chairman	March 25, 1999
S. B. Oresman	Director	March 25, 1999
A. Schwartz	Director	March 25, 1999
A. W. Whitehouse	Director	March 25, 1999

By: /s/ John E. Lenhard
(John E. Lenhard, as Attorney-in-Fact)

Original powers of attorney authorizing John S. Brinzo, Cynthia B. Bezik, Joseph H. Ballway, Jr., and John E. Lenhard and each of them, to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named officers and Directors of the Registrant have been filed with the Securities and Exchange Commission.

EXHIBIT INDEX

Exhibit Number		Pagination by Sequential Numbering System
	ARTICLES OF INCORPORATION AND BY-LAWS OF CLEVELAND-CLIFFS INC	
3(a)	Amended Articles of Incorporation of Cleveland-Cliffs Inc (filed as Exhibit 3(a) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
3(b)	Regulations of Cleveland-Cliffs Inc (filed as Exhibit 3(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
	INSTRUMENTS DEFINING RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES	
4(a)	Form of Common Stock Certificate (filed as Exhibit 4(a) to Form 10-K of Cleveland-Cliffs Inc filed on March 25, 1998 and incorporated by reference)	Not Applicable
4(b)	Rights Agreement, dated September 19, 1997, by and between Cleveland-Cliffs Inc and First Chicago Trust Company of New York, as Rights Agent (filed as Exhibit 4.1 to Form 8-K of Cleveland-Cliffs Inc filed on September 19, 1997 and incorporated by reference)	Not Applicable
4(c)	Credit Agreement, dated as of March 1, 1995, among Cleveland-Cliffs Inc, the Banks named therein and Chase Manhattan Bank, as Agent (successor to Chemical Bank) (filed as Exhibit 4(o) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable
4(d)	Amendment dated as of July 19, 1996, to the Credit Agreement dated as of March 1, 1995, among Cleveland-Cliffs Inc, the Banks named therein and Chase Manhattan Bank, as Agent (filed as Exhibit 4(a) to Form 10-Q of Cleveland-Cliffs Inc filed	

	on November 13, 1996 and incorporated by reference)	Not Applicable
4(e)	Amendment dated as of June 1, 1997, to the Credit Agreement dated as of March 1, 1995, as amended, among Cleveland-Cliffs Inc, the Banks named therein and Chase Manhattan Bank, as Agent (filed as Exhibit 4(a) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable

4(f)	Amendment dated as of June 1, 1998, to the Credit Agreement dated as of March 1, 1995, as amended, among Cleveland-Cliffs Inc, the financial institutions named therein and the Chase Manhattan Bank, as Agent (filed as Exhibit 4(a) to Form 10-Q of Cleveland-Cliffs Inc filed on August 12, 1998 and incorporated by reference)	Not Applicable
4(g)	Note Agreement, dated as of December 15, 1995, among Cleveland-Cliffs Inc and each of the Purchasers named in Schedule I thereto (filed as Exhibit 4(n) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
	MATERIAL CONTRACTS	
10(a)	* Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated, effective January 1, 1997), dated April 24, 1997 (filed as Exhibit 10(l) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(b)	* Amendment No. 1 to Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated effective January 1, 1997), as of November 1,1997, dated March 31, 1998 (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on May 1, 1998 and incorporated by reference)	Not Applicable
10(c)	* Cleveland-Cliffs Inc Amended and Restated Employment Agreements with certain executive officers, dated as of June 30, 1997 (filed as Exhibit 10(j) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(d)	* Amendment No. 1, dated as of December 31, 1997, to Amended and Restated Employment Agreement of John S. Brinzo (filed as Exhibit 10(c) to Form 10-K of Cleveland-Cliffs Inc filed on March 25, 1998 and incorporated by reference)	Not Applicable
10(e)	* Retirement and Consulting Agreement, dated as of September 2, 1998, by and between Cleveland-Cliffs Inc and M. Thomas Moore (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on November 5,1998 and incorporated by reference)	Not Applicable
10(f)	* Cleveland-Cliffs Inc and Subsidiaries Management Performance Incentive Plan, dated as of January 1, 1994 (Summary Description) (filed as Exhibit 10(g) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable

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

10(g)	Form of indemnification agreements with Directors (filed as Exhibit 10(j) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(h)	* Cleveland-Cliffs Inc 1987 Incentive Equity Plan, effective as of April 29, 1987 (filed as Exhibit 10(h) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1997 and incorporated by reference)	Not Applicable
10(i)	* Cleveland-Cliffs Inc 1992 Incentive Equity Plan (as Amended and Restated as of May 13, 1997), effective as of May 13, 1997 (filed as Appendix A to Proxy Statement of Cleveland-Cliffs Inc filed on March 24, 1997 and incorporated by reference)	Not Applicable
10(j)	* Form of Nonqualified Stock Option Agreement for Nonemployee Directors (filed as Exhibit 10(i) to Form 10-K of Cleveland-Cliffs Inc filed on March 25, 1998 and incorporated by reference)	Not Applicable
10(k)	* Form of Instrument of Amendment of Nonqualified Stock Option Agreements for Nonemployee Directors, dated as of March 17, 1997 (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on May 9, 1997 and incorporated by reference)	Not Applicable
10(l)	* Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors effective as of July 1, 1995 (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on November 13, 1996 and incorporated by reference)	Not Applicable
10(m)	* Trust Agreement No. 1 (Amended and Restated effective June 1, 1997), dated June 12, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan and certain employment agreements (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(n)	* Trust Agreement No. 2 (Amended and Restated effective June 1, 1997), dated June 12, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc, the Cleveland-Cliffs Inc Retention Plan for Salaried Employees, and certain employment agreements (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable

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

10(o)	* First Amendment to Trust Agreement No. 2	

	(Amended and Restated effective June 1, 1997), dated July 15, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(c) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(p)	* Trust Agreement No. 4, dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Plan for Deferred Payment of Directors' Fees (filed as Exhibit 10(p) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(q)	* First Amendment to Trust Agreement No. 4, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee and Second Amendment to Trust Agreement No. 4, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(q) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(r)	* Third Amendment to Trust Agreement No. 4, dated June 12, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(d) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(s)	* Trust Agreement No. 5, dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (filed as Exhibit 10(r) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(t)	* First Amendment to Trust Agreement No. 5, dated as of May 12, 1989, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, Second Amendment to Trust Agreement No. 5, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee and Third Amendment to Trust Agreement No. 5, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(s) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable

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

10(u)	* Fourth Amendment to Trust Agreement No. 5, dated November 18, 1994, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(dd) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable
10(v)	* Fifth Amendment to Trust Agreement No. 5, dated May 23, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit	

	10(e) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(w)	* Amended and Restated Trust Agreement No. 6, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to indemnification agreements with directors (filed as Exhibit 10(t) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(x)	* First Amendment to Amended and Restated Trust Agreement No. 6, dated June 12, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(f) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(y)	* Trust Agreement No. 7, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, as amended by First Amendment to Trust Agreement No. 7, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(u) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(z)	* Second Amendment to Trust Agreement No. 7, dated November 18, 1994, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(ee) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable
10(aa)	* Third Amendment to Trust Agreement No. 7, dated May 23, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(g) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable

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

10(bb)	* Fourth Amendment to Trust Agreement No. 7, dated July 15, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(h) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(cc)	* Trust Agreement No. 8, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors, as amended by First Amendment to Trust Agreement No. 8, dated as of March 9, 1992 by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(v) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(dd)	* Second Amendment to Trust Agreement No.	

	8, dated June 12, 1997, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee (filed as Exhibit 10(i) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(ee)	* Trust Agreement No. 9, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan (filed as Exhibit 10(v) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1997 and incorporated by reference)	Not Applicable
10(ff)	* Trust Agreement No. 10, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A., Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan (filed as Exhibit 10(w) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1997 and incorporated by reference)	Not Applicable
10(gg)	* Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc (as Amended and Restated as of February 1, 1997), dated June 26, 1997 (filed as Exhibit 10(k) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(hh)	* Amendment No. 1 to Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc (as Amended and Restated as of February 1, 1997), effective as of November 1, 1997, dated March 31, 1998 (filed as Exhibit 10(c) to Form 10-Q of Cleveland-Cliffs Inc filed on May 1, 1998 and incorporated by reference)	Not Applicable

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

10(ii)	* Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan, Amended and Restated as of December 1, 1996 (filed as Exhibit 10(z) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1997 and incorporated by reference)	Not Applicable
10(jj)	* Amendment No. 1 to Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (Amended and Restated as of December 1, 1996) effective as of November 1, 1997, dated March 31, 1998 (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc filed on May 1, 1998 and incorporated by reference)	Not Applicable
10(kk)	* Cleveland-Cliffs Inc Long-Term Performance Share Program, effective as of March 31, 1994, as amended as of January 13, 1997 (filed as Exhibit 10(n) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(ll)	* Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan, effective as of July 1, 1995 (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc filed on November 13, 1996 and incorporated by reference)	Not Applicable
10(mm)	* First Amendment to Cleveland-Cliffs Inc	

	Nonemployee Directors' Supplemental Compensation Plan, effective as of January 1, 1999	Filed Herewith
10(nn)	* Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of July 1, 1996 (filed as Appendix A to Proxy Statement of Cleveland-Cliffs Inc filed on March 25, 1996 and incorporated by reference)	Not Applicable
10(oo)	* First Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of November 12, 1996 (filed as Exhibit 10(dd) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1997 and incorporated by reference)	Not Applicable
10(pp)	* Second Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of May 13, 1997 (filed as Exhibit 10(m) to Form 10-Q of Cleveland-Cliffs Inc filed on August 13, 1997 and incorporated by reference)	Not Applicable
10(qq)	* Third Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of January 1, 1999	Filed Herewith

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

13	Selected portions of 1998 Annual Report to Security Holders	
13(a)	Management's Discussion and Analysis of Financial Condition and Results of Operations	Filed Herewith (Page 27-37)
13(c)	Statement of Consolidated Financial Position	Filed Herewith (Page 38-39)
13(d)	Statement of Consolidated Income	Filed Herewith (Page 40)
13(e)	Statement of Consolidated Cash Flows	Filed Herewith (Page 41)
13(f)	Statement of Consolidated Shareholders' Equity	Filed Herewith (Page 42)
13(g)	Notes to Consolidated Financial Statements	Filed Herewith (Page 43-60)
13(h)	Quarterly Results of Operations/Common Share Price Performance and Dividends	Filed Herewith (Page 61)
13(i)	Investor and Corporate Information	Filed Herewith (Page 62)
13(j)	Summary of Financial and Other Statistical Data	Filed Herewith (Page 63-64)
21	Subsidiaries of the registrant	Filed Herewith (Page 65-67)
23	Consent of independent auditors	Filed Herewith (Page 68)
24	Power of Attorney	Filed Herewith (Page 69)
27	Consolidated Financial Data Schedule submitted for Securities and Exchange Commission information	---
99	Additional Exhibits	
99(a)	Schedule II - Valuation and Qualifying Accounts	Filed Herewith (Page 70)

Exhibit 10(mm)

FIRST AMENDMENT TO CLEVELAND-CLIFFS INC NONEMPLOYEE DIRECTORS' SUPPLEMENTAL COMPENSATION PLAN

RECITALS

WHEREAS, Cleveland-Cliffs Inc ("Company") established the Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan ("Plan") effective July 1, 1995; and

WHEREAS, Section 1.2 of the Plan provides that the Company may amend, suspend or terminate the Plan with the prior approval of a majority of the Directors present at a meeting of the Board of Directors, at which a "quorum" (as defined in the Regulations of the Company) is present; and

WHEREAS, the Company desires to amend the Plan to freeze the eligibility under the Plan to only those Directors who join the Board of Directors of the Company between July 1, 1995 and December 31, 1998.

