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, 1994
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

COMMISSION FILE NUMBER: 1-8944

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

OHIO	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 13, 1995, the aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing price of $38.625 per share as reported on the New York Stock Exchange - Composite Index was $451,527,718 (excluded from this figure is the voting stock beneficially owned by the registrant's officers and directors).

The number of shares outstanding of the registrant's $1.00 par value common stock was 12,104,892 as of March 13, 1995.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's 1994 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 9, 1995 are incorporated by reference into Part III.

PART I

ITEMS 1 AND 2. BUSINESS AND PROPERTIES.

INTRODUCTION

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

BUSINESS

The Company owns, directly or indirectly, four major operating subsidiaries, The Cleveland-Cliffs Iron Company ("CCIC"), Cliffs Mining Company ("CMC") (formerly known as Pickands Mather & Co.), Northshore Mining Company ("Northshore"), and Pickands Mather & Co. International ("PMI"). CCIC and CMC hold interests in various independent iron ore mining ventures ("mining ventures") and act as managing agent. The operations of Northshore and PMI are entirely owned by the Company. CCIC, CMC, Northshore, and PMI's business during 1994 was the production and sale of iron ore, principally iron ore pellets. Collectively, CCIC, CMC, Northshore, and PMI 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, Canada and Australia. Iron ore is marketed by the subsidiaries in the United States, Canada, Europe, Asia and Australia.

For information on the iron ore business, including royalties and management fees for the years 1992-1994, 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, 1994, 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 "11-Year Summary of Financial and Other Statistical Data" in the Company's Annual Report to Security Holders for the year ended December 31, 1994, which 11-Year Summary of Financial and Other Statistical Data is contained in Exhibit 13(j) and incorporated herein by reference and made a part hereof.

NORTH AMERICA. CCIC owns or holds long-term leasehold interests in active North American properties containing approximately 1.7 billion tons of crude iron ore reserves. CCIC, CMC and Northshore manage six active mines in North America with a total rated annual capacity of 39.6 million tons and own equity interests in five of these mines (see Table on page 5).

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 99.3% 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 development, construction and 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 7.01% to 40.0% (see Table on page 5). 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 pursuant to multi-year contracts with price escalation adjustment provisions or one year sales contracts with steel manufacturers. Pursuant to operating agreements at each mine, each participant is entitled to nominate the amount of iron ore which will be produced for its account for that year. During the year, such nomination generally may be increased (subject to capacity availability) or decreased (subject to certain minimum production levels) by a specified amount. During 1994, the North American mines operated at or near capacity levels.

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

In February, 1994, CCIC reached general agreement with Algoma and Stelco to restructure and simplify the Tilden Mine operating agreement effective January 1, 1994. The principal terms of the new agreement are: (1) the participants' tonnage entitlements and cost-sharing are based on a 6 million ton target normal production level instead of the previous 4 million ton base production level; (2) CCIC's interest in TMP has increased from 33.3% to 40.0% with an associated increase in CCIC's obligation for its share of mine costs; (3) CCIC is receiving a higher royalty; (4) CCIC has the right to supply any additional iron ore pellet requirements of Algoma from Tilden or from CCIC; and (5) any partner may take additional production with payment of certain fees to TMP. The parties implemented the general agreement effective January 1, 1994, and are negotiating the detailed provisions of the definitive agreement. The agreement has not had a material financial effect on the Company's Consolidated Financial Statements.

On September 30, 1994, Cliffs Minnesota Minerals Company, a subsidiary of the Company, completed a stock acquisition of Cyprus Amax Minerals Company's ("Cyprus Amax") iron ore operation ("Northshore") and power plant (Silver Bay Power Company ("Silver Bay

Power")) in Minnesota for $66 million, plus net working capital of $28 million. The principal assets acquired were 4 million annual tons of active capacity for production of standard pellets (equivalent to 3.5 million tons of flux pellet capacity), supported by 6 million tons of active concentrate capacity, a 115 megawatt power generation plant, and an estimated 1.2 billion tons of magnetite crude iron ore reserves, leased mainly from the Mesabi Trust. Additional payments to Cyprus Amax would be required under certain expansion conditions. Any such payment would occur under conditions expected to be favorable to the Company, and is not expected to be material in any year. In January, 1995, the Company approved a $6.1 million iron ore pellet expansion of Northshore. The expansion, which involves the reactivation of one idle pelletizing line, is expected to be completed by June, 1995, and will increase Northshore's annual production capability by 900,000 tons. Production in 1995, originally scheduled to be 3.6 million tons of standard and flux pellets, is now scheduled to be 4.1 million tons.

McLouth Steel Products Company ("McLouth"), a significant customer of the Company, continues to be significantly undercapitalized. The Company has periodically extended financial support to McLouth in the form of deferred payment terms and other considerations. Iron ore pellet sales to McLouth totaled 1.5 million tons in 1994 which represented 18% of sales volume and a higher percentage contribution to net income before fixed cost absorption. The Company included in its December 31, 1994 inventory 200,000 tons of pellets consigned to McLouth in accordance with long-standing practice. The Company has no earnings exposure in regard to the consigned inventory and accounts receivable from McLouth as of December 31, 1994. Non-performance by McLouth on its sales arrangement with the Company would have a materially adverse effect on the Company unless comparable replacement sales to other companies are obtained. The Company has periodically replaced major customers.

On November 30, 1992, Sharon Steel Corporation ("Sharon") filed for protection under Chapter 11 of the U.S. Bankruptcy laws. At the time of the filing, Sharon was indebted to the Company for substantial amounts relating to

contract defaults for payments for iron ore pellets sold to Sharon during the years 1991 and 1992 under a term sales agreement. In 1992 the Company recorded a $12.5 million reserve, representing amounts due on the ore sales accounts receivable of Sharon at the time of Sharon's Chapter 11 filing. Pellet sales to Sharon, which were suspended in 1992, represented approximately 14% of the Company's sales capacity. In November, 1994, Sharon liquidated substantially all of its assets through an approved Bankruptcy Court sale. The Company had filed a substantial claim against Sharon in the Bankruptcy Court for amounts owed and contractual damages; however, the Company does not expect to receive any material proceeds from the asset liquidation. The Company replaced the lost Sharon sales. All amounts due from Sharon were previously reserved.

In 1992, the Company purchased $1.0 million worth of steel from LCG Funding Corporation, an entity owned by the principal owner of Sharon and affiliated with Castle Harlan, Inc. In connection with the transaction, LCG Funding Corporation agreed to indemnify the Company for any loss incurred upon resale of the steel. Following ultimate resale of the steel, LCG Funding Corporation and Castle Harlan, Inc. refused to honor that commitment, and the Company filed suit against Castle Harlan, Inc. and LCG Funding Corporation in Federal District Court for the purchase price of the steel plus interest. The proceedings, which were dismissed for lack of diversity, will be refiled.

On June 28, 1993, LTV Steel Company, Inc., a significant partner of the Company, and its parent corporation, The LTV Corporation ("LTV Corp") emerged from Chapter 11 bankruptcy. In final settlement of its $200 million allowed claim, the Company received 2.3 million shares of LTV Corp Common Stock and 4.4 million Contingent Value Rights, which were issued by the Pension Benefit Guaranty Corporation. On July 13, 1993, the Company distributed to its shareholders a special dividend consisting of 1.5 million shares of LTV Corp Common Stock and $12.0 million ($1.00 per share) cash.

<TABLE>

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

<CAPTION>

Name and Location (1)	Type of Ore	Company's Current Operating Interest	Current Pellet Production 1992	1993	1994	Current Annual Capacity	Operating Continuously Since	Implied Exhaustion Date
			(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%(4)	8,099	7,209	7,306	8,000	1963	2023
-Tilden Mine (3)	Hematite and Magnetite	40.00% (5)(6)	5,470	5,369	6,246	6,000(5)(6)	1974	2047
Minnesota								
Mesabi Range								
-Hibbing Taconite Joint Venture (7)	Magnetite	15.00%	8,048	7,544	8,355	8,270	1976	2022
-LTV Steel Mining Company (7)	Magnetite	0.00%	6,776	7,668	7,809	8,000	1957	2059
Canada								
-Wabush Mines (Newfoundland and Quebec) (7)(8)	Specular Hematite	7.01%	4,495	4,492	4,654	4,500(8)	1965	

2057 Wholly-Owned Entities							
Minnesota							
Mesabi Range							
-Northshore Mining Company (9)	Magnetite	100.00%	(9)	(9)	865(9)	4,800(10)	1989
2072 Australia							
-Savage River Mines (Tasmania)	Magnetite	100.00%	1,432	1,488	1,483	1,500	1967
1997							
TOTAL			34,320	33,770	36,718	41,070	

<FN>
(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) On January 1, 1992, a wholly-owned subsidiary of CCIC transferred 2.5% of its Empire Mine interest to Wheeling-Pittsburgh.
(5) In 1993, CCIC's ownership interest in the Tilden Mining Company and Tilden Magnetite Partnership was 60.0% and 33.3%, respectively. Design capacity for exclusive production of hematite ore was 8 million tons annually. The Tilden Mining Company and the Tilden Magnetite Partnership established certain leasing and shared usage arrangements relating to production and other facilities at the Tilden Mine.
(6) As a result of the restructuring of the Tilden Magnetite Partnership, effective as of January 1, 1994 and as discussed on page 3, CCIC's entitlement ownership in the Tilden Magnetite Partnership increases from 33.3% to 40.0%. As a result of these arrangements, annual production capacity is targeted at 6 million tons annually, and could be increased to 8 million tons, depending on type of ore production. The predominate ore reserves are hematite.
(7) CMC received no royalty payments with respect to such mine, but did receive management fees.
(8) In 1991, the mine's annual production capacity was reduced to 4.5 million tons per year. For the year 1995, annual production was increased to 5.4 million tons.
(9) Acquired by the Company on September 30, 1994. Pellet production for Northshore for the years ending 1992, 1993 and 1994 was 1,430,000, 3,483,000 tons and 3,481,000 tons, respectively. Pellet production for Northshore for the three months ending December 31, 1994 was 865,000 tons.
(10) Includes 900,000 annual tons of expansion to be completed on or about June, 1995.
</TABLE>

With respect to the Empire Mine, CCIC owns directly approximately one-half of the remaining mineral reserves and CCIC 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 Savage River Mines, all of the 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; the Wabush Mines facilities were constructed beginning in 1962 with a total cost of approximately $103 million; and the Savage River Mines facilities were constructed beginning in 1965 with a total cost of approximately $57 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

With the acquisition of Northshore, the Company's managed capacity has increased to approximately 39.6 million tons or 47% of total pellet capacity in North America and the Company's annual North American pellet sales capacity has increased from 5.8 to 9.8 million tons. In 1994, the Company produced 8.3 million tons of pellets for its own account.

In 1994, the Company produced 28.4 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, Bethlehem Steel Corporation ("Bethlehem"), Algoma, Inland Steel Company, LTV and Stelco aggregated 26.8 million gross tons, or 94.3%. None of such participants accounted for more than 33.9% of such production.

During 1994, the Company sold 100% of the iron ore and pellets that were produced in the United States and Canada for its own account or purchased from others to 13 U.S. and Canadian iron and steel manufacturing companies.

In 1994, McLouth Steel Products, WCI (formerly Warren Consolidated Industries, Inc.), and Weirton Steel Company, directly and indirectly accounted for 14%, 14%, and 12%, respectively, of total revenues.

AUSTRALIA. PMI owns 100% of Savage River Mines, an open pit iron ore mining operation and concentrator at Savage River, Tasmania, and a pellet plant with offshore loading facilities at Port Latta, Tasmania. Concentrate slurry is pumped from the minesite through a 53 mile pipeline to Port Latta where it is pelletized and shipped by vessel to customers in the Pacific Rim region. The operation was downsized in 1990 to produce approximately 1.5 million tons per year and long term sales agreements were signed with customers in Australia, Japan and Korea to support the operation until the exhaustion of economic ore reserves in 1997. Savage River Mines will terminate operations in the first quarter of 1997 when economically recoverable iron ore from surface mining is exhausted. A study to extend operations with underground mining concluded that financial results would not justify the mining risks and large investment.

RAIL TRANSPORTATION. The Company, through a wholly-owned subsidiary, owns a 99.3% 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 1994, 89.2% 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 Interstate Commerce Commission.

Other Activities and Resources

REDUCED IRON. The Company's strategy is to grow its basic iron ore business and to extend its business scope to produce and supply "reduced iron ore feed" for steel and iron production. Reduced iron products contain approximately 90% iron versus 65% for traditional iron ore pellets and contain less undesirable chemical elements than most scrap steel feed. The market for reduced iron is relatively small, but is projected to increase at a greater rate than other iron ore products.

The Company's wholly-owned subsidiary, Cliffs Reduced Iron Corporation, continues to explore various technologies and markets for reduced iron products, including the investigation of domestic and international site alternatives. Commercial plants are estimated to require capital expenditures of $75 to $100 million, depending on location and process. Decisions are expected in 1995 on whether to proceed with one or more projects. The Company's total 1995 expenditures are not expected to exceed $25 million. Specific activities are described below.

The Company and several partners have formed a joint venture to produce iron carbide, a premium form of reduced iron that would be marketed primarily to the flat-rolled electric furnace producers in the United States. Substantial progress has been made on siting a plant in Trinidad and improving upon the original iron carbide process design; however, the holder of the process license for Trinidad has withdrawn its offer to the venture of cooperation. Rather than unduly delay the project while the issue is being resolved, the venture is evaluating sites in the United States for an iron carbide plant. The Company's process design improvements, coupled with currently lower domestic natural gas prices, may result in the iron carbide project being economically attractive in the southern part of the United States, using the offshore iron ore supply arrangement already negotiated. Although a precise go-ahead date is not known at this time, the joint venture's objective is to start commercial development of iron carbide in 1995 and to achieve production in 1997. In addition, the Company is examining other available reduced iron processes for its Trinidad site. Northstar Steel Company, an original partner in the Trinidad venture, recently advised the Company that Northstar does not intend to continue as an equity participant due to capital constraints. The Company has also been advised by Northstar that it desires to negotiate a multi-year iron carbide purchase contract. Northstar's

withdrawal has not impeded the iron carbide project development effort.