NOW, THEREFORE, by approval of the Board of Directors of the Company, the Plan is hereby amended, effective January 1, 1999, as follows:

1. Section 2.1 of the Plan is hereby amended to read:

> 2.1 PARTICIPANTS. Each Director who has never been an employee or officer of the Company and who first serves as a Director on or after July 1, 1995, and before January 1, 1999 (an "Outside Director") shall become a Participant in the Plan upon the completion of five years of continuous service as a Director.

2. Except as amended by this First Amendment, the Plan shall remain in full force and effect.

IN WITNESS WHEREOF, this Amendment No. 1 has been duly authorized by the Company as of November 10, 1998.

CLEVELAND-CLIFFS INC

By /s/ J. S. Brinzo

President and Chief Executive Officer

Exhibit 10(qq)

THIRD AMENDMENT TO CLEVELAND-CLIFFS INC NONEMPLOYEE DIRECTORS' COMPENSATION PLAN

RECITALS

WHEREAS, Cleveland-Cliffs Inc ("Company"), with approval of the Company's shareholders on May 14, 1996, established the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan ("Plan"), effective July 1, 1996; and

WHEREAS, with approval of the Board of Directors of the Company, the Plan was amended by the First Amendment to the Plan on November 12, 1996; and

WHEREAS, with the approval of the Board of Directors of the Company, the Plan was amended by the Second Amendment to the Plan on May 13, 1997, and

WHEREAS, the Company desires to amend the Plan further to provide for an increase in the number of Restricted Shares automatically awarded to Directors and to decrease the portion of a Director's Retainer which must be payable in Shares ("Third Amendment"); and

WHEREAS, the Board of Directors of the Company has approved the Third Amendment in accordance with the provisions of Section 8.2 of the Plan and such Third Amendment does not require approval by the shareholders of the Company.

NOW, THEREFORE, the Plan is hereby amended by this Third Amendment, effective as of January 1, 1999, as follows:

1. The Plan is amended by deleting in its entirety Section (z) of Article I and replacing it with:

> "(z) "Required Retainer Shares": An amount, payable in Shares, constituting 40% of a Director's Retainer."

2. The Plan is amended by deleting in its entirety Section 3.1(a) of Article III of the Plan and replacing it with:

> "(a) Each individual who is first elected or appointed to the Board as a Director on or after January 1, 1999 shall be awarded 2,000 Restricted Shares."

3. The Plan is amended by deleting in its entirety Section 3.2(a) of Article III of the Plan and replacing it with:

> "(a) Retainer. Commencing with the Retainer for the first Accounting Period during 1999, 60% of the Retainer established by the Board from time to time shall be payable in cash and 40% of such Retainer shall be payable as Required Retainer Shares payable on January 1 of the following year (unless deferred in accordance with this Plan)."

4. The Plan is amended by deleting in its entirety Section 3.2(c) of Article III of the Plan and replacing it with:

> "(c) Issuance of Shares. On January 1 of each year beginning with January 1, 2000, the Company shall issue (i) to each Director a number of Required Retainer Shares equal to 40% of such Director's Retainer for each Accounting Period during the prior Plan Year divided by the Fair Market Value per Share on the first day of such Accounting Period and (ii) to each Director who has made an election under Section 3.2(b) a number of Voluntary Shares for each such Accounting Period equal to the portion of such Director's Fees in excess of 40% of such Director's Retainer for such Accounting Period that such Director has elected to receive as Voluntary Shares for such Accounting Period divided by the Fair Market Value per Share on the first day of such Accounting Period (less, in each case, the portion of the Required Retainer Shares and Voluntary Shares the Director elected to defer under Section 4.3). To the extent that the application of the foregoing formula would result in the issuance of fractional Shares, no fractional Shares shall be issued, but instead, the Company shall

maintain two separate non-interest-bearing accounts for each Director, which accounts shall be credited with the amount of any Required Retainer Shares or Voluntary Shares, as the case may be, not convertible into

whole Shares, which amounts shall be combined with Required Retainer Shares and Voluntary Shares, respectively, which are paid for the next following Plan Year. When whole Shares are issued by the Company to the Director on January 1, the amounts in such accounts shall be reduced by that amount which (when added to the Required Retainer Shares and Voluntary Shares for such Director for such quarter) results in the issuance of the maximum number of Shares to such Director. The Company shall pay any and all fees and commissions incurred in connection with the payment of Required Retainer Shares and Voluntary Shares to a Director in Shares."

5. Except as amended by the First Amendment, the Second Amendment and this Third Amendment, the Plan shall remain in full force and effect.

Executed in Cleveland, Ohio, as of November 10, 1998.

CLEVELAND-CLIFFS INC

By /s/ J. S. Brinzo

President and Chief Executive Officer

And /s/ J. E. Lenhard

Secretary

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

In 1998, Cleveland-Cliffs Inc ("Company") earned $57.4 million, or $5.06 per share (references to per share earnings are "diluted earnings per share"), an increase of $2.5 million, or $.26 per share, from 1997. Following is a summary of results for the years 1998, 1997 and 1996:

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Net income			
- Amount (in millions)	$57.4	$54.9	$61.0
- Per share (basic)	$5.10	$4.83	$5.26
- Per share (diluted)	$5.06	$4.80	$5.23
Average number of shares (in thousands)			
- Basic	11,248	11,371	11,594
- Diluted	11,336	11,456	11,678

</TABLE>

1998 VERSUS 1997

Revenues were $503.9 million in 1998, an increase of $47.8 million from 1997. Revenues from product sales and services totaled $444.1 million in 1998 compared to $391.4 million in 1997. The $52.7 million increase was due to higher sales volume and average price realizations. North American iron ore sales were 12.1 million tons in 1998 compared to 10.4 million tons in 1997. Royalty and management fee revenue in 1998, including amounts paid by the Company as a participant in the mining ventures, totaled $49.7 million, compared to $47.5 million in 1997, primarily reflecting higher production at the Tilden mine.

Net income for the year 1998 was $57.4 million, or $5.06 per share, an increase of $2.5 million, or $.26 per share, compared to 1997 earnings of $54.9 million, or $4.80 per share. The increase in earnings was mainly due to increased North American sales volume and price realization, a lower effective income tax rate, increased royalties and management fees, and higher capitalized interest. Partly offsetting were non-recurring 1997 Australian earnings and higher ferrous metallics and international development expenses.

Earnings attributable to the Savage River Mines ("Savage River") in Australia, which produced its last iron ore pellets in December, 1996, were $6.3 million in 1997 including an after-tax credit of $3.2 million from the reversal of closedown obligations. Net income in 1997, excluding Australian earnings, was $48.6 million, or $4.25 per share.

Earnings in 1998 and 1997 include tax credits of $3.5 million and $5.6 million, respectively, that reflect a reassessment of current and prior years' income tax obligations resulting from audits of prior years' tax returns. The lower effective tax rate in 1998, relative to 1997, also reflects the absence of the higher Australian statutory tax rate and the increased benefit of depletion allowances.

1997 VERSUS 1996

Revenues were $456.1 million in 1997, a decrease of $62.0 million from 1996. Revenues from product sales and services in 1997 totaled $391.4 million, a decrease of $60.3 million from 1996, mainly due to the planned termination of Savage River operations and lower North American sales volume. North American iron ore sales were 10.4 million tons in 1997 compared to 11.0 million tons in 1996. Savage River's sales in 1997 were .3 million tons as compared to 1.7 million tons in 1996. Royalty and management fee revenue in 1997, including amounts paid by the Company as a participant in the mining ventures, totaled $47.5 million, a decrease of $4.0 million from 1996, mainly due to lower volume.

Net income for the year 1997 was $54.9 million, or $4.80 per share, compared to net income for the year 1996 of $61.0 million, or $5.23 per share. The $6.1

million decrease in 1997 earnings was mainly due to the termination of Savage River operations, lower North American sales volume, and higher mine operating costs, partly offset by a lower effective income tax rate, including a $5.6 million tax credit resulting from settlement of prior years' tax issues. Savage River earnings in 1997 were $6.3 million, including a $3.2 million reversal of closedown obligations, versus $12.9 million in 1996. Savage River terminated production as planned in December, 1996 and shipped its remaining inventory in the first quarter of 1997.

CASH FLOW AND LIQUIDITY

At December 31, 1998, the Company had cash and cash equivalents of $130.3 million. In addition, the full amount of a $100 million unsecured revolving credit facility was available. No principal payments are required until 2005 when the Company's $70 million senior unsecured notes mature.

Following is a summary of 1998 cash flow:

	(In Millions)
Cash flow from operations:	
Before changes in operating assets and liabilities	$75.1
Changes in operating assets and liabilities	17.0
Net cash from operations	92.1
Capital expenditures	(31.7)
Investment in Cliffs and Associates Limited	(19.7)
Dividends	(16.3)
Repurchases of common shares	(11.5)
Other	1.5
Increase in cash and cash equivalents	$14.4

The $17.0 million decrease in working capital primarily reflected lower trade receivables of $13.1 million due to lower December sales. North American iron ore inventory investment at December 31, 1998 was $43.4 million, a decrease of $1.2 million from December 31, 1997.

Following is a summary of key liquidity measures:

	At December 31 (In Millions) 1998	1997	1996
Cash and cash equivalents	$ 130.3	$ 115.9	$ 165.4
Marketable securities			4.0
Total cash and temporary investments	130.3	115.9	169.4
Long-term debt	70.0	70.0	70.0
Net cash	$ 60.3	$ 45.9	$ 99.4
Working capital	$ 170.7	$ 174.0	$ 195.3
Ratio of current assets to current liabilities	2.9:1	2.9:1	2.9:1

Additionally at December 31, 1998, the Company had a long-term investment of .8 million shares of The LTV Corporation Common Stock with a value of $4.8 million.

NORTH AMERICAN IRON ORE

The six North American mines managed by the Company produced a record 40.3 million tons of iron ore in 1998, compared to production of 39.6 million tons in 1997. The Company's share of the North American production was a record 11.4 million tons in 1998 versus 10.9 million tons in 1997. The increases were mainly due to higher production at the Tilden and Wabush mines. The Company and its steel company partners have elected to start the year 1999 operating the mines at near capacity levels. However, production rates are subject to change during the year.

Labor contracts at the five Company-managed mines, in which all bargaining unit employees are represented by the United Steelworkers of America, will expire in 1999. The three year Wabush contract in Canada will expire March 1, 1999. Six year agreements at the Empire, Hibbing, and Tilden mines and a five year agreement at LTV Steel Mining Company will expire on August 1, 1999.

Steel production in the U.S. and Canada declined significantly in the second half of 1998 due to a surge in unfairly traded steel imports, adversely impacting order rates, capacity utilization rates, shipment volumes and profits of the North American steel industry. Steel inventories have increased, causing cutbacks in steel production. Industry analysts are projecting 1999 steel production to be lower than 1998 which could affect iron ore production.

Given the state of the North American steel business, the Company expects 1999 iron ore pellet sales volume will be lower than 1998 record sales. The Company's sales capacity is largely committed to multi-year sales contracts, which expire in various years starting in 2000. Maintenance of sales volume is dependent on the renewal or replacement of such contracts and the demand for iron ore pellets. The Company has consistently demonstrated its ability to sustain sales volume through renewed or new contracts. Year 1999 international iron ore price negotiations are currently taking place, and with the weakness of the Asian and European steel

markets, a price decrease is expected. A decline in the international price would impact prices in certain of the Company's multi-year sales contracts.

The major business risk faced by the Company is the potential financial failure and shutdown of one or more of its significant customers or partners, with the resulting loss of ore sales and/or royalty and management fee income. If any such shutdown were to occur without mitigation through replacement sales volume or cost reduction, it would represent a significant adverse financial development to the Company. The iron mining business has relatively high fixed costs. Therefore, loss of sales volume due to failure of a customer or other loss of business (e.g., foreign competition) would have a greater impact on earnings than revenue.

On September 28, 1998, Acme Metals Incorporated and its wholly-owned subsidiary Acme Steel Company (collectively "Acme"), a partner in Wabush and an iron ore customer, petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company had a $1.2 million pre-petition trade receivable from Acme, which has been fully provided in the allowance for doubtful accounts. Since its filing, Acme has maintained operations with debtor-in-possession financing and has continued its relationship with Wabush and the Company. Sales to Acme in 1998 and 1997 represented less than 5 percent of total sales volume.

The Company and its mining venture partners have made substantial capital expenditures in recent years to reduce operating costs and maintain production rates. The following table summarizes 1998 and estimated 1999 capital equipment additions and replacements, including equipment acquired through lease, for the six mining ventures and supporting operations in North America.

CAPITAL INVESTMENT

<TABLE>
<CAPTION>

	(In Millions)	
	Company's Share	Total
<S>	<C>	<C>
Actual 1998:		
Total*	$42.5	$ 113.7
Capital	$33.0	$ 64.0
Estimated 1999:		
Total*	$36.0	$ 142.0

Capital	$22.1	$ 60.2

</TABLE>

* Includes equipment acquired through leases, which are largely non-recourse to the Company.

FERROUS METALLICS

The Company's strategy includes extending its business scope to produce and supply ferrous metallic products to an expanded customer base, including electric arc furnace steelmakers.

Cliffs and Associates Limited, a joint venture in Trinidad and Tobago, is completing construction of a facility to produce premium quality hot-briquetted iron ("HBI") to be marketed to the steel industry. The venture's participants, through subsidiaries, include the Company, 46.5 percent; The LTV Corporation, 46.5 percent; and Lurgi AG of Germany, 7.0 percent, with the Company acting as manager and sales agent. Project capital expenditures through December 31, 1998 were $141.1 million (Company share - $65.6 million). Currently estimated total capital expenditures of $151.0 million (Company share - $70.2 million) do not include construction claims of $16.0 million (Company share - $7.5 million), which are being contested. The Company believes the claims are largely without merit; any payments on these claims are expected to be partially offset by recoveries from contractors and suppliers. No project financing has been used during construction. Construction of the facility is near completion, and commissioning activities are currently in progress. Plant startup is currently scheduled for March, with HBI production increasing on a planned production curve. At design, the facility is expected to produce 500,000 metric tons annually. Full year production volume will depend on market demand.

The Company continues to evaluate an investment in a plant at the Company's wholly-owned Northshore mine in Minnesota to produce premium grade pig iron. While progress has been made in a number of areas, uncertainty over market conditions and timing of state environmental permitting has postponed a decision on the project.

STRATEGIC INVESTMENTS

The Company is seeking additional investment opportunities, domestically and internationally to broaden its scope as a supplier of iron units to the steel industry, including investments in iron ore mines or ferrous metallics facilities. In the normal course of business, the Company examines opportunities to increase profitability and strengthen its business position by evaluating various investment opportunities consistent with its business strategy. In the event of any future acquisitions or joint venture opportunities, the Company may consider using available liquidity, incurring additional indebtedness, project financing, or other sources of funding to make investments.

CAPITALIZATION

Long-term debt of the Company consists of $70 million of senior unsecured notes payable to an insurance company group. The notes bear a fixed interest rate of 7.0 percent and are scheduled to be repaid on December 15, 2005. In addition to the senior unsecured notes, the Company, including its share of mining ventures, had capital lease obligations at December 31, 1998 of $5.4 million.

The Company also has a $100 million revolving credit agreement. No borrowings are outstanding under this agreement, which was amended in the second quarter 1998 to extend the expiration date from March 1, 2002 to May 31, 2003.

The Company has purchased 1,130,500 of its Common Shares at a total cost of $46.7 million through December 31, 1998 under its authorization to repurchase up to 1.5 million Common

Shares in open market or negotiated transactions. The shares will initially be retained as Treasury Stock.

<TABLE>
<CAPTION>

COMMON SHARE REPURCHASES

	Common Shares	Cost (In Millions)
<S>	<C>	<C>
1995	284,500	$10.8
1996	495,800	19.5
1997	113,100	4.9
1998	237,100	11.5
Total	1,130,500	$46.7
Average cost per share		$41.28

</TABLE>

The repurchase program's cumulative effect on earnings per share was $.41, $.33 and $.24 in 1998, 1997 and 1996, respectively.

ACTUARIAL ASSUMPTIONS

As a result of a decrease in long-term interest rates, the Company re-evaluated the interest rates used to calculate its pension and other postretirement benefit ("OPEB") obligations. The discount rate used to calculate the Company's pension and OPEB obligations was decreased to 6.75 percent at December 31, 1998 from 7.25 percent at December 31, 1997. The change in the discount rate assumption did not affect 1998 financial results; however, in 1999 and subsequent years, the changes are projected to increase pension and OPEB expense by approximately $.4 million.

The Company makes annual contributions to the pension plans within income tax deductibility restrictions in accordance with statutory requirements. In 1998, the Company contributed $2.8 million, including its share of associated companies' funding, a decrease of $.3 million from 1997. In 1999, the Company plans to contribute $1.4 million, including its share of mining ventures' funding.

ENVIRONMENTAL COSTS

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for known environmental conditions at active and closed mining operations, and other sites have been recognized based on estimates of the 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 generally accepted accounting principles. Estimates may change as additional information becomes available. Actual costs incurred may vary from the estimates due to the inherent uncertainties involved. Potential insurance recoveries have not been reflected in the determination of the financial reserves.

At December 31, 1998, the Company had a reserve for environmental obligations, including its share of the environmental obligations of ventures, of $21.5 million ($22.7 million at December 31, 1997), of which $2.0 million was current. Payments in 1998 were $.9 million (1997 - $2.4 million).

On March 25, 1997, the remaining assets of Savage River and all related environmental and rehabilitation obligations were transferred to the Tasmanian government. The release from these obligations includes previously identified environmental and rehabilitation obligations and from any such obligations that may be asserted in the future, whether presently known or unknown.

YEAR 2000 TECHNOLOGY

Year 2000 compliance is a major business priority of the Company and is being addressed at all operations. A Company-wide Year 2000 Compliance Program ("Compliance Program") is underway with a dedicated team headed by a Project Executive, with representation from Internal Control, Information Technology and Process Control, including functional project leaders from the Company's ventures. Additionally, two outside engineering firms and one information technology service firm have been engaged to support and assist in process control compliance activities. The status of the Compliance Program is reported regularly to the Year 2000 Compliance Steering Committee, consisting of the Chief Executive Officer and other Officers of the Company, and to the Company's Board of Directors.

The Compliance Program has been divided into five phases: 1) inventory, 2) assessment, 3) renovation, 4) unit testing, and 5) system integration testing. The Company has substantially completed the inventory, assessment, renovation and unit testing phases in 1998. Renovation and unit testing on a limited number of items have been delayed into the first half of 1999 pending availability of vendor technical resources, replacement equipment and software. System integration testing is scheduled to be completed during the third quarter of 1999.

A substantial portion of Year 2000 information technology compliance will be achieved as a result of the Company's Information Technology Plan ("IT Plan"). The IT Plan, initiated in 1996, involves the implementation of a purchased, mining-based, Year 2000 compliant, software suite to replace legacy programs for operations and administrative mainframe systems servicing most domestic locations. In addition to avoiding any potential Year 2000 problems, the IT Plan is expected to result in improved system and operating effectiveness. Following is a summary of the IT Plan total project cost estimate and costs incurred to date:

<TABLE>
<CAPTION>

	(In Millions) COMPANY'S SHARE	(In Millions) Total
Total project:		
Capital	$ 15.3*	$ 16.5
Operating	2.4	8.5
Total	$ 17.7	$ 25.0
Incurred through December 31, 1998:		
Capital	$ 9.2*	$ 10.1
Operating	.8	2.8
Total	$ 10.0	$ 12.9

</TABLE>

* Includes amounts reimbursable by mining ventures of $12.9 million for the total project and $7.6 million through December 31, 1998.

The Company is charging to operations current state assessment, process re-engineering, and training costs associated with the IT Plan. For legacy programs and locations not included in the IT Plan, modifications and/or replacement of existing programs are underway for achieving Year 2000 compliance with an expected cost of $1.0 million.

In addition to addressing software legacy program issues, the Year 2000 Compliance Program is addressing the impact of the date change with respect to the Company's mainframe computer system, technical infrastructure, end-user computing, process control systems, environmental and safety monitoring, and security and access systems. Emphasis has been placed on those systems which affect production, quality or safety.

The Company has also included investigation of major suppliers' and customers' Year 2000 readiness as part of the program. Major suppliers and customers of the Company have been requested to complete a Year 2000 compliance questionnaire. For those which the Company considers critical to its operations, on site verifications are being performed as required. Interruption of electrical power supplied to the Company's ventures has been identified as having the greatest potential adverse impact. Failure of electric power suppliers of the Company's mining ventures to become Year 2000 compliant could cause power interruptions resulting in significant production losses and potential equipment damage. The Company's wholly-owned Northshore and managed LTV Steel Mining Company mines are equipped with electric power generation facilities capable of providing nearly all of their power requirements.

The incremental expense of achieving Year 2000 compliance on systems not covered by the IT Plan and other software legacy programs is estimated to be $4.0 million for the Company and its ventures. Completion of this program is targeted for mid-1999. The Company has completed internal audits at various operations to verify that progress is on schedule toward timely completion of the Compliance Program.

The Company is developing specific contingency plans at each location to mitigate year 2000 compliance failures, of the Company or any of its key suppliers or customers. The contingency plans involve specific actions designed to maintain employee safety, production and quality. The contingency plans include a range of actions, including low technology or manual alternatives to current automated processes. Alternatives for key suppliers are being identified, and, where alternate suppliers do not exist, other actions (e.g., increased inventory) are being considered. While focused on continuing production, by necessity the plans include procedures for reducing production or orderly temporary suspension of operations, if required to protect employees, property and the environment. Initial contingency plans are expected to be completed at all sites in the first quarter of 1999. Contingency plans will continue to be refined throughout 1999, incorporating assessments of areas where risk is greatest.

The Company expects to be Year 2000 compliant; however, statements with regard to such expectations are subject to various risk factors which may materially affect the Company's Year 2000 compliance efforts. These risk factors include the availability of trained personnel, the ability to detect, locate and correct system codes, the evaluation of the wide variety of IT software and hardware, failure of software vendors to deliver upgrades or make repairs as promised, and failure of key vendors to become compliant. Although the Company has taken actions that it believes are appropriate and reasonable to determine the readiness of third parties, it must in part rely on third party representations. The Company is attempting to reduce these risks and others by utilizing an organized approach, conducting audits and extensive testing, identifying alternative sources of supply and other contingency plans.

MARKET RISK
- -----------

The Company is exposed to a variety of risks, including those caused by changes in the market value of equity investments, foreign currency fluctuations and changes in interest rates. The Company has established policies and procedures to manage such risks.

The Company's investment policy relating to its short-term investments (classified as cash equivalents) is to preserve principal and liquidity while maximizing the return through investment of available funds. The carrying value of these investments approximates fair value on the reporting dates.

The value of the Company's long-term equity investment in Common Stock of The LTV Corporation is subject to changes in market value as reflected in the trading price. This investment has been classified as an available-for-sale investment, and accordingly, changes in value have been recorded in Shareholders' Equity. If the market price of the stock at December 31, 1998, were to increase or decrease 10 percent, the value of the investment would change approximately $.3 million after-tax.

A portion of the Company's operating costs are subject to change in the value of the Canadian dollar. Derivative financial instruments, in the form of forward currency exchange contracts, are used by the Company to manage its risk of operating costs at its Canadian venture. Forward exchange contracts are hedging transactions that have been entered into with the objective of managing the impact of exchange rate fluctuations of the Canadian dollar on the Company's

operating costs. The Company's normal procedure is to use forward contracts to fix the cost in U.S. dollars of a portion of the annual Canadian dollar requirements. The Company does not engage in acquiring or issuing derivative financial instruments for trading purposes. At December 31, 1998, the notional amount of the outstanding forward currency exchange contracts was $13.9 million with a market value of $13.9 million based on the December 31, 1998 forward rates. If the Canadian dollar forward rates were to change 10 percent from the year-end rates, the value and potential cash flow effect would be approximately $1.4 million.