The Company has been investigating coal-based technologies for the production of hot briquetted iron ("HBI") in the United States. Coal-based processes, although largely unproven, may be applicable to the Company's Northshore Mine in Minnesota and the Company's Republic Mine in Michigan. HBI is a potential feed for electric furnaces as well as for certain blast furnaces where it would supplement pellets to maximize productivity. Since this HBI product would have a lower chemical quality due to the coal reductant and higher-silica domestic ore feed, the Company is also studying the alternative feasibility of additional process steps that would produce a higher value product with broader market applicability. The Company will also investigate the use of low-silica offshore ore in a coal-based process at a site in the United States that would be located closer to the steel producing markets.

The Company previously formed a venture with steel company partners to develop a commercial facility at the Company's Republic Mine in Michigan using the coal-based technology supplied by MIDREX Corporation. During 1994, MIDREX withdrew the technology pending further testing by its parent, Kobe Steel, and the venture disbanded. Northshore, prior to the Company's acquisition, had also been considering the MIDREX process, but decided to pursue technology supplied by Inmetco and licensed to Mannesmann Demag of Germany. This effort is continuing at Northshore as noted above for HBI products. If a favorable decision would be made later this year, commercial production could begin in late 1997. Issues being evaluated include technology, markets, and alternative use of existing plant capacity.

The Company and Mitsubishi Corporation have jointly exercised an option for a license to produce iron carbide in Australia to serve various Pacific Rim markets. Feasibility studies, based on various iron ore feeds, potential plant sites, and recent process design improvements, are expected to be concluded this year. A decision to move forward could be made later in 1995 and lead to commercial production by 1998. The Company's participation would depend on definition of a satisfactory on-going role.

OIL SHALE. Cliffs Synfuel Corp., a wholly-owned subsidiary of CCIC, significantly enhanced its Utah oil shale holdings when it acquired in 1994 for $700,000 the oil shale mineral rights on approximately 16,000 acres which it previously held under a long-term lease. The acquisition gave the Company title "in fee" to one of the most attractive oil shale properties in the United States which contains an estimated one billion barrels of recoverable shale oil and associated conditional water rights. While commercialization of oil shale is currently uneconomical, the Company's holding costs are minimal.

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

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

Credit Agreement and Senior Notes

On March 1, 1995 the Company entered into a new Credit Agreement ("Credit Agreement") with Chemical Bank, as Agent for a six-bank lending group, pursuant to which the Company may borrow up to $100 million as revolving loans until March 1, 2000, which Credit Agreement replaced the April 30, 1992 credit facility scheduled to expire on April 30, 1995. 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 have been no borrowings

under either of the revolving credit facilities.

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

COMPETITION

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

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

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

ENVIRONMENT, EMPLOYEES AND ENERGY

ENVIRONMENT. In the construction of the Company's facilities and in its operating arrangements, substantial costs have been incurred and will be incurred to avoid undue effect on the environment. The Company's commitment to environmental preservation resulted in North American capital expenditures of $835,000 in 1993 and $3,696,000 in 1994. It is estimated that approximately $3,449,000 will be spent in 1995 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 other potentially responsible parties voluntarily participated in the preparation of a Remedial Investigation and Feasibility Study ("RI/FS") with respect to the Cliffs-Dow site, which concluded with

the publication by the U.S. EPA of a Record of Decision dated September 27, 1989 ("ROD"), setting forth the selected remedial action plan adopted by the U.S. EPA for the Cliffs-Dow site. The Company and other potentially responsible parties have notified the U.S. EPA that they are implementing, at an estimated cost of $2.8 million, some of the remedial action selected in the ROD. The Company and certain other potentially responsible parties have agreed upon allocation of the costs for conducting the RI/FS, and implementation of the selected remedial action plan. Upon the advice of counsel, the Company believes it has a right to contribution from the other potentially responsible parties for the costs of any remedial action plan ultimately implemented at the Cliffs-Dow site. A second disposal area at the Cliffs-Dow charcoal production plant is on the list of priority sites issued by the Michigan Department of Natural Resources. The Company is participating in an RI/FS of this site, but that study has not yet been completed. The Company has joined with the other potentially responsible parties in an interim removal action at the site which is now complete. The Company has a financial reserve of $2.4 million to provide for its expected share of the cost of the remedial actions at the above mentioned sites. (See "Legal Proceedings" for additional information concerning environmental matters).

Generally, various legislative bodies and federal and state agencies are continually promulgating numerous new laws and regulations affecting the

Company, its customers, and its suppliers in many areas, including waste discharge and disposal; hazardous classification of materials, products, and ingredients; 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, 1994, CCIC and CMC and the North American independent mining ventures had 5,371 employees, of which 4,418 were hourly employees. The hourly employees are represented by the United Steelworkers of America ("United Steelworkers") which have collective bargaining agreements. The United Steelworkers labor agreement at Hibbing Taconite Company, Tilden and Empire Mines, and General Shops facilities expired on August 1, 1993, and the United Steelworkers struck those mines and facilities for six weeks. In 1993, a new six- year "no strike" labor agreement was entered between those Mines and facilities and the United Steelworkers covering the period to July 31, 1999. In 1994, a new United Steelworkers labor agreement was entered into covering employees of LTV Steel Mining Company, which agreement will expire on July 31, 1999. In 1994, a new United Steelworkers labor agreement covering Wabush was entered into, which agreement will expire on March 1, 1996.

As of December 31, 1994, Northshore had 415 employees, of which 289 were hourly employees, none of whom are represented by a union.

As of December 31, 1994, the Savage River Mines operations had 227 employees, 164 of whom are represented by several unions, whose contracts are renegotiated from time to time.

In addition, as of December 31, 1994, Cleveland-Cliffs Inc and its wholly-owned subsidiary, Cliffs Mining Services Company, had 296 salaried executive, managerial, administrative and technical employees.

ENERGY. Electric power supply contracts between Wisconsin Electric Power Company ("WEPCo") and the Empire and Tilden Mines, entered into in December 1987, provide that WEPCo shall furnish electric power to these Mines, within specific demand limits, pursuant to price formulas. The primary term of these contracts covers ten years through 1997. In return for a substantial reduction in rates, the Tilden Mine converted a portion of its firm power contract to curtailable power beginning in 1993. CCIC, as managing agent for the Empire and Tilden Mines, is presently in negotiations with WEPCo to revise various terms and conditions of the power contracts to better accommodate the operations of those mines. Electric power for Hibbing Taconite is supplied by Minnesota Power and Light under an agreement which can be terminated with four years' notice. In 1994, Minnesota Power and Light filed and was granted a power rate increase with the Minnesota Public Utility Commission's approval. A large part of the increase was negated by reason of a three year extension of Hibbing Taconite's power contract with Minnesota Power and Light. Electric power requirements will continue to be specified annually by the Hibbing Taconite venturers corresponding to Hibbing's operating requirements. LTV Steel Mining Company completed reactivation of its power plant in 1992, and is currently generating nearly all of its requirements, and an interchange agreement with Minnesota Power and Light provides backup power and allows sale of excess capacity to the Midwestern Area Power Pool. Silver Bay Power Company, a subsidiary of the Company, provides the majority of Northshore's energy requirements, has an interchange agreement with Minnesota Power and Light for backup power and sells power to Northern States Power Company. Wabush Mines owns a portion of the Twin Falls Hydro Generation facility which provides power for Wabush's mining operations in Newfoundland. A twenty year agreement with Newfoundland Power allows an interchange of water rights in return for the power needs for Wabush's mining operations. The Wabush pelletizing operations in Quebec are served by Quebec Hydro on an annual contract. Savage River Mines obtains its power from the local Government Power Authority on a special contract for the expected life of the mine.

The Company has contracts providing for the transport of natural gas for its North American iron ore operations. Several interruptions of supply of natural gas occurred during early 1994, requiring use of alternate fuels.

Empire and Tilden Mines have the capability of burning coal, natural gas, or oil. Wabush and Savage River Mines have the capability of burning coal and oil. Hibbing Taconite, Northshore and LTV Steel Mining Company have the capability of burning natural gas and oil. During 1994 the U.S. mines burned natural gas as their primary fuel due to favorable pricing. Wabush and Savage River Mines used oil, supplemented with coal or coke breeze.

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

In the paper format version of this document, this page contains a map. The map is entitled, "Cleveland-Cliffs Inc and Associated Companies Location of Iron Ore Operations". The map has an outline of the United States, Canada and Tasmania (Australia). Located specifically on the map are arrrows and dots representing the location of the properties described in the Table on page 5 to this report.

ITEM 3. LEGAL PROCEEDINGS.

Arrowhead.

CMC, which has a 15 percent ownership interest in and acts as Managing Agent for Hibbing Taconite Company, a joint venture, has been included as a named defendant in a suit captioned United States of America v. Arrowhead Refining Company, et al., which was filed on or about September 29, 1989 in the United States District Court for the District of Minnesota, Fifth Division. In that suit, the United States seeks declaratory relief and recovery of costs incurred in connection with the study and remedial plan conducted or to be conducted by the U.S. EPA at the Arrowhead Refinery Superfund Site near Duluth, St. Louis County, Minnesota. In that suit, the United States has alleged that CMC and the other 14 named defendants, including former and present owners of the Arrowhead site, are jointly and severally liable for $1.9 million, plus interest, representing the amount incurred for actions already taken by or on behalf of the U.S. EPA at the Arrowhead site, and are jointly and severally liable for the cost attributable to implementation of a remedial plan adopted by the U.S. EPA with respect to the Arrowhead site, which remedial action is estimated by the U.S. EPA to cost $30 million. CMC has filed an answer to the suit denying liability. Since January 31, 1991, CMC and 13 of the other named defendants have filed a counter claim against the United States and further complaints naming additional parties as third party defendants. The counter claim and third party complaints allege that the parties named therein are jointly and severally liable for such costs. During the year certain defendants have been dismissed, and as of December 31, 1994 there are 224 third party defendants named in this suit. A Consent Decree is expected to be entered into in 1995 between the parties, which agreement will provide for substantial funding by the U.S. EPA and the State of Minnesota for remediation of the Site. It is estimated that Hibbing Taconite's share of the funding will be approximately $230,000, of which CMC's share is 15 percent.

Rio Tinto.

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

Summitville.

On January 12, 1993, CCIC received from the United States Environmental Protection Agency a Notice of Potential Liability at the Summitville mine site, located at Summitville, Colorado, where CCIC, as one of three joint venturers, conducted an unsuccessful copper ore exploration activity from 1966 through 1969. On June 25, 1993, CCIC received from the U.S. EPA a Notice of Potential Involvement in certain portions of the Summitville mine site. The mine site has been listed on the National Priorities List under the Comprehensive Environmental Response Compensation and Liability Act. The Company does not believe the potential liability, if any, to be material. The Company has substantial defenses to these claims of liability. The Company conducted no production activities at the Summitville mine site.

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

None.

<TABLE>
EXECUTIVE OFFICERS OF THE REGISTRANT
<CAPTION>

Name	Position with the Company as of March 1, 1995	Age
<S>	<C>	<C>
M. T. Moore	Chairman, President and Chief Executive Officer	60
J. S. Brinzo	Senior Executive-Finance	53
W. R. Calfee	Senior Executive-Commercial	48
F. S. Forsythe	Senior Executive-Operations (Mine Partnerships)	62
T. J. O'Neil	Executive Vice President-CCI Operations and Technology	54
A. S. West	Senior Vice President-Sales	58

</TABLE>

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.

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

<S>	<C>
M. T. Moore	President and Chief Executive Officer, Company, January 1, 1987 to May 9, 1988. Chairman, President and Chief Executive Officer, Company, May 10, 1988 to date.
J. S. Brinzo	Senior Vice President-Finance, Company, May 1, 1987 to August 31, 1989. Executive Vice President-Finance, Company, September 1, 1989 to September 30, 1993. Senior Executive-Finance, Company, October 1, 1993 to date.
W. R. Calfee	Group Executive Vice President, Company, March 1, 1987 to August 31, 1989. Senior Executive Vice President, Company, September 1, 1989 to September 30, 1993. Senior Executive-Commercial, Company, October 1, 1993 to date.
F. S. Forsythe	Executive Vice President-Commercial, Company, February 25, 1985 to August 31, 1989. Executive Vice President-Operations, Company, September 1, 1989 to September 30, 1993. Senior Executive-Operations, Company, October 1, 1993 to September 30, 1994. Senior Executive-Operations (Mine Partnerships), Company, October 1, 1994 to date.

T. J. O'Neil	Vice President-South Pacific Operations, Cyprus Gold Company, October, 1987 to August, 1989. Vice President/General Manager, Cyprus Sierrita Corp., August, 1989 to April, 1991. Vice President-Engineering and Development, Cyprus Copper Company, April, 1991 to November, 1991. Senior Vice President-Technical, Company,

		November 18, 1991 to September 30, 1994.
	Executive	Vice President-CCI Operations and Technology, Company, October 1, 1994 to date.
A. S. West		Senior Vice President-Sales, CCIC, April 15, 1987 to date.
	Vice President, Company,	May 14, 1985 to May 11, 1987.
	Senior Vice President-Sales, Company,	July 1, 1988 to date.

</TABLE>

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, 1994 contained in the material under the headings, "Common Share Price Performance and Dividends", "Investor and Corporate Information" and "11-Year Summary of Financial and Other Statistical Data", such information filed as a part hereof as Exhibits 13(h), 13(i) and 13(j), respectively.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1994 contained in the material under the headings, "11-Year Summary of Financial and Other Statistical Data" and "Notes to Consolidated Financial Statements", such information filed as a part hereof as Exhibits 13(j) and 13(g), respectively.

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

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1994 contained in the material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations", such information filed as a part hereof as Exhibit 13(a).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1994 contained in the material under the headings "Statement of Consolidated Financial Position", "Statement of Consolidated Income", "Statement of Consolidated Cash Flows", "Statement of Consolidated Shareholders' Equity", "Notes to Consolidated Financial Statements" and "Quarterly Results of Operations", such information filed as a part hereof as Exhibits 13(c), 13(d), 13(e), 13(f), 13(g) and 13(h), respectively.