The Company currently has $70 million of long-term debt outstanding at a fixed interest rate of 7 percent due in December, 2005. A hypothetical increase or decrease of 10 percent from year-end interest rates would change the fair value of the debt by $1.8 million.

FORWARD-LOOKING STATEMENTS

The preceding discussion and analysis of the Company's operations, financial performance and results, as well as material included elsewhere in this report, includes statements not limited to historical facts. Such statements are "forward-looking statements" (as defined in the Private Securities Litigation Reform Act of 1995) that are subject to risks and uncertainties that could cause future results to differ materially from expected results. Such statements are based on management's beliefs and assumptions made on information currently available to it. Factors that could cause the Company's actual results to be materially different from the Company's expectations include the following:

- Changes in the financial condition of the Company's partners and/or customers. The potential financial failure of one or more significant customers or partners without mitigation could represent a significant adverse development;
- Unanticipated changes in the market value of steel, iron ore or ferrous metallics;
- Substantial changes in imports of steel, iron ore, or ferrous metallic products;
- Development of alternate steel-making technologies;
- Displacement of steel by competing materials;
- Displacement of North American integrated steel production and/or electric furnace production by imported semi-finished steel or pig iron;
- Domestic or international economic and political conditions;
- Major equipment failure, availability, and magnitude and duration of repairs;
- Unanticipated geological conditions or ore processing changes;
- Process difficulties, including the failure of new technology to perform as anticipated;

- Availability and cost of the key components of production (e.g., labor, electric power, fuel, water);
- Labor contract negotiations;
- Weather conditions (e.g., extreme winter weather, availability of process water due to drought);
- Timing and successful completion of construction projects;
- Failure or delay in achieving Year 2000 compliance by the Company or any of its key suppliers or customers;
- Changes in tax laws (e.g., percentage depletion allowance);
- Changes in laws, regulations or enforcement practices governing environmental site remediation requirements and the technology available to complete required remediation. Additionally, the impact of inflation, the identification and financial condition of other responsible parties, as well as the number of sites and quantity and type of material to be removed, may significantly affect estimated environmental remediation liabilities;
- Changes in laws, regulations or enforcement practices governing compliance with environmental and safety standards at operating locations; and,
- Accounting principle or policy changes by the Financial Accounting Standards Board or the Securities and Exchange Commission.

The Company is under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION Exhibit 13(c)
Cleveland-Cliffs Inc and Consolidated Subsidiaries

	(In Millions) December 31 1998	1997
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 130.3	$ 115.9
Trade accounts receivable (net of allowance, $2.2 in 1998 and $1.0 in 1997)	42.4	55.5
Receivables from associated companies	16.4	17.9
Inventories		
Iron ore	43.4	44.6
Supplies and other	16.2	16.8
	59.6	61.4
Deferred income taxes	5.1	7.5
Other	6.1	7.6
TOTAL CURRENT ASSETS	259.9	265.8
PROPERTIES		
Plant and equipment	191.8	253.1
Minerals	19.1	19.2
	210.9	272.3
Allowances for depreciation and depletion	(60.9)	(138.3)
TOTAL PROPERTIES	150.0	134.0
INVESTMENTS IN ASSOCIATED COMPANIES	235.4	218.3
OTHER ASSETS		
Prepaid pensions	40.0	40.4
Miscellaneous	38.2	35.8
TOTAL OTHER ASSETS	78.2	76.2
TOTAL ASSETS	$723.5	$694.3

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

	(In Millions) December 31 1998	1997
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 14.8	$ 13.4
Payables to associated companies	23.2	22.6
Accrued expenses	33.6	37.6
State and local taxes payable	10.3	10.2
Income taxes payable	2.0	.3
Other	5.3	7.7
TOTAL CURRENT LIABILITIES	89.2	91.8

LONG-TERM DEBT	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES	70.5	70.1
OTHER LIABILITIES	56.2	55.0
SHAREHOLDERS' EQUITY		
Preferred Stock		
Class A - no par value		
Authorized - 500,000 shares;		
Issued-none		
Class B - no par value		
Authorized - 4,000,000 shares;		
Issued-none		
Common Shares - par value $1 a share		
Authorized - 28,000,000 shares;		
Issued - 16,827,941 shares	16.8	16.8
Capital in excess of par value of shares	70.9	69.8
Retained income	513.2	472.1
Accumulated other comprehensive loss, net of tax	(4.3)	(2.0)
Cost of 5,677,287 Common Shares in treasury (1997 - 5,519,027 shares)	(155.9)	(146.2)
Unearned compensation	(3.1)	(3.1)
TOTAL SHAREHOLDERS' EQUITY	437.6	407.4
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$723.5	$694.3

</TABLE>

See notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED INCOME Exhibit 13(d)
Cleveland-Cliffs Inc and Consolidated Subsidiaries

(In Millions, Except Per Share Amounts)
Year Ended December 31

	1998	1997	1996
REVENUES			
Product sales and services	$ 444.1	$ 391.4	$ 451.7
Royalties and management fees	49.7	47.5	51.5
Total Operating Revenues	493.8	438.9	503.2
Investment income (securities)	5.4	6.3	9.5
Recovery of excess closedown provision		5.0	
Other income	4.7	5.9	5.4
Total Revenues	503.9	456.1	518.1
COSTS AND EXPENSES			
Cost of goods sold and operating expenses	398.0	354.9	392.9
Administrative, selling and general expenses	18.7	17.1	16.7
Interest expense	.4	2.6	4.6
Other expenses	15.0	8.9	8.4
Total Costs and Expenses	432.1	383.5	422.6
INCOME BEFORE INCOME TAXES	71.8	72.6	95.5
INCOME TAXES	14.4	17.7	34.5
NET INCOME	$ 57.4	$ 54.9	$ 61.0
NET INCOME PER COMMON SHARE			
Basic	$ 5.10	$ 4.83	$ 5.26
Diluted	$ 5.06	$ 4.80	$ 5.23
AVERAGE NUMBER OF SHARES			
Basic	11.2	11.4	11.6
Diluted	11.3	11.5	11.7

See notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED CASH FLOWS   Exhibit 13(e)
Cleveland-Cliffs Inc and Consolidated Subsidiaries

<TABLE>
<CAPTION>

(In Millions, Brackets Indicate Cash Decrease)
Year Ended December 31

<S>	<C> 1998	<C> 1997	<C> 1996
OPERATING ACTIVITIES			
Net income	$ 57.4	$ 54.9	$ 61.0
Adjustments to reconcile net income to net cash from operations:			
Depreciation and amortization:			
Consolidated	7.8	6.7	6.6
Share of associated companies	12.5	12.2	11.0
Provision for deferred income taxes	3.1	16.4	10.9
Tax credit	(3.5)	(5.6)	
Decrease in Savage River closedown reserve		(13.8)	(1.1)
Other	(2.2)	3.5	1.2
Total before changes in operating assets and liabilities	75.1	74.3	89.6
Changes in operating assets and liabilities:			
Marketable securities			(4.0)
Inventories and prepaid expenses	2.3	(13.3)	11.3
Receivables	13.4	(3.2)	(8.4)
Payables and accrued expenses	1.3	(15.5)	(.9)
Total changes in operating assets and liabilities	17.0	(32.0)	(2.0)
Net cash from operating activities	92.1	42.3	87.6
INVESTING ACTIVITIES			
Purchase of property, plant and equipment:			
Consolidated	(24.5)	(14.1)	(16.5)
Share of associated companies	(7.2)	(5.5)	(6.1)
Investment in Cliffs and Associates Limited	(19.7)	(42.3)	(14.1)
Purchase of Wabush interest		(15.0)	
Other	1.5	4.9	4.4
Net cash (used by) investing activities	(49.9)	(72.0)	(32.3)
FINANCING ACTIVITIES			
Dividends	(16.3)	(14.8)	(15.1)
Repurchases of Common Shares	(11.5)	(4.9)	(19.5)
Principal payment on long-term debt of associated companies			(3.9)
Net cash (used by) financing activities	(27.8)	(19.7)	(38.5)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		(.1)	(.2)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14.4	(49.5)	16.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	115.9	165.4	148.8
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 130.3	$ 115.9	$ 165.4
Taxes paid on income	$ 12.5	$ 17.1	$ 20.6
Interest paid on debt obligations	$ 4.9	$ 4.9	$ 4.9

</TABLE>

See notes to consolidated financial statements.

STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY Exhibit 13(f)
Cleveland-Cliffs Inc and Consolidated Subsidiaries

<TABLE>
<CAPTION>

(In Millions)

	Common Shares	Capital In Excess of Par Value Of Shares	Retained Income	Common Shares in Treasury	Other	Total	Comprehensive Income
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance December 31, 1995	$16.8	$65.2	$386.1	$(123.8)	$(1.7)	$342.6	
Comprehensive income							
Net income			61.0			61.0	$61.0
Other comprehensive income (loss)							
Unrealized (losses) on securities							(1.1)
Foreign currency translation adj.							(.2)
Total					(1.3)	(1.3)	(1.3)
Comprehensive income							$59.7
Cash dividends - $1.30 a share			(15.1)			(15.1)	
Stock plans							
Restricted stock/stock options		.4		.8	(1.1)	.1	
Performance shares		3.2			(.4)	2.8	
Repurchases of Common Shares				(19.5)		(19.5)	
Balance December 31, 1996	16.8	68.8	432.0	(142.5)	(4.5)	370.6	
Comprehensive income							
Net income			54.9			54.9	$54.9
Other comprehensive income (loss)							
Unrealized (losses) on securities							(1.0)
Foreign currency translation adj.							(.1)
Total					(1.1)	(1.1)	(1.1)
Comprehensive income							$53.8
Cash dividends - $1.30 a share			(14.8)			(14.8)	
Stock plans							
Restricted stock/stock options		.2		.4	(.5)	.1	
Performance shares		.8		.7	1.0	2.5	
Repurchases of Common Shares				(4.9)		(4.9)	
Other				.1		.1	
Balance December 31, 1997	16.8	69.8	472.1	(146.2)	(5.1)	407.4	
Comprehensive income							
Net income			57.4			57.4	$57.4
Other comprehensive income (loss)							
Unrealized (losses) on securities							(2.3)
Total					(2.3)	(2.3)	(2.3)
Comprehensive income							$55.1

=====

Cash dividends - $1.45 a share			(16.3)			(16.3)
Stock plans						
Restricted stock/stock options		.3		.6	.2	1.1
Performance shares		.7		1.1	(.2)	1.6
Repurchases of Common Shares				(11.5)		(11.5)
Other		.1		.1		.2
Balance December 31, 1998	$16.8	$70.9	$513.2	$(155.9)	$(7.4)	$437.6

</TABLE>

See notes to consolidated financial statements.

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries, and references to the "Company" include the Company and consolidated subsidiaries. "Investments in Associated Companies" are comprised of partnerships and unconsolidated companies ("ventures") which the Company does not control. Such investments are accounted by the equity method and include, where appropriate, capitalized interest incurred during the construction phase of qualifying assets (see Note C). The Company's share of earnings of mining ventures from which the Company purchases iron ore is credited to "Cost of Goods Sold and Operating Expenses" upon sale of the product. Pre-operating expenses incurred during construction of the Trinidad reduced iron venture are charged to "Other Expenses" as incurred.

BUSINESS: The Company's dominant business is the production and sale of iron ore pellets to integrated steel companies. The Company controls, develops, and leases reserves to mine owners; manages and owns interests in mines; sells iron ore; and owns interests in ancillary companies providing services to the mines. Iron ore production activities are conducted in North America. Iron ore is marketed in North America and Europe. The three largest steel company customers' contribution to the Company's revenues were 22 percent, 15 percent and 9 percent in 1998; 20 percent, 13 percent and 10 percent in 1997; and 15 percent, 12 percent and 11 percent in 1996.