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding Directors required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 23, 1995, 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 23, 1995 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 23, 1995, 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 23, 1995, from the material under the last paragraph of 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, 1994, are incorporated herein by reference from Item 8 and made a part hereof:

Statement of Consolidated Financial Position - December 31, 1994 and 1993
Statement of Consolidated Income - Years ended December 31, 1994, 1993 and 1992
Statement of Consolidated Cash Flows - Years ended December 31, 1994, 1993 and 1992
Statement of Consolidated Shareholders' Equity - Years ended December 31, 1994, 1993 and 1992
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 20-29 which is incorporated herein by reference.

(b) During the three months ended December 31, 1994, the Company filed (i) a Current Report on Form 8-K, dated October 13, 1994, covering information reported under ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS, and (ii) a Current Report on Form 8-K/A, dated December 13, 1994, covering information reported under ITEM 7. FINANCIAL STATEMENT, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

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

(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 Assistant General Counsel

Date: March 27, 1995

<TABLE>
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.

<CAPTION>

Signatures	Title	Date
<S>	<C>	<C>
M. T. Moore	Chairman, President and Chief Executive Officer and Principal Executive Officer and Director	March 27, 1995
J. S. Brinzo	Senior Executive-Finance and Principal Financial Officer	March 27, 1995
R. Emmet	Vice President and Controller and Principal Accounting Officer	March 27, 1995
R. S. Colman	Director	March 27, 1995
J. D. Ireland, III	Director	March 27, 1995
G. F. Joklik	Director	March 27, 1995
E. B. Jones	Director	March 27, 1995
L. L. Kanuk	Director	March 27, 1995
S. B. Oresman	Director	March 27, 1995
A. Schwartz	Director	March 27, 1995
S. K. Scovil	Director	March 27, 1995
J. H. Wade	Director	March 27, 1995
A. W. Whitehouse	Director	March 27, 1995

By:/s/John E. Lenhard

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

</TABLE>

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

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit Number	Pagination by Sequential Numbering System

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

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

<TABLE>

4(i)	Restated First Mortgage Indenture, among Tilden Iron Ore Partnership, Tilden Iron Ore Company and Chemical Bank and Clinton G. Martens, as Trustees, dated as of October 31, 1977, as supplemented and amended (See Footnote (A))	Not Applicable
4(j)	Restated Financing Agreement, by and among Tilden Iron Ore Partnership, Tilden Iron Ore Company, Cannelton Iron Ore Company, The Cleveland-Cliffs Iron Company, Stelco Coal Company, Wheeling-Pittsburgh Steel Corporation, Sharon Steel Corporation and Chemical Bank and Clinton G. Martens, as Trustees, dated as of October 31, 1977 (filed as Exhibit 4(j) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
4(k)	Form of Guarantee of Payment, dated January 20, 1984 relating to Notes of Empire Iron Mining Partnership (See Footnote (A))	Not Applicable
4(l)	Form of Guarantee of Payment, dated August 12, 1986 relating to Notes of Empire Iron Mining Partnership (See Footnote (A))	Not Applicable
4(m)	Form of Common Stock Certificate (filed as Exhibit 4(m) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
4(n)	Rights Agreement dated September 8, 1987, and amended and restated as of November 19, 1991, by and between Cleveland-Cliffs Inc and Society National Bank (successor to Ameritrust Company National Association) (filed as Exhibit 4.2 to Form 8-K of Cleveland-Cliffs Inc filed on November 20, 1991 and incorporated by reference)	Not Applicable
4(o)	Credit Agreement dated as of March 1, 1995 among Cleveland-Cliffs Inc, the Banks named therein and Chemical Bank, as Agent	Filed Herewith
4(p)	Conformed Note Agreements dated as of May 1, 1992 among Cleveland-Cliffs Inc and each of the Purchasers named in Schedule I thereto (filed as Exhibit 4(t) to Form 10-Q of Cleveland-Cliffs Inc filed on July 22, 1992 and incorporated by reference)	Not Applicable

<FN>

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

</TABLE>

<TABLE>

<CAPTION>

Material Contracts

10(a)	*	Amendment and Restatement of Supplemental Retirement Benefit Plan of Cleveland-Cliffs Inc, dated as of January 1, 1991 (filed as Exhibit 10(a) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(b)	*	The Cleveland-Cliffs Iron Company Plan for Deferred Payment of Directors' Fees dated as of July 1, 1981, assumed by Cleveland-Cliffs Inc effective July 1, 1985 (filed as Exhibit 10(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(c)	*	Amendment No. 1 to Cleveland-Cliffs Inc Plan for Deferred Payment of Directors' Fees (filed as Exhibit 10(c) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(d)	*	Consulting Agreement dated as of June 23, 1987, by and between Cleveland-Cliffs Inc and S. K. Scovil (filed as Exhibit 10(c) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(e)	*	Amendment to Consulting Agreement with S. K. Scovil (filed as Exhibit 10(e) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable

10(f)	*	Form of contingent employment agreements with certain executive officers (filed as Exhibit 10(f) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(g)	*	Cleveland-Cliffs Inc and Subsidiaries Management Performance Incentive Plan, dated as of January 1, 1994 (Summary Description)	Filed Herewith
10(h)		Instrument of Assignment and Assumption dated as of July 1, 1985, by and between The Cleveland-Cliffs Iron Company and Cleveland-Cliffs Inc (filed as Exhibit 10(f) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable

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

<TABLE>
<S>	<C>	<C>	<C>
10(i)		Instrument of Assignment and Assumption dated as of September 1, 1985, by and between The Cleveland-Cliffs Iron Company and Cleveland-Cliffs Inc (filed as Exhibit 10(g) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(j)		Form of indemnification agreements with certain directors and officers (filed as Exhibit 10(h) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1991 and incorporated by reference)	Not Applicable
10(k)	*	1987 Incentive Equity Plan (filed as Exhibit 10(k) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by	Not Applicable
10(l)	*	1992 Incentive Equity Plan (filed as Appendix A to Proxy Statement of Cleveland-Cliffs Inc filed on March 13, 1992 and incorporated by reference)	Not Applicable
10(m)		Purchase and Sale Agreement dated as of December 8, 1987, by and among The Cleveland-Cliffs Iron Company, Cliffs Electric Service Company, Upper Peninsula Generating Company, Upper Peninsula Power Company and Wisconsin Electric Power Company (filed as Exhibit 10(m) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1993 and incorporated by reference)	Not Applicable
10(n)	*	Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors dated as of January 1, 1988 (filed as Exhibit 10(n) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1993 and incorporated by reference)	Not Applicable
10(o)	*	Amended and Restated Trust Agreement No. 1 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Supplemental Retirement Benefit Plan and certain contingent employment agreements (filed as Exhibit 10(o) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable

<FN>
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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.
</TABLE>

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

		N.A. (successor trustee to Society National Bank) 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. (successor trustee to Society National Bank) (filed as Exhibit 10(r) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 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. (successor trustee to Society National Bank) with respect to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (filed as Exhibit 10(s) to Form 10-K of Cleveland-Cliffs Inc filed on March 29, 1993 and incorporated by reference)	Not Applicable

<FN>
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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.
</TABLE>

<TABLE>
<S> <C> <C> <C>

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. (successor trustee to Society National Bank), 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. (successor trustee to Society National Bank) 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. (successor trustee to Society National Bank) (filed as Exhibit 10(t) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(u)		Amended and Restated Trust Agreement No. 6 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to certain indemnification agreements with directors and certain officers (filed as Exhibit 10(u) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(v)	*	Trust Agreement No. 7 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, as amended by First Amendment to Trust Agreement No. 7 (filed as Exhibit 10(v) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(w)	*	Trust Agreement No. 8 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors, as amended by First Amendment to Trust Agreement No. 8 (filed as Exhibit 10(w) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable
10(x)	*	Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc (filed as Exhibit 10(y) to Form 10-K of Cleveland-Cliffs Inc filed on March 30, 1992 and incorporated by reference)	Not Applicable

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

<TABLE>
<S> <C> <C> <C>

10(y)	*	First Amendment to Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc, dated November 18, 1994	Filed Herewith
10(z)	*	Voluntary Non-Qualified Deferred Compensation Plan of Cleveland-Cliffs Inc, Amended and Restated as of January 1, 1994 (filed as Exhibit 10 to Form 10-Q of Cleveland-Cliffs Inc filed on August 9, 1994 and incorporated by reference)	Not Applicable
10(aa)	*	First Amendment to Voluntary Non-Qualified Deferred Compensation Plan of Cleveland-Cliffs Inc, Amended and Restated as of January 1, 1994, dated November 18, 1994	Filed Herewith
10(bb)	*	First Amendment to Amendment and Restatement of Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, dated as of January 15,	

		1993 (filed as Exhibit 10(aa) to Form 10-Q of Cleveland-Cliffs Inc filed on May 12, 1993 and incorporated by reference)	Not Applicable
10(cc)	*	Second Amendment to Amendment and Restatement of Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, dated November 18, 1994	Filed Herewith
10(dd)	*	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. (successor trustee to Society National Bank)	Filed Herewith
10(ee)	*	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. (successor trustee to Society National Bank)	Filed Herewith
10(ff)	*	Cleveland-Cliffs Inc Long-Term Performance Share Program, dated as of March 31, 1994 (Summary Description)	Filed Herewith
10(gg)		Stock Purchase Agreement, dated as of September 30, 1994, among Cleveland-Cliffs Inc, Cliffs Minnesota Minerals Company and Cyprus Amax Minerals Company (filed as Exhibit 2 to Form 8-K of Cleveland-Cliffs Inc filed on October 13, 1994 and incorporated by reference, and to which certain portions of which were accorded "Confidential Information" pursuant to order of the Securities and Exchange Commission, dated December 21, 1994)	Not Applicable

<FN>
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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.
</TABLE>

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10(hh)		Financial Statements, Pro Forma Financial Information and Exhibits to include the audited financial statements of Cyprus Northshore Mining Corporation and consolidated subsidiary as of December 31, 1993, the unaudited financial statements of Cyprus Northshore Mining Corporation and consolidated subsidiary as of September 30, 1994, and the related pro forma financial information (filed as Exhibits 99.1, 99.2 and 99.3 to Form 8-K/A of Cleveland-Cliffs Inc filed on December 13, 1994 and incorporated by reference)	Not Applicable
11		Statement re computation of per share earnings	Filed Herewith (Page 30-31)
13		Selected portions of 1994 Annual Report to Security Holders	
13(a)		Management's Discussion and Analysis of Financial Condition and Results of Operations	Filed Herewith (Page 32-41-A)
13(b)		Report of Independent Auditors	Filed Herewith (Page 42)
13(c)		Statement of Consolidated Financial Position	Filed Herewith (Page 43-44)
13(d)		Statement of Consolidated Income	Filed Herewith (Page 45)
13(e)		Statement of Consolidated Cash Flows	Filed Herewith (Page 46)
13(f)		Statement of Consolidated Shareholders' Equity	Filed Herewith (Page 47)
13(g)		Notes to Consolidated Financial Statements	Filed Herewith (Page 48-63)
13(h)		Quarterly Results of Operations/Common Share Price Performance and Dividends	Filed Herewith (Page 64)
13(i)		Investor and Corporate Information	Filed Herewith (Page 65)
13(j)		11-Year Summary of Financial and Other Statistical Data	Filed Herewith (Page 66-67)

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<S> <C> <C>
Filed Herewith

21	Subsidiaries of the registrant	(Page 68-70)
23	Consent of independent auditors	Filed Herewith (Page 71)
24	Power of Attorney	Filed Herewith (Page 72)
27	Consolidated Financial Data Schedule submitted for Securities and Exchange Commission information	--
99	Additional Exhibits	
99(a)	Schedule II - Qualification and valuation accounts	73

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EXHIBIT 4(0)

CREDIT AGREEMENT

Dated as of March 1, 1995

Among

CLEVELAND-CLIFFS INC,

THE BANKS NAMED HEREIN

And

CHEMICAL BANK, as Agent

[6700-089(RM1)/CVO1.WPF/7N/4334/9M]

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EXHIBITS AND SCHEDULES

[6700-089(RM1)/TC01.WPF/7N/4334/9M]

CONFORMED COPY

CREDIT AGREEMENT dated as of March 1, 1995, among CLEVELAND-CLIFFS INC, an Ohio corporation (the "Borrower"), the banks listed on Schedule 2.01 (the "Banks"), and CHEMICAL BANK, as agent for the Banks (in such capacity, the "Agent").

The Borrower has requested the Banks to extend credit in order to enable the Borrower, subject to the terms and conditions of this Agreement, to borrow on a revolving basis, at any time and from time to time prior to the Maturity Date (such term and each other capitalized term used but not defined herein having the meaning given to it in Article I), an aggregate principal amount at any time outstanding not in excess of $100,000,000. The proceeds of such borrowings are to be used for general corporate purposes. The Banks are willing to extend such credit to the Borrower on the terms and subject to the conditions set forth herein.

Accordingly, the Borrower, the Banks and the Agent agree as follows:

ARTICLE I

Definitions

SECTION 1.01. DEFINED TERMS. As used in this Agreement, the following terms shall have the meanings specified below:

"ABR BORROWING" shall mean a Borrowing comprised of ABR Loans.

"ABR LOAN" shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"ADJUSTED CD RATE" shall mean, with respect to any CD Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the sum of (a) a rate per annum equal to the product of (i) the Fixed CD Rate in effect for such Interest Period and (ii) Statutory Reserves, plus (b) the Assessment Rate. For purposes hereof, the term "Fixed CD Rate" shall mean the arithmetic average (rounded

upwards, if necessary,

to the next 1/100 of 1%) of the prevailing rates per annum bid on or about 10:00 a.m., New York City time, to the Agent on the first Business Day of the Interest Period applicable to such CD Borrowing by three New York City negotiable certificate of deposit dealers of recognized standing selected by the Agent for the purchase at face value of negotiable certificates of deposit of major United States money center banks in principal amount approximately equal to the Agent's portion (or, if different, the portion of the Bank having the largest Commitment) of such CD Borrowing and with a maturity comparable to such Interest Period.

"ADJUSTED LIBO RATE" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the product of (i) the LIBO Rate in effect for such Interest Period and (ii) Statutory Reserves. For purposes hereof, the term "LIBO Rate" shall mean the rate (rounded upwards, if necessary, to the next 1/16 of 1%) at which dollar deposits approximately equal in principal amount to the Agent's portion (or, if different, the portion of the Bank having the largest Commitment) of such Eurodollar Borrowing and for a maturity comparable to such Interest Period are offered to the principal London office of the Agent in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"ADMINISTRATIVE FEE" shall have the meaning assigned to such term in Section 2.05(b).

"AFFILIATE" shall mean, when used with respect to a specified person, any other person which directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

"ALTERNATE BASE RATE" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof, "PRIME RATE" shall mean the rate of interest per annum publicly announced from time to time by the Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as being

effective. "BASE CD RATE" shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) Statutory Reserves and (b) the Assessment Rate. "THREE-MONTH SECONDARY CD RATE" shall mean, for any day, the secondary market rate for three-month certificates of deposit in units of $100,000 or more reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three-month certificates of deposit in units of $100,000 or more issued by major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. "FEDERAL FUNDS EFFECTIVE RATE" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

"APPLICABLE MARGIN" shall mean, with respect to the Loans comprising any Eurodollar Borrowing or CD

Borrowing, on any date, the applicable percentage set forth below under the caption "EURODOLLAR SPREAD" or "CD SPREAD", as applicable, based upon the ratio as of the last day of the most recent fiscal quarter for which financial statements have been delivered as provided below of (a) Total Indebtedness on such date to (b) the sum of (i) Consolidated Tangible Net Worth on such date plus (ii) Total Indebtedness on such date:

<TABLE>
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Ratio	Eurodollar Spread	CD Spread
<S>	<C>	<C>
Category 1		
Less than or equal to .20 to 1	.375%	.500%
Category 2		
Greater than .20 to 1 and less than .35 to 1	.400%	.525%
Category 3		
Greater than or equal to .35 to 1	.700%	.825%

</TABLE>

Each change in the Applicable Margin resulting from a change in the ratio of Total Indebtedness to the sum of Consolidated Tangible Net Worth plus Total Indebtedness as of the end of any fiscal quarter will be effective as of the first day of the second succeeding fiscal quarter. Notwithstanding the foregoing, at any time at which the Borrower has failed to deliver such financial statements or such certificate with respect to such fiscal quarter and five Business Days shall have elapsed since the Administrative Agent shall have notified the Borrower of its failure to deliver such financial statements or such certificate with respect to such fiscal quarter in accordance with such provisions, the then-current ratio of Total Indebtedness to the sum of Consolidated Tangible Net Worth plus Total Indebtedness shall be deemed to be greater than .35 to 1 until such time as the Borrower shall deliver such financial statements and certificate.

"ASSESSMENT RATE" shall mean for any day the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Agent as the then current net annual assessment rate that will be employed in determining amounts payable by the Agent to the Federal Deposit Insurance Corporation (or any successor) for

insurance by such Corporation (or any successor) of time deposits made in dollars at the Agent's domestic offices.

"ASSIGNMENT AND ACCEPTANCE" shall mean an assignment and acceptance entered into by a Bank and an assignee, and accepted by the Agent, in the form of Exhibit B hereto.

"ATTRIBUTABLE DEBT" shall mean, in connection with a Sale and Lease Back Transaction, the present value (discounted in accordance with generally accepted accounting principles at the debt rate implied in the lease) of the obligations of the lessee for rental payments during the term of the lease.

"BOARD" shall mean the Board of Governors of the Federal Reserve System of the United States.

"BORROWING" shall mean a group of Loans of a single Type made by the Banks on a single date and as to which a single Interest Period is in

effect.

"BUSINESS DAY" shall mean any day, other than a day which is a Saturday, Sunday or legal holiday in the State of New York, on which banks are not authorized or required to be closed in New York City; PROVIDED, HOWEVER, that when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"CAPITALIZED LEASE OBLIGATIONS" of any person shall mean the obligations of such person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such person under generally accepted accounting principles and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with generally accepted accounting principles.

"CD BORROWING" shall mean a Borrowing comprised of CD Loans.

"CD LOAN" shall mean any Loan bearing interest at a rate determined by reference to the Adjusted CD Rate in accordance with the provisions of Article II.

A "CHANGE IN CONTROL" shall be deemed to have occurred if any person or group (within the meaning of Rule 13d-5 of the Securities and Exchange Commission as in effect on the date hereof) shall acquire directly or indirectly, beneficially or of record, shares representing more than 50% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of the Borrower.

"CLOSING DATE" shall mean the date of the first Borrowing.

"CODE" shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

"COMMITMENT" shall mean, with respect to any Bank, the commitment of such Bank to make Loans hereunder as set forth in paragraphs (a) and (b) of Section 2.01 and in Schedule 2.01 hereto, or in an Assignment and Acceptance delivered by such Bank under Section 9.04, as the same may be reduced from time to time pursuant to Section 2.09 or pursuant to one or more assignments under Section 9.04.

"COMMITMENT FEE" shall have the meaning assigned to such term in Section 2.05(a).

"COMMITMENT FEE PERCENTAGE" shall mean, on any date, the applicable percentage set forth below based upon the ratio as of the last day of the most recent preceding fiscal quarter for which financial statements have been delivered as provided below of (a) Total Indebtedness on such date to (b) the sum of (i) Consolidated Tangible Net

<TABLE>
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Worth on such date plus (ii) Total Indebtedness on such date:

Ratio	Commitment Fee Percentage
<S>	<C>
Category 1	
Less than or equal to .20 to 1	.125%
Category 2	
Greater than .20 to 1 and less than .35 to 1	.150%
Category 3	

	Greater than or equal to .35 to 1	.250%

</TABLE>

Each change in the Commitment Fee Percentage resulting from a change in the ratio of Total Indebtedness to the sum of Consolidated Tangible Net Worth plus Total Indebtedness as of the end of any fiscal quarter will be effective as of the first day of the second succeeding fiscal quarter. Notwithstanding the foregoing, at any time at which the Borrower has failed to deliver such financial statements or such certificate with respect to such fiscal quarter and five Business Days shall have elapsed since the Administrative Agent shall have notified the Borrower of its failure to deliver such financial statements or such certificate with respect to such fiscal quarter in accordance with such provisions, the then current ratio of Total Indebtedness to the sum of Consolidated Tangible Net Worth plus Total Indebtedness shall be deemed to be greater than .35 to 1 until such time as the Borrower shall deliver such financial statements and certificate.

"CONSOLIDATED NET INCOME" with respect to the Borrower for any period shall mean the net income (or net deficit) of the Borrower and the Subsidiaries for such period (excluding charges related to the adoption of Statement of Financial Accounting Standards ("SFAS") 106 (Employers' Accounting for Post-Retirement Benefits Other Than Pensions)), computed on a consolidated basis in accordance with generally accepted accounting principles consistently applied.

"CONSOLIDATED TANGIBLE NET WORTH" with respect to the Borrower at any date shall mean (i) the sum of the Borrower's capital stock, capital in excess of par or stated value of shares of such capital stock, retained earnings and

any other account which, in accordance with generally accepted accounting principles consistently applied, constitutes stockholders' equity, less (ii) the Borrower's treasury stock, less (iii) the amount of all assets of the Borrower reflected as goodwill, patents, research and development and all other assets required to be classified as intangibles in accordance with generally accepted accounting principles, less (iv) all writeups of assets of the Borrower occurring after the date hereof, plus (v) the amount of any liability or reserve related to the Borrower's adoption of SFAS 106.

"CONTROL" (including the terms "Controlling", "Controlled by" and "under common Control with") shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise.

"DEFAULT" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"DOLLARS" and the symbol "$" shall mean the lawful currency of the United States of America.

"ENVIRONMENTAL LAWS" at any date shall mean all provisions of law, statutes, ordinances, rules, regulations, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by the government of the United States of America or by any state or municipality thereof or therein or by any court, agency, instrumentality, regulatory authority or commission of any of the foregoing concerning the protection of, or regulating the discharge of substances into, the environment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"ERISA AFFILIATE" shall mean any trade or business (whether or not incorporated) that is a member of a group of which the Borrower or any Subsidiary is a member and which is under common Control with the Borrower or any Subsidiary within the meaning of Section 414 of the Code, and the regulations promulgated thereunder.

"EURODOLLAR BORROWING" shall mean a Borrowing comprised of Eurodollar Loans.

"EURODOLLAR LOAN" shall mean any Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the

provisions of Article II.

"EVENT OF DEFAULT" shall have the meaning specified in Article VII hereof.

"EXISTING CREDIT AGREEMENT" shall mean the Credit Agreement dated as of April 30, 1992, as amended, among Cleveland-Cliffs Inc, the banks listed therein and Chemical Bank, as agent.

"FEES" shall mean the Administrative Fees and the Commitment Fees.

"FINANCIAL OFFICER" of any corporation shall mean its chief financial officer, principal accounting officer, treasurer, assistant treasurer, controller or assistant controller.

"FUNDED DEBT" shall mean, with respect to the Borrower and its Subsidiaries at the time of determination thereof, all Indebtedness of the Borrower and its Subsidiaries determined at such time on a consolidated basis, including any portion of such Indebtedness that would be classified as current in accordance with generally accepted accounting principles, but in all events excluding any amount of such Indebtedness arising from or attributable to (i) amounts outstanding under credit lines, revolving credit agreements or similar agreements so long as all such amounts are fully paid for a period of not less than 30 consecutive days in each twelve-month period pursuant to the terms of such agreements, (ii) trade payables and accrued expenses (other than for borrowed money) constituting current liabilities, (iii) short term letters of credit, surety bonds and similar instruments issued in commercial transactions in the ordinary course of business and (iv) any Guarantee of Indebtedness of Subsidiaries of the types described in any of the foregoing clauses (i), (ii) or (iii).

"GOVERNMENTAL AUTHORITY" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"GUARANTEE" of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, and including, without limitation, any obligation of such person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (ii) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness, or (iii) to maintain working capital, equity capital or other financial statement condition or liquidity of the Primary Obligor so as to enable the Primary Obligor to pay such Indebtedness (PROVIDED, HOWEVER, that the term Guarantee shall not include endorsements for collection or deposit, in either case in the ordinary course of business), and the term "Guaranteed" shall have a correlative meaning.

"INDEBTEDNESS" shall mean, with respect to any person, at any time, without duplication, (a) all obligations of such person for borrowed money, or with respect to deposits or advances of any kind, (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such person upon which interest charges are customarily paid, (d) all obligations of such person under conditional sale or other title retention agreements relating to property purchased by such person, (e) all obligations of such person issued or assumed as the deferred purchase price of property or services (other than accounts payable to suppliers incurred in the ordinary course of business and paid when due), (f) all Capitalized Lease Obligations of such person, (g) all obligations of such person as an account party in respect of letters of credit and bankers' acceptances, (h) all Guarantees of such person of the Indebtedness of others, (i) all obligations of such person in respect of interest rate protection agreements, (j) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or which may be satisfied by or out of the proceeds of, any property owned or acquired by such person, whether or not the obligations secured thereby have been assumed and (k) all Indebtedness of others that is serviced by such person, whether or not such Indebtedness has been assumed; PROVIDED, HOWEVER, that Indebtedness shall

not be deemed to include (1) any Indebtedness of any Subsidiary or any of the entities listed on Schedule I hereto to the extent such Indebtedness (or a participation interest in such Indebtedness) is owned by the Borrower or any Subsidiary, (2) intercompany Indebtedness not effectively serviced by such person from time to time existing between such person and its subsidiaries, or between two or more such subsidiaries, which would not, in accordance with generally accepted accounting principles consistently applied, be reflected as Indebtedness on a consolidated balance sheet of the ultimate parent of such person or (3) obligations in the nature of performance bonds and other similar surety arrangements to the extent paid or covered by insurance from financially sound and reputable insurers. For purposes of this Agreement the principal amount of any Indebtedness referred to in clause (i) of the preceding sentence shall be the amount of any such obligation that would be payable upon the acceleration, termination or liquidation thereof.

"INTEREST PAYMENT DATE" shall mean, with respect to any Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration or a CD Borrowing with an Interest Period of more than 90 days' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration or 90 days' duration, as the case may be, been applicable to such Borrowing, and, in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type.

"INTEREST PERIOD" shall mean, subject to Section 2.02(d), (a) as to any Eurodollar Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower may elect, (b) as to any CD Borrowing, a period of 30, 60, 90 or 180 days' duration, as the Borrower may elect, commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and (c) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately

preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date and (iii) the date such Borrowing is repaid or prepaid in accordance with Section 2.10; PROVIDED, HOWEVER, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurodollar Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

"LIEN" shall mean, with respect to any asset, (i) any mortgage, lien, pledge, encumbrance, charge or security interest in or on such asset, (ii) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset or (iii) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities; PROVIDED, that neither the right of an issuer to redeem its securities upon payment of an amount not less than the issuance price thereof, nor rights of first refusal or similar rights granted to any issuer of such securities or to any partner (or any Affiliates of such partner) of the issuer of such securities or of the person holding such securities, or any rights or restrictions applicable to any securities issued in a bankruptcy reorganization, which rights or restrictions are created pursuant to the applicable court approved plan of reorganization, shall be deemed to be a Lien.

"LOAN" or "LOANS" shall mean the loans made by the Banks pursuant to Section 2.01. Each Loan shall be either an ABR Loan, a CD Loan or a Eurodollar Loan.

"LOAN DOCUMENTS" shall mean this Agreement and the Notes.

"MARGIN STOCK" shall have the meaning assigned to such term in Regulation U.

"MATERIAL ADVERSE EFFECT" shall mean (a) a materially adverse effect on the business, assets, operations or financial condition of the Borrower and the Subsidiaries taken as a whole or (b) material impairment of

the ability of the Borrower to perform any of its obligations under any Loan Document to which it is or will be a party.

"MATURITY DATE" shall mean March 1, 2000.

"MULTIEMPLOYER PLAN" shall mean any "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any Subsidiary or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing any obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"NOTE" or "NOTES" shall mean the promissory notes of the Borrower issued pursuant to Section 2.04, substantially in the form of Exhibit A.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"PERMITTED LIENS" shall mean liens permitted to be incurred by the Borrower or a Subsidiary in accordance with Section 6.01, whether presently in existence or hereafter arising.

"PERSON" shall mean and include any natural person, company, partnership, joint venture, association, corporation, business trust, unincorporated organization or government or any department or political subdivision or agency thereof.