The Company is developing a ferrous metallics business, with its initial entry being a 46.5 percent interest in a joint venture, located in Trinidad and Tobago, to produce and market hot-briquetted iron ("HBI"). See Note C - Ferrous Metallics.

The Savage River Mines operation terminated production, as planned, in December, 1996 and shipped its remaining iron ore inventory during the first quarter of 1997. The Australian operation had total revenues and pre-tax earnings of $10.9 million and $4.6 million, and $58.4 million and $20.2 million, in 1997 and 1996, respectively. On March 25, 1997, the remaining assets and all related environmental and rehabilitation obligations were transferred to the Tasmanian government. As a result, the Company recorded in 1997 a $3.2 million after-tax credit ($5.0 million pre-tax), to reverse an accrual for closedown obligations recorded in prior years.

REVENUE RECOGNITION: Revenue is recognized on sales of products when title has transferred, and on services when services have been performed. Royalty revenue from the Company's share of ventures' production is recognized when the product is sold. Royalty revenue from the ventures' other participants is recognized on production.

BUSINESS RISK: The North American steel industry had been experiencing high operating rates and generally positive financial results in recent years. However, strong steel production through the first half of 1998 has declined significantly due to record levels of unfairly traded steel imports in the second half of 1998.

The major business risk faced by the Company is the potential financial failure and shutdown of one or more of its significant customers and partners, with the resulting loss of ore sales and/or royalty and management fee income. If any such shutdown were to occur without mitigation

through replacement sales or cost reduction, it would represent a significant adverse financial development to the Company. The iron mining business has a high level of fixed costs. Therefore, unmitigated loss of sales and/or royalty and management fee income due to failure of a customer or partner would have a greater impact on earnings than revenue.

Labor contracts at the five Company-managed mines, in which all bargaining unit employees are represented by the United Steelworkers of America, will expire in 1999. The Wabush three year contract in Canada expires March 1, 1999. Six year agreements at the Empire, Hibbing and Tilden mines and a five year agreement at LTV Steel Mining Company will expire on August 1, 1999.

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

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

INVESTMENTS: The Company determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each financial statement date. Accordingly, the Company has classified its long-term equity investment as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized holding gains and losses, net of tax, reported as a separate component of shareholders' equity.

DERIVATIVE FINANCIAL INSTRUMENTS: The Company does not engage in acquiring or issuing derivative financial instruments for trading purposes. Derivative financial instruments, in the form of forward currency exchange contracts, are used to manage foreign exchange risks. Designated forward exchange contracts are hedging transactions that have been entered into with the objective of managing the risk of exchange rate fluctuations with respect to the ordinary local currency obligations of the Company's operations. Gains and losses are recognized in the same period as the hedged transaction.

INVENTORIES: Iron ore inventories are stated at the lower of cost or market. The cost is determined using the last-in, first-out ("LIFO") method. The excess of current cost over LIFO cost of iron ore inventories was $3.6 million and $2.9 million at December 31, 1998 and 1997, respectively. The cost of supplies and other inventories are determined by the average cost method.

PROPERTIES: Properties are stated at cost. Depreciation of plant and equipment is computed principally by the straight-line method based on estimated useful lives, not to exceed the life of the operating unit, and is not reduced when operating units are temporarily idled. Depreciation on buildings, mining, and processing equipment is provided over the following estimated useful lives:

Buildings	45 Years
Mining Equipment	10 to 20 Years
Processing Equipment	15 to 45 Years

Depletion of mineral lands is computed using the units of production method based upon proven mineral reserves.

On January 5, 1998, the Company sold plant and equipment of its wholly-owned Republic Mine in Michigan, which ceased operations in 1981 and was permanently closed in 1996. The assets, which had a recorded cost of $85.3 million and a net book value of $1.2 million, were sold for $1.3 million.

ENVIRONMENTAL REMEDIATION COSTS: The Company has a formal code of environmental protection and restoration. The Company's obligations for known environmental problems at active and closed mining operations, and other sites have been recognized based on estimates of the 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. Costs of future expenditures are not discounted to their present value. Potential insurance recoveries have not been reflected in the determination of the liabilities.

STOCK COMPENSATION: The Company applies the provisions of Accounting Principles Board Opinion No. 25 ("APB 25") and related interpretations in accounting for its stock option plans. Accordingly, compensation expense is not recognized for stock options when the stock option price at the grant date is equal to or greater than the fair market value of the stock.

EXPLORATION, RESEARCH AND DEVELOPMENT COSTS: Exploration, research and development costs of mining properties are charged to operations as incurred.

INCOME PER COMMON SHARE: Basic income per common share is calculated on the average number of common shares outstanding during each period. Diluted income per common share is based on the average number of common shares outstanding during each period, adjusted for the effect of outstanding stock options, restricted stock and performance shares.

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

NOTE A - ACCOUNTING AND DISCLOSURE CHANGES

The Financial Accounting Standards Board's ("FASB") Statement 130, "Reporting Comprehensive Income," which establishes standards for the reporting and display of comprehensive income and its components, was adopted in the first quarter of 1998. Prior financial statements have been reclassified to reflect this change in disclosure.

FASB's Statement 131, "Disclosures About Segments of an Enterprise and Related Information," changed the way that segment information is defined and reported in annual and interim financial statements. The standard was adopted by the Company in 1998.

FASB's Statement 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," is intended to improve and standardize pension and other postretirement benefit disclosures. The Statement, which was adopted by the Company, does not change measurement or recognition of pensions or other postretirement benefits.

In June, 1998, the FASB issued Statement 133, "Accounting for Derivative Instruments and for Hedging Activities." This Statement, effective for fiscal years beginning after June 15, 1999, provides comprehensive and consistent standards for recognition and measurement of derivatives and hedging activities. The Company does not expect that compliance with the Statement to have a material effect on the Company's consolidated financial statements.

In March, 1998, the Accounting Standards Executive Committee ("AcSEC") of the American Institute of Certified Public Accountants issued Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The Statement, effective for fiscal years beginning after December 15, 1998, is intended to eliminate the diversity in practice in accounting for internal-use software costs and improve financial reporting. The Company does not expect the adoption of the Statement to have a material impact on the Company's consolidated financial statements.

In April, 1998, AcSEC issued SOP 98-5, "Reporting on the Costs of Start-up Activities," which requires such costs to be expensed as incurred instead of being capitalized and amortized. The adoption of the SOP, effective for financial statements for fiscal years beginning after December 15, 1998, is not expected to have a material impact on the Company's consolidated financial statements.

NOTE B - OTHER COMPREHENSIVE INCOME

Components of Other Comprehensive Income (Loss) and related tax effects allocated to each are shown below:

<TABLE>
<CAPTION>

	(In Millions) Pre-Tax Amount	Tax Benefit	After-Tax Amount
<S>	<C>	<C>	<C>
YEAR ENDED DECEMBER 31, 1996			
Unrealized (losses) on securities	$(1.6)	$ .5	$(1.1)
Foreign currency translation adjustment	(.2)		(.2)
Total	$(1.8)	$ .5	$(1.3)
YEAR ENDED DECEMBER 31, 1997			
Unrealized (losses) on securities	$(1.7)	$ .7	$(1.0)
Foreign currency translation adjustment	(.1)		(.1)
Total	$(1.8)	$ .7	$(1.1)
YEAR ENDED DECEMBER 31, 1998			
Unrealized (losses) on securities	$(3.5)	$1.2	$(2.3)

</TABLE>

Other Comprehensive Income (Loss) balances are as follows:

<TABLE>
<CAPTION>

(In Millions) Unrealized	Foreign	Accumulated Other

	(Losses) on Securities	Currency Items	Comprehensive Income (Loss)
<S>	<C>	<C>	<C>
Balance December 31, 1995	$ .1	$ .3	$ .4
Change during 1996	(1.1)	(.2)	(1.3)
Balance December 31, 1996	(1.0)	.1	(.9)
Change during 1997	(1.0)	(.1)	(1.1)
Balance December 31, 1997	(2.0)		(2.0)
Change during 1998	(2.3)		(2.3)
Balance December 31, 1998	$(4.3)		$(4.3)

</TABLE>

NOTE C - INVESTMENTS IN ASSOCIATED COMPANIES

NORTH AMERICAN IRON ORE

The Company's investments in North America mining ventures consist of its 40 percent interest in Tilden Mining Company L.C., 22.5625 percent interest in Empire Iron Mining Partnership, 15 percent interest in Hibbing Taconite Company, and 22.78 percent (7.69 percent in 1996) interest in Wabush Mines ("Wabush"). The remaining interests in the ventures are owned by U.S. and Canadian integrated steel companies.

Following is a summary of combined financial information of the operating ventures:

<TABLE>
<CAPTION>

	(In Millions)		
	1998	1997	1996
<S>	<C>	<C>	<C>
INCOME			
Gross revenue	$ 1,072.4	$1,027.0	$1,043.7
Equity income	$ 134.3	$ 111.1	$ 121.0
FINANCIAL POSITION			
Current assets	$ 187.0	$ 144.9	$ 134.6
Properties - net	691.4	713.8	745.6
Other long-term assets	30.0	29.0	28.8
Current liabilities	(159.8)	(143.3)	(145.8)
Long-term liabilities	(79.6)	(74.4)	(59.1)
Net assets	$ 669.0	$ 670.0	$ 704.1
Company's equity in underlying net assets	$ 194.3	$ 196.7	$ 189.2
Company's investment	$ 156.0	$ 160.8	$ 147.5

</TABLE>

The Company manages all of the ventures and leases or subleases mineral rights to certain ventures. In addition, the Company is required to purchase its applicable current share, as defined, of the ventures' production. The Company purchased $253.9 million in 1998 (1997-$243.3 million; 1996-$228.0 million) of iron ore pellets from certain ventures. During 1998, the Company earned royalties and management fees of $49.7 million (1997-$47.5 million; 1996-$51.5 million) from ventures, of which $13.3 million in 1998 (1997-$11.8 million; 1996-$14.4 million) was the Company's share as a participant in the ventures. Payments by the Company, as a participant in the ventures, are reflected in royalties and management fees revenue and cost of goods sold upon the sale of the product.

Costs and expenses incurred by the Company, on behalf of the ventures, are charged to such ventures in accordance with management and operating agreements. The Company's equity in the income of the ventures is credited to the cost of goods sold and includes the amortization to income of the difference of the Company's equity in the underlying net assets and its investment on the straight-line method based on the useful lives of the underlying assets. The difference between the Company's equity in underlying net assets and recorded investment results from the assumption of interests from former participants in the ventures, acquisitions, and reorganizations. The Company's equity in the income of ventures was $25.6 million in 1998 (1997-$19.8 million; 1996-$19.8 million).

The Company acquired Ispat Inland Inc.'s 15.1 percent interest in Wabush for $15.0 million effective January 1, 1997, raising the Company's interest to 22.78 percent. Depending on the magnitude of future tonnage, additional payments to Ispat Inland may be required, but are not expected to be material in any year.

On September 28, 1998, Acme Metals Incorporated and its wholly-owned subsidiary Acme Steel Company (collectively "Acme"), a partner in Wabush and an iron ore customer, petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company had a $1.2 million pre-petition trade receivable from Acme, which has been fully provided in the allowance for doubtful accounts. Since its filing, Acme has continued its relationship with Wabush and the Company. Sales to Acme in 1998 and 1997 represented less than 5 percent of total sales volume.