"PLAN" shall mean any pension plan other than a Multiemployer Plan which is subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained (in whole or in part) for employees of the Borrower or any ERISA Affiliate.

"REGULATION D" shall mean Regulation D of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"REGULATION G" shall mean Regulation G of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"REGULATION U" shall mean Regulation U of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"REGULATION X" shall mean Regulation X of the Board, as the same is from time to time in effect, and all official rulings and interpretations thereunder or thereof.

"REPORTABLE EVENT" shall mean any reportable event as defined in Section 4043 of Title IV of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

"REQUIRED BANKS" shall mean, at any time, Banks holding Loans representing at least 66-2/3% of the sum of the aggregate principal amount of the Loans outstanding or, if no Loans are outstanding, Banks having Commitments representing at least 66-2/3% of the aggregate Commitments.

"RESPONSIBLE OFFICER" of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

"SALE AND LEASEBACK TRANSACTION" shall have the meaning given such term in Section 6.02.

"SENIOR DEBT" shall mean, at the time of determination thereof, the Loans then outstanding hereunder and all other Funded Debt outstanding at such time, other than any of such Funded Debt which by its terms or by agreement is subordinated in right of payment to the Loans then outstanding hereunder in a manner satisfactory to, and approved by, the Required Banks, and under which no scheduled principal payments are due prior to the Maturity Date.

"STATUTORY RESERVES" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority to which the Agent is

subject (a) with respect to the Adjusted CD Rate or the Base CD Rate (as such term is used in the definition of "Alternate Base Rate"), for new negotiable nonpersonal time deposits in Dollars of $100,000 or more with maturities approximately equal to (i) the applicable Interest Period, in the case of the Adjusted CD Rate, and (ii) three months, in the case of the Base CD Rate (as such term is used in the definition of "Alternate Base Rate"), and (b) with respect to the Adjusted LIBO Rate, for Eurocurrency Liabilities (as defined in Regulation D). Such reserve percentages shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute Eurocurrency Liabilities and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets which may be available from time to time to any Bank under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"SUBSIDIARY" shall mean, with respect to any person (the "Parent"), any corporation, association or other business entity of which securities or other ownership interests representing more than 50% of the ordinary voting power are, at the time as of which any determination is being made, owned or Controlled by the Parent or one or more subsidiaries of the Parent or by the Parent and one or more subsidiaries of the Parent.

"SUBSIDIARY" shall mean any subsidiary of the Borrower, other than those entities listed on Schedule I.

"TOTAL INDEBTEDNESS" with respect to the Borrower shall mean the aggregate amount of all Indebtedness of the Borrower and the Subsidiaries, calculated on a consolidated basis, without duplication.

"TRANSACTIONS" shall have the meaning assigned to such term in Section 3.02.

"TYPE", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, "Rate" shall include the Adjusted LIBO Rate, the Adjusted CD Rate and the Alternate Base Rate.

"WITHDRAWAL LIABILITY" shall mean liability to a Multiemployer Plan as a result of a complete or partial

withdrawal from such Multiemployer Plan, as such terms are defined in Part 1 of Subtitle E of Title IV of ERISA.

SECTION 1.02. TERMS GENERALLY. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, (a) any reference in this Agreement to any Loan Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time and (b) all terms of an accounting or financial nature shall be construed in accordance with generally accepted accounting principles, as in effect from time to time; PROVIDED, HOWEVER, that, for purposes of determining compliance with any covenant set forth in Article VI, such terms shall be construed in accordance with generally accepted accounting principles, as in effect on the date of this Agreement applied on a basis consistent with the application used in preparing the Borrower's audited financial statements referred to in Section 3.05.

ARTICLE II

The Credits

SECTION 2.01. COMMITMENTS. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Bank agrees, severally and not jointly, to make Loans to the Borrower, at any time and from time to time on or after the date hereof and until the earlier of the Maturity Date and the termination of the Commitment of such Bank in accordance with the terms hereof, in an aggregate principal amount at any time outstanding not to exceed the Commitment of such Bank set forth opposite its name on Schedule 2.01, as the same may be reduced from time to time pursuant to Section 2.09.

Within the limits set forth in Schedule 2.01, the Borrower may borrow, pay or prepay and reborrow Loans on or after the date hereof and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

SECTION 2.02. LOANS. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Banks ratably in accordance with their Commitments; PROVIDED, HOWEVER, that the failure of any Bank to make any Loan shall not in itself relieve any other Bank of its obligation to lend hereunder (it being understood, however, that no Bank shall be responsible for the failure of any other Bank to make any Loan required to be made by such other Bank). The Loans comprising each Borrowing shall be in an aggregate principal amount which is an integral multiple of $500,000 and not less than $2,500,000 (or an aggregate principal amount equal to the remaining balance of the Commitments).

(b) Each Borrowing shall be comprised entirely of ABR Loans, CD Loans or Eurodollar Loans, as the Borrower may request pursuant to Section 2.03. Each Bank may at its option fulfill its Commitment with respect to any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Bank to make such Loan; PROVIDED that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement and the applicable Note. Borrowings of more than one Type may be outstanding at the same time; PROVIDED, HOWEVER, that the Borrower shall not be entitled to request any Borrowing which, if made, would result in an aggregate of more than seven separate CD Loans or Eurodollar Loans of any Bank being outstanding hereunder at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Subject to paragraph (d) below, each Bank shall make a Loan in the amount of its pro rata portion, as determined under Section 2.14, of each Borrowing hereunder on the proposed date thereof by wire transfer of immediately available funds to the Agent in New York, New York, not later than 12:00 noon, New York City time, and the Agent shall by 3:00 p.m., New York City time, credit the amounts so received to the general deposit account of the Borrower with the Agent or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall

not have been met, return the amounts so received to the respective Banks. Unless the Agent shall have received notice from a Bank prior to the date of any Borrowing, or, in the case of an ABR Borrowing, by 12:00 noon, New York City time, on the date of such ABR Borrowing, that such Bank will not make available to the Agent such Bank's portion of such Borrowing, the Agent may assume that such Bank has made such portion available to the Agent on the date of such Borrowing in accordance with this paragraph (c) and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Bank shall not have made such portion available to the Agent, such Bank and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, (i) in the case of the Borrower, for each day from the date such amount is made available to the Borrower to (but not including) the date on which such amount is repaid to the Agent, at the interest rate applicable at the time to the Loans comprising such Borrowing (provided that the Borrower shall not be required to pay any amount as a premium, penalty or similar prepayment charge in connection with any such repayment) and (ii) in the case of such Bank, for each day from the date such amount is made available to the Borrower until the date such amount is repaid to the Agent, at the Federal Funds Effective Rate. If such Bank shall repay to the Agent such

corresponding amount, such amount shall (so long as such corresponding amount advanced by the Agent on behalf of such Bank to the Borrower remains part of an outstanding Borrowing hereunder) constitute such Bank's Loan as part of such Borrowing for purposes of this Agreement. Without prejudice to any other recourse or remedy that may be available to the Borrower against such Bank, such Bank shall not be entitled to receive, and the Borrower shall not be required to pay, a Commitment Fee pursuant to Section 2.05(a) of this Agreement on any amount that such Bank is obligated to repay to the Agent as provided above.

(d) The Borrower may refinance all or any part of any Borrowing with a Borrowing of the same or a different Type, subject to the conditions and limitations set forth in this Agreement. Any Borrowing or part thereof so refinanced shall be deemed to be repaid or prepaid in accordance with Section 2.04 or 2.10, as applicable, with the proceeds of a new Borrowing, and the proceeds of the new Borrowing, to the extent they do not exceed the principal amount of the Borrowing being refinanced, shall not be paid by the Banks

to the Agent or by the Agent to the Borrower pursuant to paragraph (c) above.

SECTION 2.03. NOTICE OF BORROWINGS. The Borrower shall give the Agent written, telex or telecopy notice (or telephone notice promptly confirmed in writing or by telex or telecopy) in the case of Borrowing that is (a) a Eurodollar Borrowing, not later than 10:00 a.m., New York City time, three Business Days before a proposed Borrowing, (b) a CD Borrowing, not later than 10:00 a.m., New York City time, two Business Days before a proposed Borrowing and (c) an ABR Borrowing, not later than 11:00 a.m., New York City time, the day of a proposed Borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement and specify (i) whether the Borrowing then being requested is to be a Eurodollar Borrowing, a CD Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a Eurodollar Borrowing or CD Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing or CD Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration, in the case of a Eurodollar Borrowing, or 30 days' duration, in the case of a CD Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.03 of its election to refinance a Borrowing prior to the end of the Interest Period in effect for such Borrowing, then the Borrower shall (unless such Borrowing is repaid at the end of such Interest Period) be deemed to have given notice of an election to refinance such Borrowing with an ABR Borrowing. The Agent shall promptly advise the Banks of any notice given pursuant to this Section 2.03 and of each Bank's portion of the requested Borrowing.

SECTION 2.04. NOTES; REPAYMENT OF LOANS. The Loans made by each Bank shall be evidenced by a Note, duly executed on behalf of the Borrower, dated the Closing Date, in substantially the form attached hereto as Exhibit A with the blanks appropriately filled, payable to the order of such Bank in a principal amount equal to such Bank's Commitment. The outstanding principal balance of each Loan, as evidenced by such a Note, shall be payable on the last day of the Interest Period applicable to such Loan. Each Note shall bear interest from the date of the first Borrow-

ing hereunder on the outstanding principal balance thereof as set forth in Section 2.06. Each Bank shall, and is hereby authorized by the Borrower to, endorse on the schedule attached to each Note delivered to such Bank (or on a continuation of such schedule attached to such Note and made a part thereof), or otherwise to record in such Bank's internal records, an appropriate notation evidencing the date and amount of each Loan from such Bank, each payment and prepayment of principal of any such Loan, each payment of interest on any such Loan and the other information provided for on such schedule; PROVIDED, HOWEVER, that the failure of any Bank to make such a notation or any error therein shall not affect the obligation of the Borrower to repay the Loans made by such Bank in accordance with the terms of this Agreement and the applicable Notes.

SECTION 2.05. FEES. (a) The Borrower agrees to pay to each Bank, through the Agent, on the last Business Day of March, June, September and December in each year, and on the earlier of the Maturity Date and the date on

which the Commitment of such Bank shall be terminated as provided herein, a commitment fee (a "Commitment Fee") equal to the applicable Commitment Fee Percentage on the average daily unused amount of the Commitment of such Bank during the preceding quarter (or shorter period commencing with the date hereof or ending with the Maturity Date or the date on which the Commitment of such Bank shall be terminated). All Commitment Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Commitment Fee due to each Bank shall commence to accrue on the date of this Agreement and shall cease to accrue on the earlier of the Maturity Date and the date on which the Commitment of such Bank shall be terminated as provided herein.

(b) The Borrower agrees to pay to the Agent, for its own account, agent and administrative fees (the "Administrative Fees") in the amounts agreed upon in the letter agreement dated February 22, 1995, between the Borrower and the Agent.

(c) All Fees shall be paid on the dates due, in immediately available funds, to the Agent for distribution, if and as appropriate, among the Banks. Once paid, none of the Fees shall be refundable under any circumstances.

SECTION 2.06. INTEREST ON LOANS. (a) Subject to the provisions of Section 2.07, the Loans comprising each

ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate.

(b) Subject to the provisions of Section 2.07, the Loans comprising each CD Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Adjusted CD Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin with respect to such Loans.

(c) Subject to the provisions of Section 2.07, the Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Eurodollar Borrowing plus the Applicable Margin with respect to such Loans.

(d) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. The applicable Alternate Base Rate, Adjusted CD Rate or Adjusted LIBO Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Agent, and such determination shall be conclusive absent manifest error. The Agent shall, upon request, advise the Borrower of any such determination.

SECTION 2.07. DEFAULT INTEREST. If the Borrower shall default (i) in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, by acceleration or otherwise or (ii) in the due observance of the covenants contained in Section 6.06 or 6.07, the Borrower shall on demand from time to time pay interest, to the extent permitted by law, in the case of a default under clause (i) hereof on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment), and, in the case of a default under clause (ii) hereof, on the aggregate amount of the Loans outstanding on the date of such default from the date 60 days after such default up to (but not including) the date the Borrower shall cease to fail to comply with Sections 6.06 or 6.07, in each case at a rate per annum (computed on the basis of the actual number of days elapsed

over a year of 360 days) equal to the Alternate Base Rate plus 2%.

SECTION 2.08. ALTERNATE RATE OF INTEREST. (a) In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Agent shall have determined that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to any Bank of making or maintaining

its Eurodollar Loan during such Interest Period, or that reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the Agent shall, as soon as practicable thereafter, give written, telex or telecopy notice of such determination to the Borrower and the Banks. In the event of any such determination, any request by the Borrower for a Eurodollar Borrowing pursuant to Section 2.03 shall, until the Agent shall have advised the Borrower and the Banks that the circumstances giving rise to such notice no longer exist, be deemed to be a request for an ABR Borrowing. Each determination by the Agent hereunder shall be conclusive absent manifest error.

(b) In the event, and on each occasion, that on or before the day on which the Adjusted CD Rate for a CD Borrowing is to be determined the Agent shall have determined that such Adjusted CD Rate cannot be determined for any reason, including the inability of the Agent to obtain sufficient bids in accordance with the terms of the definition of Fixed CD Rate, or the Agent shall determine that the Adjusted CD Rate for such CD Borrowing will not adequately and fairly reflect the cost to any Bank of making or maintaining its CD Loan during such Interest Period, the Agent shall, as soon as practicable thereafter, give written, telex or telecopy notice of such determination to the Borrower and the Banks. In the event of any such determination, any request by the Borrower for a CD Borrowing pursuant to Section 2.03 shall, until the Agent shall have advised the Borrower and the Banks that the circumstances giving rise to such notice no longer exist, be deemed to be a request for an ABR Borrowing. Each determination by the Agent hereunder shall be conclusive absent manifest error.

SECTION 2.09. TERMINATION AND REDUCTION OF COMMITMENTS. (a) Upon at least three Business Days' prior

irrevocable written, telex or telecopy notice (or telephone notice promptly confirmed in writing or by telex or telecopy) to the Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Commitments; PROVIDED, HOWEVER, that each partial reduction of the Commitments shall be in an integral multiple of $1,000,000 and in a minimum aggregate principal amount of $5,000,000.