FERROUS METALLICS

Cliffs and Associates Limited, a joint venture in Trinidad and Tobago, is completing construction of a facility to produce premium quality HBI to be marketed to the steel industry. The venture's participants, through subsidiaries, include the Company, 46.5 percent; The LTV Corporation ("LTV"), 46.5 percent; and Lurgi AG of Germany, 7 percent, with the Company as manager and sales agent. Project capital expenditures were $141.1 million (Company share - - $65.6 million) through December 31, 1998. Currently estimated total capital expenditures of $151.0 million (Company share - $70.2 million) do not include disputed contractors' claims, which are not expected to be material to the consolidated financial statements. Following is a summary of project expenditures:

<TABLE>
<CAPTION>

	(In Millions)	
	COMPANY'S SHARE	Total Project
<S>	<C>	<C>
Capital expenditures:		
1996	$ 13.1	$ 28.2
1997	35.8	77.0
1998	16.7	35.9
Total	$ 65.6	$ 141.1
Start-up expense:		
1996	$	$ .1
1997	1.5	3.2
1998	2.3	4.8
Total	$ 3.8	$ 8.1
Investment at December 31*:		
1996	$14.4	
1997	57.5	
1998	79.4	
Capitalized interest:		
1996	$ .3	
1997	2.3	
1998	4.5	
Total	$ 7.1	

</TABLE>

* Includes the Company's capitalized interest on qualifying assets.

NOTE D - SEGMENT REPORTING

The Company has two reportable segments offering different iron products and services to the steel industry. Iron Ore is the Company's dominant segment. The Ferrous Metallics segment is in the development stage, consisting mainly of the HBI venture project in Trinidad and Tobago. "Other" includes non-reportable segments, closed Australian operation and unallocated corporate other income and expense.

<TABLE>
<CAPTION>

(IN MILLIONS)

1998	IRON ORE	FERROUS METALLICS	SEGMENTS TOTAL	OTHER	CONSOLIDATED TOTAL
SALES AND SERVICES TO EXTERNAL CUSTOMERS	$444.1	$	$444.1	$	$444.1
ROYALTIES AND MANAGEMENT FEES(1)	49.7		49.7		49.7
TOTAL OPERATING REVENUES	493.8		493.8		493.8
INCOME (LOSS) BEFORE TAXES	76.7	(5.5)	71.2	.6	71.8
DEPRECIATION AND AMORTIZATION(2)	20.3		20.3		20.3
EQUITY INCOME (LOSS)		(2.3)	(2.3)		(2.3)
INVESTMENTS IN EQUITY METHOD INVESTEES	156.0	79.4	235.4		235.4
OTHER IDENTIFIABLE ASSETS	468.0	.8	468.8	19.3	488.1
TOTAL ASSETS	624.0	80.2	704.2	19.3	723.5
PROPERTY EXPENDITURES(2)	31.7	16.7	48.4		48.4

<CAPTION>

(In Millions)

1997	Iron Ore	Ferrous Metallics	Segments Total	Other	Consolidated Total
Sales and services to external customers	$381.9	$	$381.9	$ 9.5	$391.4
Royalties and management fees(1)	47.4		47.4	.1	47.5
Total operating revenues	429.3		429.3	9.6	438.9
Income (loss) before taxes	66.1	(3.8)	62.3	10.3	72.6
Depreciation and amortization(2)	18.9		18.9		18.9
Equity income (loss)		(1.5)	(1.5)	.1	(1.4)
Investments in equity method investees	160.8	57.5	218.3		218.3
Other identifiable assets	458.0	.5	458.5	17.5	476.0
Total assets	618.8	58.0	676.8	17.5	694.3
Property expenditures(2)	19.6	35.8	55.4		55.4

<CAPTION>

(In Millions)

1996	Iron Ore	Ferrous Metallics	Segments Total	Other	Consolidated Total
Sales and services to external customers	$395.1	$	$395.1	$56.6	$451.7
Royalties and management fees(1)	51.3		51.3	.2	51.5
Total operating revenues	446.4		446.4	56.8	503.2
Income (loss) before taxes	77.0	(2.4)	74.6	20.9	95.5
Depreciation and amortization(2)	17.6		17.6		17.6
Investments in equity method investees	147.5	14.4	161.9		161.9
Other identifiable assets	486.5	.3	486.8	25.0	511.8
Total assets	634.0	14.7	648.7	25.0	673.7
Property expenditures(2)	22.6	13.1	35.7		35.7

</TABLE>

(1) Includes revenue from the Company's share of ventures' production that is recognized when the product is sold.

(2) Includes Company's share of associated companies.

Included in the consolidated financial statements are the following amounts relating to geographic locations:

	(In Millions)		
	1998	1997	1996
Revenue(1)			
United States	$444.3	$383.2	$399.2
Canada	42.1	38.9	39.1
Australia		9.5	48.1
Other Countries	7.4	7.3	16.8
	$493.8	$438.9	$503.2
Long-Lived Assets(2)			
United States	$644.2	$700.3	$692.1
Canada	56.8	62.2	21.7
Trinidad and Tobago	65.6	48.9	13.1
Other Countries			2.3
	$766.6	$811.4	$729.2

(1) Revenue is attributed to countries based on the location of the customer.

(2) Gross properties, before allowance for depreciation, including Company's share of associated companies.

NOTE E - ENVIRONMENTAL RESERVES

At December 31, 1998, the Company had an environmental reserve, including its share of ventures, of $21.5 million ($22.7 million at December 31, 1997), of which $2.0 million was classified as current. Payments in 1998 were $.9 million (1997 - $2.4 million and 1996 - $1.6 million). The reserve includes the Company's obligations related to Federal and State Superfund and Clean Water Act sites where the Company is named as a potentially responsible party, including Cliffs-Dow and Kipling sites in Michigan and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company's iron mining operations. The reserves are based on engineering studies prepared by outside consultants engaged by the potentially responsible parties. The Company continues to evaluate the recommendations of the studies and other means for site clean-up. Significant site clean-up activities have taken place at Rio Tinto and Cliffs-Dow. The City of Marquette, Michigan purchased the Cliffs-Dow plant site from the Company and has assumed any future environmental responsibilities with respect to that site. Also included in the reserve are wholly-owned active and closed mining operations, and other sites, including former operations, for which reserves are based on the Company's estimated cost of investigation and remediation.

NOTE F - LONG-TERM DEBT

Long-term debt of the Company consists of $70 million of senior unsecured notes payable to an insurance company group. The notes, due in December, 2005, have a fixed interest rate of 7.0 percent. The note agreement requires the Company to meet certain covenants related to net worth ($243.5 million at December 31, 1998), leverage, and other provisions. The Company was in compliance with the debt covenants at December 31, 1998.

The Company's $100 million revolving credit agreement was amended in June, 1998 to extend the expiration date to May 31, 2003. No borrowings are outstanding under this agreement. Additionally, the Company has outstanding $5.9 million of unsecured letters of credit, including its share of ventures.

NOTE G - LEASE OBLIGATIONS

The Company and its ventures lease certain mining, production, data processing and other equipment under operating leases. The Company's operating lease expense, including its share of ventures, was $9.1 million in 1998, $8.5 million in 1997 and $7.5 million in 1996.

Assets acquired under capital leases by the Company, including its share of ventures, were $9.2 million and $8.1 million, respectively, at December 31, 1998 and 1997. Corresponding accumulated amortization of capital leases included in respective allowances for depreciation was $4.0 million and $3.3 million at December 31, 1998 and 1997, respectively.

Future minimum payments under capital leases and noncancellable operating leases, including the Company's share of ventures, at December 31, 1998 were:

<TABLE>
<CAPTION>

Year Ending December 31	Capital Leases (In Millions)	Operating Leases (In Millions)
<S>	<C>	<C>
1999	$1.9	$ 9.1
2000	1.7	7.9
2001	1.3	6.4
2002	.8	4.6
2003	.3	3.7
2004 and thereafter	.3	7.6
Total minimum lease payments	6.3	$39.3
Amounts representing interest	.9	
Present value of net minimum lease payments	$5.4	

</TABLE>

The Company's share of ventures' capital and operating lease obligations (total minimum lease payments - $38.0 million) are largely non-recourse to the Company.

NOTE H - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

The Company and its ventures sponsor defined benefit pension plans covering substantially all employees. The plans are largely noncontributory, and benefits are generally based on employees' years of service and average earnings for a defined period prior to retirement. In addition, the Company and its ventures currently provide retirement health care and life insurance benefits ("Other Benefits") to most full-time employees who meet certain length of service and age requirements (a portion of which are pursuant to collective bargaining agreements). Other Benefits are provided through programs administered by insurance companies whose charges are based on benefits paid. The following table presents a reconciliation of funded status of the Company's plans, including its proportionate share of plans of its ventures, at December 31, 1998 and 1997:

<TABLE>
<CAPTION>

	(In Millions)			
	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
CHANGE IN PLAN ASSETS				
Fair value of plan assets at beginning of year	$293.2	$267.5	$ 17.3	$ 14.7
Actual return on plan assets	35.4	42.7	1.3	1.1
Contributions	2.8	3.5	1.3	1.5
Benefits paid	(15.2)	(14.3)		
Dissolution of one plan		(6.2)		
Fair value of plan assets at end of year	316.2	293.2	19.9	17.3
CHANGE IN BENEFIT OBLIGATION				
Benefit obligation at beginning of year	215.5	204.9	88.4	82.7
Service cost	4.5	4.0	1.6	1.3

Interest cost	15.6	15.1	6.3	6.2
Amendments	.6	.5		
Actuarial losses	17.1	11.5	6.7	2.8
Benefits paid	(15.2)	(14.3)	(5.3)	(4.6)
Dissolution of one plan		(6.2)		
Benefit obligation at end of year	238.1	215.5	97.7	88.4
Funded status of the plan (underfunded)	78.1	77.7	(77.8)	(71.1)
Unrecognized prior service cost	6.8	8.0	1.6	.7
Unrecognized net actuarial (gain) loss	(30.0)	(28.4)	2.1	(3.6)
Unrecognized net asset at date of adoption	(19.7)	(22.2)		
Prepaid (accrued) benefit cost	$ 35.2	$ 35.1	$(74.1)	$(74.0)
ASSUMPTIONS AS OF DECEMBER 31				
Discount rate	6.75%	7.25%	6.75%	7.25%
Expected long-term return on plan assets	9.00%	9.00%	6.50%	7.25%
Rate of compensation increase - average	4.30%	4.31%		

</TABLE>

<TABLE>
<CAPTION>

	(In Millions)					
	Pension Benefits			Other Benefits		
	1998	1997	1996	1998	1997	1996
<S>	<C>	<C>	<C>	<C>	<C>	<C>
COMPONENTS OF NET PERIODIC BENEFIT COST						
Service cost	$ 4.5	$ 4.0	$ 3.9	$ 1.6	$1.3	$ 1.3
Interest cost	15.6	15.1	13.6	6.3	6.2	5.9
Expected return on plan assets	(22.5)	(20.8)	(17.9)	(1.3)	(1.0)	(.9)
Amortization and other	4.6	(.4)	(.5)	.1		
Net periodic benefit cost (credit)	$ 2.2	$ (2.1)	$ (.9)	$ 6.7	$6.5	$ 6.3

</TABLE>

Annual contributions to the pension plans are made within income tax deductibility restrictions in accordance with statutory regulations. The Company plans to contribute $1.4 million in 1999, including its share of ventures' funding, a decrease of $1.4 million from 1998. In the event of termination, the sponsors could be required to fund shutdown and early retirement obligations which are not included in the pension benefit obligations.

Other Benefits assets include deposits relating to funded life insurance contracts that are available to fund retired employees' life insurance obligations. Additionally, Voluntary Employee Benefits Association Trusts were established for certain mining ventures. As a participant, the Company's minimum annual contribution is $.7 million per year. The Company's estimated contribution will approximate $1.4 million per year based on its share of tons produced.

For measurement purposes, a 7.0 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 1999, decreasing by .5 percent per year to an annual rate of 5 percent for the year 2003 and annually thereafter.