(b) Each reduction in the Commitments hereunder shall be made ratably among the Banks in accordance with their respective applicable Commitments. The Borrower shall pay to the Agent for the account of the Banks, on the date of each termination or reduction, the Commitment Fees on the amount of the Commitments so terminated or reduced accrued through the date of such termination or reduction.

(c) The Commitments shall be automatically terminated at 5:00 p.m., New York City time, on the Maturity Date.

SECTION 2.10. PREPAYMENT. (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon at least three Business Days' prior written, telex or telecopy notice (or telephone notice promptly confirmed by written, telex or telecopy notice) to the Agent; PROVIDED, HOWEVER, that each partial prepayment shall be in an amount which is an integral multiple of $1,000,000 and not less than $5,000,000.

(b) On the date of any termination or reduction of the Commitments pursuant to Section 2.09 or 6.04, the Borrower shall pay or prepay so much of the Borrowings as shall be necessary in order that the aggregate principal amount of the Loans outstanding will not exceed the aggregate Commitments after giving effect to such termination or reduction.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing by the amount stated therein on the date stated therein. All prepayments under this Section 2.10 shall be subject to Section 2.13 but otherwise without premium or penalty. All prepayments under this Section 2.10 shall be accompanied by

accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.11. RESERVE REQUIREMENTS; CHANGE IN CIRCUMSTANCES. (a) Notwithstanding any other provision herein, if after the date of this Agreement any change in applicable law or regulation or in the interpretation

or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Bank of the principal of or interest on any Eurodollar Loan or CD Loan made by such Bank or any Fees or other amounts payable hereunder (other than changes in respect of taxes imposed on the overall net income of such Bank by the jurisdiction in which such Bank has its principal office or by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Bank (except any such reserve requirement which is reflected in the Adjusted LIBO Rate or the Adjusted CD Rate) or shall impose on such Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans or CD Loans made by such Bank, and the result of any of the foregoing shall be to increase the cost to such Bank of making or maintaining any Eurodollar Loan or CD Loan or to reduce the amount of any sum received or receivable by such Bank hereunder or under the Notes (whether of principal, interest or otherwise) by an amount deemed by such Bank to be material, then the Borrower will pay to such Bank upon demand such additional amount or amounts as will compensate such Bank for such additional costs incurred or reduction suffered.

(b) If any Bank shall have determined that the applicability of any law, rule, regulation, agreement or guideline adopted pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation, agreement or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or any lending office of such Bank) or any Bank's holding company with any request or

directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital or on the capital of such Bank's holding company, if any, as a consequence of this Agreement or the Loans made by such Bank pursuant hereto to a level below that which such Bank or such Bank's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Bank's policies and the policies of such Bank's holding company with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time the Borrower shall pay to such Bank such additional amount or amounts as will compensate such Bank or such Bank's holding company for any such reduction suffered.

(c) A certificate of each Bank (i) setting forth such amount or amounts (and the manner of determining the same) as shall be necessary to compensate such Bank or its holding company as specified in paragraph (a) or (b) above, as the case may be, and (ii) identifying the event or circumstance that caused the cost or reduction in respect of which such compensation is claimed, shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay each Bank the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Failure on the part of any Bank to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Bank's right to demand compensation with respect to such period or any other period; PROVIDED, HOWEVER, that no Bank shall be entitled to compensation for any such increased costs or reduction in amounts received or receivable with respect to any date unless it shall have notified the Borrower that it will demand compensation therefor not more than 90 days after the later of such date and the date on which the circumstances giving rise to such increased costs or reduction in amounts received or receivable shall take effect. The protection of this Section shall be available to each Bank regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed.

(e) Any Bank claiming any additional amounts payable pursuant to this Section 2.11 shall use reasonable efforts (consistent with legal and

regulatory restrictions) to change the jurisdiction of its applicable lending office if the making of such change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Bank, be otherwise disadvantageous to such Bank.

SECTION 2.12. CHANGE IN LEGALITY. (a) Notwithstanding any other provision herein, if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Bank to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Loan, then, by written notice to the Borrower and to the Agent, such Bank may:

(i) declare that Eurodollar Loans will not thereafter be made by such Bank hereunder, whereupon any request by the Borrower for a Eurodollar Borrowing shall, as to such Bank only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding Eurodollar Loans made by it be converted to ABR Loans, in which event all such Eurodollar Loans shall be automatically converted to ABR Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Bank shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Loans that would have been made by such Bank or the converted Eurodollar Loans of such Bank shall instead be applied to repay the ABR Loans made by such Bank in lieu of- or resulting from the conversion of, such Eurodollar Loans.

(b) For purposes of this Section 2.12, a notice to the Borrower by any Bank shall be effective as to each Eurodollar Loan, if lawful, on the last day of the Interest Period currently applicable to such Eurodollar Loan; in all other cases such notice shall be effective on the date of receipt by the Borrower.

SECTION 2.13. INDEMNITY. The Borrower shall indemnify each Bank against any loss or reasonable expense which such Bank may sustain or incur as a consequence of any failure by the Borrower to fulfill on the date of any Borrowing hereunder the applicable conditions set forth in Article IV, any failure by the Borrower to borrow or to refinance, convert or to continue any Loan hereunder after irrevocable notice of such borrowing or refinancing, conversion or continuation has been given pursuant to Section 2.03, any payment or prepayment or conversion of a CD Loan or Eurodollar Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the applicable Interest Period, any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise), or the occurrence of any Event of Default, including, but not limited to, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a CD Loan or Eurodollar Loan. Such loss or reasonable expense shall include, without limitation, an amount equal to the excess, if any, as reasonably determined by such Bank of (i) the amount of interest that would have accrued on the principal amount so paid or prepaid or converted or not borrowed (based on the Adjusted CD Rate or the Adjusted LIBO Rate applicable thereto) for the period from the date of such payment or prepayment or conversion or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Loan which would have commenced on the date of such failure to borrow) over (ii) the amount of interest (as reasonably determined by such Bank) that would be realized by such Bank in reemploying the funds so paid or prepaid or converted or not borrowed for such period or Interest Period, as the case may be. A certificate of any Bank setting forth any amount or amounts which such Bank is entitled to receive pursuant to this Section 2.13, and the manner of determining the same, shall be delivered to the Borrower and shall be conclusive absent manifest error.

SECTION 2.14. PRO RATA TREATMENT. Except as required under Section 2.12, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Commitment Fees,

each reduction of the Commitments and each refinancing of any Borrowing with, conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Banks in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). Each Bank agrees that in computing such Bank's portion of any Borrowing to be made hereunder, the Agent may, in its discretion, round each Bank's percentage of such Borrowing, computed in accordance with Section 2.01, to the next higher or lower whole dollar amount.

SECTION 2.15. SHARING OF SETOFFS. Each Bank agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower, including, but not limited to, a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Bank under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Bank, it shall be deemed simultaneously to have purchased from such other Bank at face value, and shall promptly pay to such other Bank the purchase price for, a participation in the Loans of such other Bank, so that the aggregate unpaid principal amount of the Loans and participations in Loans held by each Bank shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; PROVIDED, HOWEVER, that if any such purchase or purchases or adjustments shall be made pursuant to this Section and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. The Borrower expressly consents to the foregoing arrangements and agrees that any Bank holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the

Borrower to such Bank by reason thereof as fully as if such Bank had made a Loan directly to the Borrower in the amount of such participation.

SECTION 2.16. PAYMENTS. (a) The Borrower shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder and under any other Loan Document not later than 1:00 p.m., New York City time, on the date when due in Dollars to the Agent at its offices at 270 Park Avenue, New York, New York 10017 (or any other office designated in a notice from the Agent to the Borrower), in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or Fees, if applicable.

SECTION 2.17. TAXES. (a) Any and all payments by the Borrower hereunder shall be made, in accordance with Section 2.16, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, EXCLUDING taxes imposed on the net income of the Agent or any Bank (or any transferee or assignee thereof, including a participation holder (any such entity being called a "Transferee")) and franchise taxes imposed on the Agent or any Bank (or Transferee) by the United States or any jurisdiction under the laws of which the Agent or any such Bank (or Transferee) is organized or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Banks (or any Transferee) or the Agent, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.17) such Bank (or Transferee) or the Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxing authority or

other Governmental Authority in accordance with applicable law; PROVIDED, HOWEVER, that no Transferee of any Bank shall be entitled to receive any greater payment under this paragraph (a) than such Bank would have been entitled to receive with respect to the rights assigned, participated or otherwise transferred unless such assignment, participation or transfer shall have been made at a time when the circumstances giving rise to such greater payment did not exist.

(b) In addition, the Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower will indemnify each Bank (or Transferee) and the Agent for the full amount of Taxes and Other Taxes paid by such Bank (or Transferee) or the Agent, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority; PROVIDED, HOWEVER, that a Bank shall not be entitled to compensation for a Tax or Other Tax unless such Bank notifies the Borrower of the possible imposition of such Tax or Other Tax within 90 days after the earlier to occur of (i) the date such Bank receives a written claim for such Tax or Other Tax from a taxing authority with respect to any payment made hereunder or the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document and (ii) the date such Bank becomes aware that such Tax or Other Tax is due with respect to any payment made hereunder or the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Document; and FURTHER PROVIDED that, as of the date hereof (and assuming that payments were being made on Loans outstanding hereunder on such date), each Bank and the Agent hereby confirms to the Borrower that such Bank and the Agent are aware of no Taxes or Other Taxes that would be assessed against or incurred by it that could entitle it to compensation from Borrower pursuant to this Section 2.17. Such indemnification shall be made within 30 days after the date any Bank (or Transferee) or the Agent, as the case may be, makes written demand therefor. If a Bank (or Transferee) or the Agent shall become aware that it is

entitled to receive a refund in respect of Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this Section 2.17, it shall promptly notify the Borrower of the availability of such refund and shall, within 30 days after receipt of a request by the Borrower, apply for such refund at the Borrower's expense. If any Bank (or Transferee) or the Agent receives a refund in respect of any Taxes or Other Taxes as to which it has been indemnified by the Borrower pursuant to this Section 2.17, it shall promptly notify the Borrower of such refund and shall, within 30 days after receipt of a request by the Borrower (or promptly upon receipt, if the Borrower has requested application for such refund pursuant hereto), repay such refund to the Borrower (to the extent of amounts that have been paid by the Borrower under this Section 2.17 with respect to such refund), net of all out-of-pocket expenses of such Bank and without interest; PROVIDED that the Borrower, upon the request of such Bank (or Transferee) or the Agent, agrees to return such refund (plus penalties, interest or other charges) to such Bank (or Transferee) or the Agent in the event such Bank (or Transferee) or the Agent is required to repay such refund. Nothing contained in this paragraph (c) shall require any Bank (or Transferee) or the Agent to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

(d) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by the Borrower in respect of any payment to any Bank (or Transferee) or the Agent, the Borrower will furnish to the Agent, at its address referred to in Section 9.01, the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.17 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(f) Upon the written request of the Borrower, each Bank (or Transferee) that is organized under the laws of a jurisdiction outside the United States shall, if legally able to do so, prior to the immediately

following due date of any payment by the Borrower hereunder, deliver to the Borrower such certificates, documents or other evidence, as required by the Code or Treasury Regulations issued pursuant thereto, including Internal Revenue Service

Form 1001 or Form 4224 and any other certificate or statement of exemption required by Treasury Regulation Section 1.1441-1, 1.1441-4 or 1.1441-6(c) or any subsequent version thereof or successors thereto, properly completed and duly executed by such Bank (or Transferee) establishing that such payment is (i) not subject to United States Federal withholding tax under the Code because such payment is effectively connected with the conduct by such Bank (or Transferee) of a trade or business in the United States or (ii) totally exempt from United States Federal withholding tax, or subject to a reduced rate of such tax under a provision of an applicable tax treaty. Unless the Borrower and the Agent have received forms or other documents satisfactory to them indicating that such payments hereunder or under the Notes are not subject to United States Federal withholding tax or are subject to such tax at a rate reduced by an applicable tax treaty, the Borrower or the Agent shall withhold taxes from such payments at the applicable statutory rate.

(g) The Borrower shall not be required to pay any additional amounts to any Bank (or Transferee) in respect of United States Federal withholding tax pursuant to paragraph (a) above if the obligation to pay such additional amounts would not have arisen but for a failure by such Bank (or Transferee) to comply with the provisions of paragraph (f) above; PROVIDED, HOWEVER, that the Borrower shall be required to pay those amounts to any Bank (or Transferee) that it was required to pay hereunder prior to the failure of such Bank (or Transferee) to comply with the provisions of such paragraph (f).

(h) Any Bank (or Transferee) claiming any additional amounts payable pursuant to this Section 2.17 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested by the Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Bank, be otherwise disadvantageous to such Bank (or Transferee).

SECTION 2.18. TERMINATION OR ASSIGNMENT OF COMMITMENTS UNDER CERTAIN CIRCUMSTANCES. In the event that any Bank shall have delivered a notice or certificate pursuant to Section 2.11 or 2.12, or the Borrower shall be required to make additional payments to any Bank under

Section 2.17, the Borrower shall have the right, at its own expense, upon notice to such Bank and the Agent, (a) to terminate the Commitment of such Bank or (b) to require such Bank to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 9.04) all its interests, rights and obligations under this Agreement to another financial institution which shall assume such obligations; PROVIDED that (i) no such termination or assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) the Borrower or the assignee, as the case may be, shall pay to the affected Bank in immediately available funds on the date of such termination or assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to each of the Banks that:

SECTION 3.01. ORGANIZATION, CORPORATE POWERS. (a) Each of the Borrower and the Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated, has the requisite corporate power and authority to own its property and assets and to carry on its business as now conducted and proposed to be conducted, is qualified to do business in every jurisdiction where the nature of the business conducted or the property owned or leased by it requires such qualification, except where the failure so to qualify would not have a Material Adverse Effect and, in the case of the Borrower, has the corporate power and authority to execute, deliver and perform its obligations under each

Loan Document to which it is or will be a party and to borrow hereunder.

(b) Each of the Borrower and the Subsidiaries has obtained and maintains all licenses, permits, franchises, patents, copyrights, trademarks, trade names, consents and approvals necessary to own its property and assets and to carry on its business as now conducted, except where the failure to do so would not have a Material Adverse Effect.

SECTION 3.02. AUTHORIZATION. The execution, delivery and performance by the Borrower of each Loan Document to which it is or will be a party, the borrowings hereunder by the Borrower, the execution and delivery of the Notes by the Borrower, the use of proceeds of the Loans in accordance with this Agreement and the other transactions constituting any of the foregoing (collectively, the "Transactions") (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of any law, statute, rule or regulation applicable to, or of the certificate or articles of incorporation or the regulations or By-laws of the Borrower or any Subsidiary, (B) any order of any Governmental Authority binding upon the Borrower or any Subsidiary or (C) any material provision of any indenture, agreement or other instrument to which the Borrower or any Subsidiary is a party, or by which the Borrower or any Subsidiary or any of their properties or assets are or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon any property or assets now owned or hereafter acquired by the Borrower or any Subsidiary.

SECTION 3.03. GOVERNMENTAL APPROVALS. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except such as have been made or obtained and are in full force and effect.

SECTION 3.04. ENFORCEABILITY. This Agreement has been duly executed and delivered by the Borrower and constitutes, and the Notes, when duly executed and delivered by the Borrower, will constitute, a legal, valid and binding obligation of the Borrower, enforceable in accordance with their respective terms.

SECTION 3.05. FINANCIAL STATEMENTS. The Borrower has heretofore delivered to the Banks its consolidated balance sheet as of December 31, 1993, consolidated statement of operations for the fiscal year ended December 31, 1993, and consolidated statement of cash flows for the fiscal year ended December 31, 1993, of the Borrower and the Subsidiaries, all such consolidated balance sheets and financial statements audited by Ernst & Young and certified by a Financial Officer of the Borrower. Such

statements present fairly the consolidated financial position of the Borrower and the Subsidiaries as of such dates and the results of their operations for such periods, in conformity with generally accepted accounting principles applied on a consistent basis (except as otherwise disclosed in the notes thereto and subject, where applicable, to year-end audit adjustments). Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of the Borrower and the Subsidiaries as of the dates thereof.

SECTION 3.06. NO MATERIAL ADVERSE CHANGE. There has been no material adverse change in the business, assets, operations or financial condition of the Borrower and the Subsidiaries taken as a whole since December 31, 1993.

SECTION 3.07. TITLE TO PROPERTIES; POSSESSION UNDER LEASES. (a) Each of the Borrower and the Subsidiaries has good and marketable title to (or valid leasehold interests in) all their material properties and assets reflected in the financial statements referred to in Section 3.05 (or, if more recent, the financial statements referred to in Section 5.05), except for such properties as are no longer used or useful in the conduct of their businesses or as have been disposed of since the date of such financial statements in the ordinary course of business and except for any Permitted Liens affecting title to such properties.

(b) Each of the Borrower and the Subsidiaries has complied with all material obligations under all material leases to which any of them is a party and under which any of them is in occupancy, and all such leases are in

full force and effect. The Borrower and the Subsidiaries enjoy peaceful and undisturbed possession under all such leases.

SECTION 3.08. LITIGATION; COMPLIANCE WITH LAWS. (a) There are not any actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of the Borrower or any Subsidiary, threatened against or affecting the Borrower or any Subsidiary or any business, property or rights of the Borrower or any Subsidiary (i) which involve any Loan Document or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and which, if adversely determined, would, individually or in the aggregate, result in a Material Adverse Effect.

(b) Neither the Borrower nor any of the Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default could result in a Material Adverse Effect; PROVIDED, that the foregoing is not applicable to ERISA, which is treated separately in Section 3.12, or to Environmental Laws, which are treated separately in Section 3.16. The Transactions will not violate any law or regulation applicable to or binding upon the Borrower or the Subsidiaries or violate or be prohibited by any law, order, judgment, writ, injunction decree or order of any Governmental Authority applicable to or binding upon the Borrower or the Subsidiaries.

SECTION 3.09. AGREEMENTS. (a) Neither the Borrower nor any Subsidiary is a party to any agreement or instrument or subject to any corporate restriction that has resulted or is reasonably expected to result in a Material Adverse Effect.

(b) Neither the Borrower nor any of its Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default would be reasonably expected to result in a Material Adverse Effect.

SECTION 3.10. FEDERAL RESERVE REGULATIONS. (a) Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, (i) to purchase or carry Margin Stock or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose, or (ii) for any purpose which entails a violation of, or which is inconsistent with, the provisions of the Regulations of the Board, including, without limitation, Regulations G, U and X.

SECTION 3.11. TAXES. Each of the Borrower and each Subsidiary has filed or caused to be filed all Federal, state, local and foreign tax returns which are required to be filed by it, and has paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by it, other than any taxes or assessments the validity of which the Borrower or such Subsidiary is contesting in good faith by appropriate proceedings, and with respect to which the Borrower or such Subsidiary shall, to the extent required by generally accepted accounting principles applied on a consistent basis, have set aside on its books adequate reserves.

SECTION 3.12. EMPLOYEE BENEFIT PLANS. Each of the Borrower, the Subsidiaries and their respective ERISA Affiliates is in compliance in all material respects with those provisions of ERISA and the regulations and published interpretations thereunder which are applicable to it. No Reportable Event has occurred with respect to any Plan as to which the Borrower or any Subsidiary or ERISA Affiliate was required to file a report with the PBGC. As of January 1, 1995 the present value of all benefit liabilities under each Plan maintained by the Borrower or any ERISA Affiliate (based on those assumptions used to fund such Plan) did not exceed by more than $15,000,000 the value of the assets of such Plan. None of the Borrower and the ERISA Affiliates has incurred any Withdrawal Liability that could result in a Material Adverse Effect. None of the Borrower and the ERISA Affiliates has received any notification that any Multiemployer Plan is in reorganization or has been

terminated, within the meaning of Title IV of ERISA, and no Multiemployer Plan is reasonably expected to be in reorganization or to be terminated, where such reorganization has resulted or can reasonably be expected to result through increases in the contributions required to be made to such Plan or otherwise in a Material Adverse Effect.

SECTION 3.13. NO MATERIAL MISSTATEMENTS. No information, report, financial statement, exhibit or schedule furnished on or prior to the date hereof by or on behalf of the Borrower or any Subsidiary to the Agent or any Bank in connection with the negotiation of any Loan Document or included in such Loan Document or delivered pursuant thereto and no information, report, financial statement, exhibit or schedule delivered pursuant to this Agreement after the date hereof contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the

statements therein, in the light of the circumstances under which they were made, not misleading; PROVIDED, HOWEVER, that the representation and warranty contained in this Section 3.13 shall not apply to any financial or other business projections or pro forma financial statements delivered at any time. All financial or other business projections and pro forma financial statements provided to the Banks by the Borrower from time to time have been prepared in good faith based on estimates, information and assumptions which the Borrower in good faith believes to be reasonable and which the Borrower will, upon the request at any time of the Agent or any Bank, disclose and discuss with such person or its authorized representatives any of such estimates, information and assumptions.

SECTION 3.14. INVESTMENT COMPANY ACT AND PUBLIC UTILITY HOLDING COMPANY ACT. Neither the Borrower nor any Subsidiary is (a) an "investment company" as defined in, or otherwise subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" within the meaning of, or otherwise subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.15. USE OF PROCEEDS. The Borrower will use the proceeds of the Loans only for the general corporate purposes of the Borrower and the Subsidiaries.

SECTION 3.16. ENVIRONMENTAL AND SAFETY MATTERS. Except as set forth in Schedule 3.16, the Borrower and each Subsidiary has complied in all material respects with all Federal, state, local and other statutes, ordinances, orders, judgments, rulings and regulations relating to environmental pollution or to environmental regulation or control or to employee health or safety. Except as set forth in Schedule 3.16, neither the Borrower nor any Subsidiary has received notice of any material failure so to comply. Except as set forth in Schedule 3.16, the Borrower's and the Subsidiaries' plants do not manage any hazardous wastes, hazardous substances, hazardous materials, toxic substances, toxic pollutants or substances similarly denominated, as those terms or similar terms are used in the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act, the Clean Water Act or any other applicable law relating to environmental pollution or employee health and safety, in violation of any law or regulations which violations the Borrower reasonably

believes either individually or in the aggregate, will have a Material Adverse Effect. Except as set forth in Schedule 3.16, the Borrower is aware of no events, conditions or circumstances involving environmental pollution or contamination or employee health or safety that could reasonably be expected to result in a Material Adverse Effect.

ARTICLE IV

Conditions of Lending

The obligations of the Banks in respect of each Borrowing shall be subject to satisfaction of the following conditions precedent:

SECTION 4.01. ALL BORROWINGS. On the date of each Borrowing, including each Borrowing in which Revolving Loans are refinanced with new Loans

as contemplated by Section 2.02(d):

(a) The Agent shall have received a notice of such Borrowing as required by Section 2.03.

(b) The representations and warranties set forth in Article III hereof and in each other Loan Document shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as though made on and as of such date (except insofar as such representations and warranties relate expressly and solely to an earlier date).

(c) The Borrower shall be in compliance with all the terms and provisions set forth herein as in each other Loan Document on its part to be observed or performed, and at the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

(d) The Banks shall have received such other instruments and documents as they may have reasonably requested from the Borrower in connection with the Loans to be made on such date.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date of

such Borrowing as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

SECTION 4.02. FIRST BORROWING. On the date hereof:

(a) Each Bank shall have received a duly executed Note complying with the provisions of Section 2.04.

(b) The Agent shall have received the favorable written opinion of Frank L. Hartman, Counsel to the Borrower, to the effect set forth in Exhibit D hereto which shall be dated the date hereof, addressed to the Banks and satisfactory to the Banks.

(c) The Agent shall have received (i) a copy of the certificate of incorporation or articles of incorporation, as the case may be, as amended, of the Borrower certified by the Secretary of State of the state of its incorporation as of a recent date, and a certificate as to the good standing of and charter documents filed by the Borrower from such Secretary of State, dated as of a recent date; (ii) a certificate of the Secretary or an Assistant Secretary of the Borrower, dated the date hereof and certifying (A) that attached thereto is a true and complete copy of the By-laws of the Borrower as in effect on the date of such certificate and at all times since a date prior to the date of the resolutions of such corporation described in item (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of the Borrower authorizing the execution, delivery and performance of all Loan Documents, the Borrowings by the Borrower hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate of incorporation or articles of incorporation of the Borrower have not been amended since the date of the certification thereof furnished pursuant to (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection therewith; (iii) a certificate of another officer of the Borrower as to the incumbency and specimen signature of the Secretary or such Assistant Secretary of the Borrower; and (iv) such other documents as the Banks or their counsel or Cravath, Swaine & Moore, counsel for or the Agent, may reasonably request.

(d) The Revolving Credit Commitment (as defined in the Existing Credit Agreement) of each bank under the Existing Credit Agreement shall have been terminated on the date hereof, all Revolving Credit Loans (as defined in the Existing Credit Agreement) outstanding and other amounts owed to the banks thereunder (including Term Loans (as defined in the Existing Credit Agreement) outstanding) shall have been paid in full on the date hereof.

(e) All legal matters incident to the Loan Documents, the Loans to be made on such date and the Transactions shall be satisfactory from a legal point of view to Cravath, Swaine & Moore, counsel for the Agent.

ARTICLE V

Affirmative Covenants

The Borrower covenants and agrees with each Bank that so long as this Agreement shall remain in effect or the principal of or interest on any Loan, or any Fee, or any other expenses or amounts payable under any Loan Document shall be unpaid, unless the Required Banks shall otherwise consent in writing, it will, and will cause each Subsidiary to:

SECTION 5.01. CORPORATE EXISTENCE. Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise permitted by Section 6.03.

SECTION 5.02. BUSINESSES AND PROPERTIES. At all times do or cause to be done all things necessary to obtain, preserve, renew and keep in full force and effect the rights, licenses, permits (including those required under Environmental Laws), franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its businesses; defend all the foregoing against all claims, actions, demands, suits or proceedings at law or in equity or by or before any Governmental Authority; maintain and operate such businesses in substantially the manner in which they are presently maintained and operated, subject to changes in the ordinary course of business; comply in all material respects with all laws, rules, regulations and orders, whether Federal, state, local or

foreign (including, without limitation, Environmental Laws), applicable to the operation of such businesses whether now in effect or hereafter enacted; and at all times maintain, preserve and protect all property material to the conduct of such businesses and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times in accordance with customary and prudent business practices for similar businesses.

SECTION 5.03. INSURANCE. (a) Keep its insurable properties adequately insured at all times by financially sound and reputable insurers, in the same manner and to the same extent as is customary with companies similarly situated and in the same or similar businesses, (b) maintain such other insurance, to such extent and against such risks, including fire and other risks insured against by extended coverage, as is customary with companies similarly situated and in the same or similar businesses, (c) maintain in full force and effect public liability insurance against claims for personal injury or death or property damage occurring upon, in, about or in connection with the use of any properties owned, occupied or controlled by it, in such amount as it shall reasonably deem necessary, and (d) maintain such other insurance as may be required by law or any other Loan Document or as may be reasonably requested by the Required Banks for purposes of assuring compliance with this Section 5.03.

SECTION 5.04. OBLIGATIONS AND TAXES. Pay and discharge promptly when due all Indebtedness and other obligations, including taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise, which, if unpaid, might give rise to a Lien upon such properties or any part thereof; PROVIDED, HOWEVER, that such payment and discharge shall not be required with respect to any such Indebtedness, obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower or Subsidiary shall, to the extent required by generally accepted accounting principles applied on a

consistent basis, have set aside on its books adequate reserves with respect thereto.