The assumed health care cost trend rate has a significant effect on the amounts reported. A one percentage point change in the assumed health care cost trend rate would have the following effects:

<TABLE>
<CAPTION>

	(In Millions)	
	Increase	Decrease
<S>	<C>	<C>
Effect on total of service and interest cost components in 1998	$ 1.2	$ (1.0)
Effect on Other Benefits obligation as of December 31, 1998	13.3	(11.7)

</TABLE>

NOTE I - INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of December 31, 1998 and 1997 are as follows:

	1998 (In Millions)	1997 (In Millions)
Deferred tax assets:		
Postretirement benefits other than pensions	$21.8	$22.3
Other liabilities	13.7	14.7
Product inventories	3.8	4.2
Other	16.2	10.4
Total deferred tax assets	55.5	51.6
Deferred tax liabilities:		
Investment in ventures	21.2	23.0
Properties	14.8	11.5
Other	6.8	6.4
Total deferred tax liabilities	42.8	40.9
Net deferred tax assets	$12.7	$10.7

The components of provisions for income taxes are as follows:

	1998 (In Millions)	1997	1996
Current	$14.8	$11.9	$23.6
Deferred	(.4)	5.8	10.9
	$14.4	$17.7	$34.5

In the fourth quarter of 1998, a favorable tax adjustment of $3.5 million was recorded reflecting the Company's continuing assessment of its tax obligations. The reevaluation of the current and prior years' tax provision primarily reflects the expected outcome of audit issues for tax years 1993 and 1994.

In 1997, the Company and the Internal Revenue Service reached agreement settling issues raised during examination of the Company's federal income tax returns for tax years 1991 and 1992. As a result, the Company made additional tax and interest payments of $3.3 million and recorded a $5.6 million reversal of prior years' tax accruals in 1997.

The provision for income taxes included Australian federal income taxes of $2.1 million and $7.5 million for the years 1997 and 1996, respectively.

Reconciliation of effective income tax rate and United States statutory rate follows:

	1998	1997	1996
Statutory tax rate	35.0%	35.0%	35.0%
Increase (decrease) due to:			
Percentage depletion in excess of cost depletion	(8.2)	(5.8)	(5.9)
Effect of foreign taxes	.1	3.0	5.3
Prior years' tax adjustment	(6.6)	(10.0)	(.2)
Other items - net	(.2)	2.2	2.0
Effective tax rate	20.1%	24.4%	36.2%

NOTE J - FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amount and fair value of the Company's financial instruments at December 31, 1998 were as follows:

<TABLE>
<CAPTION>

	(In Millions)	
	Carrying Amount	Fair Value
Cash and cash equivalents	$130.3	$130.3
Long-term investments	4.8	4.8
Long-term debt	70.0	71.3

</TABLE>

At December 31, 1998, the Company had .8 million shares of The LTV Corporation Common Stock recorded as a long-term investment (included in Other Assets - miscellaneous) and classified as available-for-sale. These shares, which had an original cost of $11.5 million, had an estimated fair value and carrying value of $4.8 million and $8.3 million at December 31, 1998 and 1997, respectively.

The fair value of the Company's long-term debt was determined based on a discounted cash flow analysis and estimated borrowing rates.

The Company had $13.9 million and $22.0 million of Canadian forward currency exchange contracts at December 31, 1998 and 1997, respectively. The market value of the Canadian forward currency exchange contracts, which have varying maturity dates to December 1, 1999, was estimated to be $13.9 million, based on the December 31, 1998 forward rates.

NOTE K - STOCK PLANS

During the term of the 1987 Incentive Equity Plan, 838,144 Common Shares were granted or awarded in the form of stock options, stock appreciation rights and restricted or deferred stock awards. Effective April 29, 1997, no further grants or awards may be made from this Plan.

The 1992 Incentive Equity Plan authorizes the Company to issue up to 1,150,000 Common Shares upon the exercise of Options Rights, as Restricted Shares, in payment of Performance Shares or Performance Units that have been earned, as Deferred Shares, or in payment of dividend equivalents paid with respect to awards made under the Plan. Such shares may be shares of original issuance or treasury shares or a combination of both.

Stock options may be granted at a price not less than the fair market value of the stock on the date the option is granted, generally are not subject to re-pricing, and must be exercisable not later than ten years and one day after the date of grant. Stock appreciation rights may be granted either at or after the time of grant of a stock option. Common Shares may be awarded or sold to certain employees with restrictions as to disposition over specified periods. The market value of restricted stock awards and Performance Shares is charged to expense over the vesting period.

The 1996 Nonemployee Directors' Compensation Plan authorizes the Company to issue up to 50,000 Common Shares to nonemployee Directors. The Plan provides for the grant of 1,000 Restricted Shares (2,000 Restricted Shares, effective January 1, 1999) to nonemployee Directors first elected after June 30, 1995. The Plan also provides that nonemployee Directors must take at least 50 percent (40 percent, effective January 1, 1999) of their annual retainer, and may elect to take the balance of their retainer and all other fees, in Common Shares. The Restricted Shares vest five years from the date of award.

In accordance with the provisions of FASB Statement 123, "Accounting for Stock-Based Compensation," ("Statement 123"), the Company has elected to continue applying the provisions of APB 25 and related interpretations in accounting for its stock-based compensation plans. Accordingly, the Company does not recognize compensation expense for stock options when the stock option price at the grant date is equal to or greater than the fair market value of the stock at that date. However, the Company recorded $2.5 million, $3.0 million, and $2.7 million in 1998, 1997 and 1996, respectively, relating to other stock-based compensation, primarily the Performance Share program.

Statement 123 requires pro forma disclosure of net income and earnings per share as if the fair value method for valuing stock options, as prescribed by Statement 123, had been applied. The Company's pro forma information follows:

<TABLE>
<CAPTION>

	1998	1997	1996
Net income (millions)	$56.5	$54.7	$61.1
Earnings per share:			
Basic	$5.02	$4.81	$5.27
Diluted	$4.98	$4.78	$5.24

The fair value of these options was estimated at the date of grant using a Black-Sholes option pricing model with the following weighted-average assumptions for 1998, 1997 and 1996:

	1998	1997	1996
Risk-free interest rate	5.47%	6.04%	6.04%
Dividend yield	3.15%	2.97%	3.00%
Volatility factor - market price of Company's common stock	.224	.221	.219
Expected life of options - years	4.31	4.31	4.22

Compensation costs included in the pro forma information reflect fair values associated with options granted after January 1, 1995. Pro forma information may not be indicative of future pro forma information applicable to future outstanding awards.

Stock option, restricted stock award, and performance share activities under the Company's 1987 and 1992 Incentive Equity Plans, and the 1996 Nonemployee Directors' Compensation Plan are summarized as follows:

	1998		1997		1996	
	SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Exercise Price
Stock options:						
Options outstanding at beginning of year	252,625	$39.00	157,425	$35.99	72,775	$23.66
Granted during the year	128,450	44.56	114,950	43.38	109,500	44.82
Exercised	(18,616)	34.96	(3,000)	21.52	(6,250)	20.29
Cancelled	(15,717)	44.26	(16,750)	43.95	(18,600)	45.00
Options outstanding at end of year	346,742	41.04	252,625	39.00	157,425	35.99
Options exercisable at end of year	138,609	36.22	96,925	31.10	72,525	25.45
Restricted awards:						
Awarded and restricted at beginning of year	49,449		39,665		10,854	
Awarded during the year	5,000		13,200		30,000	
Vested	(2,153)		(816)		(1,189)	
Cancelled			(2,600)			
Awarded and restricted at end of year	52,296		49,449		39,665	
Performance shares:						
Allocated at beginning of year	161,000		145,167		88,767	
Allocated during the year	73,554		63,126		57,400	
Issued	(58,504)		(45,293)			
Forfeited			(2,000)		(1,000)	
Allocated at end of year	176,050		161,000		145,167	
Required retainer and voluntary shares:						
Awarded at beginning of year	4,548		3,150			
Awarded during the year	6,649		4,540		3,150	
Issued	(4,548)		(3,142)			
Awarded at end of year	6,649		4,548		3,150	

Reserved for future grants or awards at end of year	520,704	718,640	339,007
Weighted-average fair value of options granted during the year	$8.86	$8.65	$8.75

</TABLE>

Exercise prices for options outstanding as of December 31, 1998 ranged from $20.12 to $45.00, with 84 percent of options outstanding having exercise prices in the range of $40.00 to $45.00 per share. The weighted-average remaining contractual life of options outstanding is 7.3 years at December 31, 1998.

NOTE L - SHAREHOLDERS' EQUITY

On September 19, 1997, the Company adopted a new share purchase rights ("Rights") plan that replaced an expired rights plan. A Right is attached to each of the Company's Common Shares outstanding or subsequently issued, which entitles the holder to buy from the Company one-hundredth of one (.01) Common Share at an exercise price per whole share of $160.00. The Rights expire on September 19, 2007 and are not exercisable until the occurrence of certain triggering events, which include the acquisition of, or tender or exchange offer for, 20 percent or more of the Company's Common Shares. There are approximately 168,000 Common Shares reserved for these Rights. The Company is entitled to redeem the Rights at one cent per Right upon the occurrence of certain events.

Through December 31, 1998, the Company has purchased 1,130,500 of its Common Shares under its authorization to repurchase up to 1.5 million Common Shares in open market or negotiated transactions. Following is a summary of purchases by year since inception:

<TABLE>
<CAPTION>

<S>	Common Shares <C>	Cost (In Millions) <C>
1995	284,500	$10.8
1996	495,800	19.5
1997	113,100	4.9
1998	237,100	11.5
Total	1,130,500	$46.7
Average cost per share		$41.28

</TABLE>

NOTE M - EARNINGS PER SHARE

The following table summarizes the computation of basic and diluted earnings per share.

<TABLE>
<CAPTION>

	(In Millions, Except Per Share)		
<S>	1998 <C>	1997 <C>	1996 <C>
Net income	$ 57.4	$ 54.9	$ 61.0
Basic weighted-average shares	11.2	11.4	11.6
Effect of dilutive shares:			
Stock options/performance shares	.1	.1	.1
Diluted weighted-average shares	11.3	11.5	11.7
Basic earnings per share	$ 5.10	$ 4.83	$ 5.26
Diluted earnings per share	$ 5.06	$ 4.80	$ 5.23

</TABLE>

NOTE N - LITIGATION

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

QUARTERLY RESULTS OF OPERATIONS - (Unaudited) Exhibit 13(h)
(In Millions, Except Per Share Amounts)

	1998				
	Quarters				
	First	Second	Third	Fourth	Year
Total revenues	$38.0	$158.1	$176.1	$131.7	$503.9
Gross profit	5.3	28.7	32.6	29.2	95.8
Net income					
Amount	.5	16.9	20.1	19.9	57.4
Per common share					
Basic	.04	1.49	1.80	1.77	5.10
Diluted	.04	1.48	1.78	1.76	5.06
Average number of shares					
Basic	11.3	11.3	11.2	11.1	11.2
Diluted	11.4	11.4	11.3	11.3	11.3

Fourth quarter results included a $3.5 million tax credit reflecting a reassessment of current and prior years' tax obligations resulting from the audit of prior years' tax returns.

	1997				
	Quarters				
	First	Second	Third	Fourth	Year
Total revenues	$31.3	$122.1	$149.0	$153.7	$456.1
Gross profit	7.8	19.0	28.4	28.8	84.0
Net income					
Amount	3.0	12.9	21.1	17.9	54.9
Per common share					
Basic	.26	1.14	1.86	1.57	4.83
Diluted	.26	1.13	1.85	1.56	4.80
Average number of shares					
Basic	11.4	11.4	11.4	11.4	11.4
Diluted	11.4	11.4	11.5	11.5	11.5

Second quarter results included a $2.8 million after-tax credit resulting from reversal of Savage River Mine closedown obligations recorded in prior years. Third quarter results included a $5.6 million tax credit resulting from the settlement of prior years' tax issues.

Common Share Price Performance and Dividends

	Price Performance				Dividends	
	1998		1997			
	High	Low	High	Low	1998	1997
First Quarter	$55.18	$42.75	$45.88	$41.50	$.325	$.325
Second Quarter	57.31	49.81	43.50	40.00	.375	.325
Third Quarter	57.69	36.06	44.88	40.69	.375	.325
Fourth Quarter	41.88	37.00	47.13	40.88	.375	.325
Year	57.69	36.06	47.13	40.00	$1.45	$1.30

STOCK EXCHANGE INFORMATION

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

SUMMARY OF FINANCIAL AND OTHER STATISTICAL DATA Exhibit 13(j)
CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
FINANCIAL DATA (IN MILLIONS, EXCEPT PER SHARE AMOUNTS)			
FOR THE YEAR			
Operating Earnings (a)			
Operating Revenues - Product Sales and Services	$444.1	$391.4	$451.7
- Royalties and Management Fees	49.7	47.5	51.5
- Total	493.8	438.9	503.2
Cost of Goods Sold and Operating Expenses and AS&G Expenses	416.7	372.0	409.6
Operating Earnings	77.1	66.9	93.6
Net Income (Loss) (a)	57.4	54.9	61.0
Net Income (Loss) Per Common Share (a)			
Basic	5.10	4.83	5.26
Diluted	5.06	4.80	5.23
Distributions to Common Shareholders:			
Regular Cash Dividends - Per Share	1.45	1.30	1.30
- Total	16.3	14.8	15.1
Special Dividends - Per Share			
- Total			
Spin-off of Securities - Per Share			
- Total			
Repurchases of Common Shares	11.5	4.9	19.5
AT YEAR-END			
Cash and Marketable Securities	130.3	115.9	169.4
Total Assets	723.5	694.3	673.7
Long-Term Obligations Effectively Serviced (c)	75.4	74.9	72.9
Shareholders' Equity	437.6	407.4	370.6
Book Value Per Common Share	39.25	36.02	32.59
Market Value Per Common Share	40.31	45.81	45.38
IRON ORE PRODUCTION AND SALES STATISTICS (MILLIONS OF GROSS TONS)			
Production From Mines Managed By Cliffs:			
North America	40.3	39.6	39.9
Australia			1.6
Total	40.3	39.6	41.5
Cliffs' Share	11.4	10.9	12.0
Cliffs' Sales From:			
North American Mines	12.1	10.4	11.0
Australian Mine		.3	1.7
Total	12.1	10.7	12.7
OTHER INFORMATION			
Common Shares Outstanding (Millions) - Average For Year	11.3	11.4	11.6
- At Year-End	11.2	11.3	11.4
Common Shares Price Range - High	$57.69	$47.13	$46.88
- Low	36.06	40.00	36.25
Employees at Year-End (d)	6,029	5,951	6,251

</TABLE>

(a) Results include an after-tax credit of $3.5 million ($.31 per diluted share) in 1998, after-tax credits of $8.8 million ($.77 per diluted share) in 1997, net contributions from non-recurring items and extraordinary charge of $2.4 million ($.20 per diluted share) in 1995, recoveries on bankruptcy claims of $23.2 million ($1.92 per diluted share) and $47.1 million ($4.00 per diluted share) in 1993 and 1990, respectively, and a $38.7 million ($3.23 per diluted share) after-tax charge for accounting changes in 1992. Operating results reflect the acquisition of Northshore Mining Company in the fourth quarter of 1994. Represents revenues and income from continuing operations for 1989 and 1988.

<TABLE>
<CAPTION>

1995	1994	1993	1992	1991	1990	1989	1988
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

$411.2	$334.8	$268.1	$266.9	$271.6	$272.2	$294.9	$247.9
49.5	44.7	39.7	43.8	45.8	37.7	55.6	50.2
460.7	379.5	307.8	310.7	317.4	309.9	350.5	298.1
371.5	315.8	268.5	275.5	275.0	279.7	257.8	227.6
89.2	63.7	39.3	35.2	42.4	30.2	92.7	70.5
57.8	42.8	54.6	(7.9)	53.8	73.8	62.5	42.6
4.84	3.54	4.55	(.66)	4.55	6.31	5.37	3.12
4.82	3.53	4.53	(.66)	4.51	6.26	5.32	3.08
1.30	1.23	1.20	1.18	1.03	.80	.40	
15.5	14.8	14.4	14.1	12.1	9.3	4.7	
		2.70(b)		4.00			.79(b)
		32.4(b)		47.0			12.8(b)
							3.55(b)
							41.3(b)
10.8							125.2
148.8	141.4	161.0	128.6	95.9	96.0	95.5	52.4
644.6	608.6	549.1	537.2	478.7	510.9	415.2	390.6
76.3	84.2	88.6	92.1	65.0	82.4	93.4	145.7
342.6	311.4	280.4	269.5	290.8	290.8	226.0	168.6
28.96	25.74	23.25	22.47	24.40	24.88	19.36	14.53
41.00	37.00	37.38	35.63	36.13	27.13	29.00	26.63
39.6	35.2	32.3	32.9	32.1	31.7	39.3	39.0
1.5	1.5	1.5	1.5	1.3	2.2	2.3	2.4
41.1	36.7	33.8	34.4	33.4	33.9	41.6	41.4
11.3	8.3	6.8	7.3	7.0	6.6	8.9	9.1
10.4	8.2	6.4	6.0	6.0	6.5	7.5	6.7
1.5	1.5	1.4	1.3	1.3	.3		
11.9	9.7	7.8	7.3	7.3	6.8	7.5	6.7
11.9	12.1	12.0	12.0	11.8	11.7	11.6	13.2
11.8	12.1	12.1	12.0	11.9	11.7	11.7	11.6
$46.75	$45.50	$37.50	$40.38	$36.50	$35.00	$34.00	$28.00
36.13	34.00	28.75	29.50	25.00	19.63	25.75	14.25
6,411	6,504	6,173	6,594	6,709	6,900	7,729	7,832

</TABLE>

(b) Includes securities at market value on distribution date.
(c) Includes the Company's share of ventures and equipment acquired on capital leases.
(d) Includes employees of managed mining ventures.

At December 31, 1998, the Company had 2,819 shareholders of record.

Exhibit 21

Subsidiaries of Cleveland-Cliffs Inc

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

See footnote explanation on pages 66-67.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Pickands Erie Corporation (12)	Minnesota
Pickands Hibbing Corporation (10)	Minnesota
Pickands Mather & Co. International	Delaware
Pickands Radio Co. Ltd. (12)	Quebec, Canada
Robert Coal Company (15)	Delaware
Seignelay Resources, Inc. (12)	Delaware
Silver Bay Power Company (14)	Delaware
Syracuse Mining Company (12)	Minnesota
Tetapaga Mining Company Limited (1)	Ohio
The Cleveland-Cliffs Iron Company	Ohio
The Cleveland-Cliffs Steamship Company (1)	Delaware
Tilden Mining Company L.C. (7)	Michigan
Virginia Eastern Shore Land Co. (1)	Delaware

- --

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

(2) Marquette Iron Mining Partnership ("Marquette Partnership") is a Michigan partnership. Cleveland-Cliffs Ore Corporation and Cliffs Marquette, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in the Marquette Partnership. Cleveland-Cliffs Ore Corporation also owns 100% of Cliffs Biwabik Ore Corporation. The Marquette Partnership owns 100% of Cliffs Oil Shale Corp. and Cliffs Synfuel Corp.

(3) Cliffs and Associates Limited is a Trinidad corporation. Cliffs Reduced Iron Corporation has a 46.5% interest in Cliffs and Associates Limited.

(4) The named subsidiary is a wholly-owned subsidiary of Cliffs International Inc., which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

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

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

(7) Tilden Mining Company L.C. is a Michigan limited liability company. Cliffs TIOP, Inc., a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, has a 40% interest in Tilden Mining Company L.C.

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

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

(10) Cliffs Mining Company has a 10% and Pickands Hibbing Corporation, a wholly-owned subsidiary of Cliffs Mining Company, has a 5% interest in Hibbing Taconite Company, a joint venture.

(11) Cliffs Resources, Inc. owns a 99.5% interest in Lake Superior & Ishpeming Railroad Company. Lasco Development Corporation is a wholly-owned subsidiary of Lake Superior & Ishpeming Railroad Company.

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

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

(14) The named subsidiary is a wholly-owned subsidiary of Northshore Mining Company, which in turn is a wholly-owned subsidiary of Cliffs Minnesota Minerals Company.

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

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Post-Effective Amendment Number 1 to the Registration Statement (Form S-8 No. 33-4555) pertaining to the Restricted Stock Plan of Cleveland-Cliffs Inc, in the Registration Statement (Form S-8 No. 33-208033) pertaining to the 1987 Incentive Equity Plan of Cleveland-Cliffs Inc and the related prospectus, in the Registration Statement (Form S-8 No. 333-30391) pertaining to the 1992 Incentive Equity Plan (as amended and restated as of May 13, 1997) and the related prospectus, in the Post-Effective Amendment Number 1 to the Registration Statement (Form S-8 No. 33-56661) pertaining to the Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan and the related prospectus and in the Registration Statement (Form S-8 No. 333-06049) pertaining to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan of our report dated January 29, 1999, with respect to the consolidated financial statements and schedule of Cleveland-Cliffs Inc and consolidated subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 1998.

ERNST & YOUNG LLP

Cleveland, Ohio
March 22, 1999

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Directors and officers of Cleveland-Cliffs Inc, an Ohio corporation ("Company"), hereby constitute and appoint John S. Brinzo, Cynthia B. Bezik, Joseph H. Ballway, Jr., and John E. Lenhard and each of them, their true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for them and in their name, place and stead, to sign on their behalf as a Director or officer of the Company, or both, as the case may be, an Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 1998, and to sign any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney or attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorney or attorneys-in-fact or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed as of the 9th day of March, 1999.

/s/ J. S. Brinzo J. S. Brinzo President and Chief Executive Officer and Director (Principal Executive Officer)	/s/ M. T. Moore M. T. Moore, Director /s/ J. C. Morley J. C. Morley, Director and Chairman
/s/ R. C. Cambre R. C. Cambre, Director	/s/ S. B. Oresman S. B. Oresman, Director
/s/ R. S. Colman R. S. Colman, Director	/s/ A. Schwartz A. Schwartz, Director
/s/ J. D. Ireland J. D. Ireland, Director	/s/ A. W. Whitehouse A. W. Whitehouse, Director
/s/ G. F. Joklik G. F. Joklik, Director	/s/ C. B. Bezik C. B. Bezik Senior Vice President-Finance (Principal Financial Officer)
/s/ L. L. Kanuk L. L. Kanuk, Director	/s/ R. J. Leroux R. J. Leroux Controller (Principal Accounting Officer)
/s/ F. R. McAllister F. R. McAllister, Director	

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM STATEMENTS OF CONSOLIDATED INCOME, CONSOLIDATED FINANCIAL POSITION AND COMPUTATION OF EARNINGS PER SHARE AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
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Exhibit 99(a)

Cleveland-Cliffs Inc and Consolidated Subsidiaries
Schedule II - Valuation and Qualifying Accounts
(Dollars in Millions)

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Classification	Balance at Beginning of Year	Additions: Charged to Cost And Expenses	Additions: Charged to Other Accounts	Deductions	Balance at End of Year
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Year Ended December 31, 1998:					
Reserve for Capacity Rationalization	$19.9	$ --	$ --	$10.4	$ 9.5
Allowance for Doubtful Accounts	1.0	1.2	--	--	2.2
Other	7.4	--	--	3.3	4.1
Year Ended December 31, 1997:					
Reserve for Capacity Rationalization	$33.7	$4.2	$ --	$18.0	$19.9
Allowance for Doubtful Accounts	1.1	--	--	.1	1.0
Other	8.3	.1	--	1.0	7.4
Year Ended December 31, 1996:					
Reserve for Capacity Rationalization	$34.8	$6.6	$ --	$ 7.7	$33.7
Allowance for Doubtful Accounts	7.7	--	--	6.6	1.1
Other	12.8	.7	1.5	6.7	8.3

</TABLE>

Additions charged to other accounts in 1996 were charged to revenues.

Deductions to the reserve for capacity rationalization represent charges associated with idle expense in 1998, 1997 and 1996. Deductions to the allowance for doubtful accounts in 1996 represent write-off of bankruptcy receivables against the reserve.