SECTION 5.05. FINANCIAL STATEMENTS, REPORTS, ETC. In the case of the Borrower, furnish to the Agent and each of the Banks:

(a) within 90 days after the end of each fiscal year (being December 31 in each calendar year), its consolidated balance sheets and consolidated income statements showing the financial condition of the Borrower and the Subsidiaries as of the close of such fiscal year and the results of their operations during such year and a consolidated statement of cash flows, as of the close of such fiscal year, all the foregoing financial statements to be audited by Ernst & Young or other independent certified public accountants of recognized national standing and accompanied by an opinion of such accountants (which shall not be qualified in any material respect) to the effect that such financial statements present fairly the financial condition and results of operations of such person on a consolidated basis in accordance with generally accepted accounting principles consistently applied, and to be in form reasonably acceptable to the Required Banks;

(b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, its unaudited consolidated balance sheets, consolidated income statements and consolidated statements of cash flows showing the financial condition and results of operations of the Borrower and the Subsidiaries on a consolidated basis as of the end of each such quarter and for such quarter and the then elapsed portion of the fiscal year, all certified by one of its Financial Officers as presenting fairly the financial position and results of operations of the Borrower and the Subsidiaries and as having been prepared in accordance with generally accepted accounting principles consistently applied, in each case subject to normal year-end audit adjustments;

(c) promptly after the same become publicly available, copies of such registration statements, annual, periodic and other reports, and such proxy statements and other information, as shall be filed by the Borrower or any Subsidiary with the Securities and

Exchange Commission or with any national securities exchange or, in the case of the Borrower, distributed to its shareholders;

(d) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of the accounting firm or Financial Officer opining on or certifying such statements (which certificate furnished by the independent accountants referred to in paragraph (a) above may be limited to accounting matters and disclaim responsibility for legal interpretations) (i) certifying that to the best of its or his knowledge no Event of Default or Default has occurred, (ii) in the case of a certificate of a Financial Officer of the Borrower, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (iii) setting forth the ratio of Total Indebtedness to the sum of Consolidated Tangible Net Worth plus Total Indebtedness as of the date of the balance sheet included in such financial statements;

(e) concurrently with any delivery under paragraph (a) or (b) above, a certificate of a Financial Officer of the Borrower demonstrating compliance, as of the date of the financial statements being furnished at such time, with the covenants set forth in Sections 6.06 and 6.07; and

(f) promptly, from time to time, such other information regarding the compliance by the Borrower with the terms of any Loan Document or the affairs, operations or condition (financial or otherwise) of the Borrower and the Subsidiaries as the Agent or any Bank may reasonably request.

SECTION 5.06. LITIGATION AND OTHER NOTICES. Give the Agent and each Bank prompt written notice of the following:

(a) the filing or commencement of, or notice of intention of any person to file or commence, any action, suit or proceeding against the Borrower or any Affiliate, whether at law or in equity or by or before any Governmental Authority which, if adversely determined, would result in a Material Adverse Effect;

(b) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) which is proposed to be taken with respect thereto; and

(c) any development that has resulted in, or is reasonably anticipated to result in, a Material Adverse Effect.

SECTION 5.07. ERISA. (a) Comply in all material respects with the applicable provisions of ERISA and (b) furnish to the Agent and each Bank (i) as soon as possible, and in any event within 30 days after any Responsible Officer of the Borrower or any ERISA Affiliate either knows or has reason to know that any Reportable Event has occurred that alone or together with any other Reportable Event could reasonably be expected to result in liability of the Borrower to the PBGC in an aggregate amount exceeding $3,000,000, a statement of a Financial Officer setting forth details as to such Reportable Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such Reportable Event given to the PBGC, (ii) promptly after receipt thereof, a copy of any notice the Borrower or any ERISA Affiliate may receive from the PBGC relating to the intention of the PBGC to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) or to appoint a trustee to administer any Plan or Plans, (iii) within 10 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC and (iv) promptly and in any event within 30 days after receipt thereof by the Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by the Borrower or any ERISA Affiliate concerning (A) the imposition of Withdrawal Liability or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, in each case within the meaning of Title IV of ERISA.

SECTION 5.08. MAINTAINING RECORDS; ACCESS TO PROPERTIES AND INSPECTIONS. Maintain financial records in accordance with generally accepted accounting practice and,

upon reasonable notice, at all reasonable times and as often as any Bank may reasonably request, permit any authorized representative designated by such Bank to visit and inspect the properties and financial records of the Borrower or any Subsidiary, and to make extracts from such financial records and permit any authorized representative designated by such Bank to discuss the affairs, finances and condition of the Borrower or any Subsidiary with the officers thereof and its independent public accountants.

SECTION 5.09. USE OF PROCEEDS. Use the proceeds of the Loans only for the purposes set forth in Section 3.15.

ARTICLE VI

Negative Covenants

The Borrower covenants and agrees with each Bank that, so long as this Agreement shall remain in effect, or the principal of or interest on any Loan, or any Fees, expense or amount payable hereunder shall be unpaid, unless the Required Banks shall otherwise consent in writing, the Borrower will not, and it will not cause or permit any Subsidiary to, either directly or indirectly:

SECTION 6.01. LIENS. Create, incur, assume or permit to exist any Lien on any property or assets (including, without limitation, stock of any direct or indirect subsidiary, but not including any shares of capital stock of the Borrower held as treasury stock) now owned or hereafter acquired by it or on any income or rights in respect of any thereof, except:

(a) any Lien or privilege vested in any lessor, licensor or permittor for rent or royalties to become due or for other obligations or acts to be performed, the payment of which rent or royalties to become due or the performance of which other obligations or acts is required under leases, sub-leases, licenses or permits, so long as the payment of such rent or royalties or the performance of such other obligation or act is not delinquent;

(b) pledges and deposits made in the ordinary course of

business in connection with workmen's compensation, unemployment insurance, old-age pensions

and other social security benefits and Voluntary Employee Benefit Act Trusts established pursuant to collective bargaining agreements;

(c) deposits to secure the performance of bids, tenders, leases (other than Capital Lease Obligations), trade contracts (other than for Indebtedness), statutory obligations, surety, customs and appeal bonds and other obligations of like nature, incurred as an incident to and in the ordinary course of business;

(d) Liens imposed by law, such as carriers', warehousemen's, mechanics', materialmen's, repairmen's, vendors' or other like Liens arising in the ordinary course of business and securing obligations which are not yet due or which are being contested in compliance with Section 5.04;

(e) Liens securing the payment of taxes, assessments and governmental charges or levies, either not yet due or which are being contested in compliance with Section 5.04;

(f) zoning restrictions, easements, rights-of-way, restrictions on the use of property or other similar minor irregularities of title or encumbrances, which, in the aggregate, are not substantial in amount, and which do not in any case materially detract from the value of the property subject thereto or interfere with the ordinary conduct of the business of the Borrower or Subsidiary;

(g) any Lien on property or assets existing at or prior to the time such property is acquired by the Borrower or Subsidiary; PROVIDED, in each case, that (i) such Liens were not created in contemplation of or in connection with such acquisition by such person and (ii) such Lien shall not apply to any other property of the Borrower or Subsidiary;

(h) purchase money security interests in property hereafter acquired by the Borrower or any Subsidiary; PROVIDED that (i) such security interests were incurred, and the Indebtedness secured thereby was created, substantially simultaneously with the acquisition of such property by the Borrower or such Subsidiary, (ii) the Indebtedness secured thereby does not exceed the lesser of the cost or fair market value

of such property at the time of acquisition and (iii) such purchase money security interests shall not apply to any other property of the Borrower or such Subsidiary;

(i) any Lien in any mining lease or in any direct or indirect ownership interest in mining properties or in any stock or securities of or partnership interest in or advance to or contractual rights against any entity formed to engage in mining operations, provided that the Borrower or a Subsidiary either owns an equity interest in or acts as manager of such entity, created in connection with the financing or joint ownership arrangements of such entity;

(j) Liens on property or assets of the Borrower and its Subsidiaries existing on the date hereof and set forth on Schedule 6.01, PROVIDED that such Liens shall secure only those obligations which they secure on the date hereof;

(k) extensions, renewals and replacements of Liens referred to in paragraphs (a) through (j) of this Section 6.01, but only to the extent that no Event of Default shall have occurred or be continuing at the time of any such extension, renewal or replacement; PROVIDED that any such extension, renewal or replacement Lien shall be limited to the property or assets covered by the Lien extended, renewed or replaced and that the obligations secured by any such extension, renewal or replacement Lien shall be in an amount not greater than the amount of the obligations secured by the Lien extended, renewed or replaced; and

(l) Liens securing Indebtedness of the Borrower otherwise prohibited by this Section 6.01, but only to the extent that (A) no Event of Default shall have occurred or be continuing at the time such Indebtedness is incurred and such Lien is created, incurred or assumed and (B) the aggregate amount of (1) all Indebtedness secured by Liens permitted under this clause (1) and (2) all Attributable Debt of the Borrower and the Subsidiaries does not exceed 15% of Consolidated Tangible Net Worth.

SECTION 6.02. SALE AND LEASEBACK TRANSACTIONS. Enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real

or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred (a "Sale and Leaseback Transaction"); PROVIDED that the Borrower or a Subsidiary may enter into any Sale and Leaseback Transaction if (a) at the time of such Transaction no Event of Default shall have occurred and be continuing, and (b) the aggregate amount of (i) all Indebtedness secured by Liens permitted under clause (1) of Section 6.01 and (ii) all Attributable Debt of the Borrower and the Subsidiaries does not exceed 15% of Consolidated Tangible Net Worth.

SECTION 6.03. MERGERS AND ACQUISITIONS. Acquire all or a substantial part of the capital stock or assets of any other person (whether in one transaction or a series of transactions), or merge or consolidate with or into any other person or take any other action having a similar effect; PROVIDED, HOWEVER, that, so long as no Event of Default (other than an Event of Default that would, but for this proviso, arise solely under this Section 6.03) and no Default (other than a Default that would, but for this proviso, become an Event of Default solely under this Section 6.03) shall have occurred and be continuing, both before and after giving effect thereto, this provision shall not prohibit (i) any such merger or acquisition in which the surviving entity is the Borrower or a Subsidiary or (ii) any such merger, consolidation or other action having a similar effect, by a Subsidiary in which the Subsidiary is not the surviving entity, which would not result in the violation of the covenants set forth in Section 6.04 below. The Borrower shall furnish to the Agent and each of the Banks upon the consummation of a transaction under the proviso of this Section 6.03, a certificate of a Financial Officer of the Borrower demonstrating compliance, as of the date of the consummation of such transaction but after giving effect to such transaction, with the covenants set forth in Sections 6.06 and 6.07.

SECTION 6.04. DISPOSITION OF ASSETS. Sell, lease, transfer, assign or otherwise dispose of (including any of the foregoing effected by means of a merger, consolidation or other action having a similar effect by a Subsidiary, it being agreed that any merger, consolidation or other action having a similar effect by a Subsidiary shall be deemed to constitute a sale of such Subsidiary by the owners of the capital stock of such Subsidiary) all or a

substantial part (defined to be in excess of 10% of consolidated total assets as determined in accordance with generally accepted accounting principles) of the assets of the Borrower and its Subsidiaries (other than: in the ordinary course of business; in a transaction described in clause (i) of the PROVISO to Section 6.03 above; non-cash trades of mining partnership interests in accordance with past practices; any other dividend or distribution, including regular quarterly cash dividend payments, made to the shareholders of the Borrower; or any issuance or sale by the Borrower of its capital stock, or of rights or options to acquire such capital stock, including any capital stock now or hereafter held by the Borrower as treasury shares) in any given fiscal year and provided that such disposition of substantial assets on a cumulative basis from the date of this Agreement shall not exceed 25% of consolidated total assets as of the end of the fiscal quarter preceding each sale, except that: (x) any Subsidiary, other than the Borrower, may sell, lease, transfer, assign or otherwise dispose of its assets to the Borrower or any other Subsidiary; and (y) the Borrower or any Subsidiary may sell, lease, transfer, assign or otherwise dispose of assets (provided that any transfer of assets of the Borrower directly held or owned by the Borrower to a Subsidiary, other than advances of funds by the Borrower to its Subsidiaries, must be for consideration (and not merely as a contribution to capital) and must comply with Section 6.08) in excess of the limitations set forth above if the proceeds of such dispositions are (i) used to purchase other property of a similar

nature of at least equivalent value within one year of such sale; or (ii) used to prepay Senior Debt; PROVIDED, that at least the Applicable Percentage of any proceeds applied pursuant to the foregoing clause (ii) will be applied to prepay Loans under the Agreement (to the extent such Loans are outstanding), and the Commitments (to the extent they remain in effect) shall be permanently reduced by an amount equal to the Adjusted Applicable Percentage of such proceeds. For purposes of the foregoing, "Applicable Percentage" shall mean a fraction (expressed as a percentage) calculated prior, and without giving effect, to any prepayments made or to be made out of such proceeds, of which (A) the numerator shall be the aggregate principal amount of the Loans then outstanding hereunder and (B) the denominator shall be the aggregate principal amount of all Senior Debt then outstanding, and "Adjusted Applicable Percentage" shall mean a fraction (expressed as a percentage) calculated prior, and without giving effect, to any prepayments made or to be made out of such proceeds, of

which (C) the numerator shall be the sum of (1) the aggregate principal amount of the Loans outstanding hereunder and (2) the aggregate amount by which the Commitments exceed such outstanding Loans and (D) the denominator shall be the sum of (x) the amounts referred to in clause (2) of the preceding clause (C) and (y) the aggregate principal amount of all Senior Debt then outstanding; PROVIDED, that if the aggregate Commitments in effect at such time do not exceed the aggregate principal amount of the Loans then outstanding, the Adjusted Applicable Percentage shall be equal to the Applicable Percentage.

SECTION 6.05. LINE OF BUSINESS. Engage in any business activities or operations substantially different from and not reasonably related to its current activities and operations.

SECTION 6.06. CONSOLIDATED TANGIBLE NET WORTH. Permit Consolidated Tangible Net Worth to be less at any time than (a) during the fiscal year ending December 31, 1994, $250,000,000 or (b) during any subsequent fiscal year, an amount equal to (i) the Consolidated Tangible Net Worth required to be maintained under this Section during the immediately preceding fiscal year plus (ii) 50% of Consolidated Net Income, if positive, for such immediately preceding fiscal year and any loss shall not reduce any other amount added for any fiscal year.

SECTION 6.07. RATIOS. (a) Permit the ratio of Total Indebtedness to the sum of (i) Consolidated Tangible Net Worth plus (ii) Total Indebtedness at any time to exceed .45:1.0.

(b) Permit the ratio of (i) the sum of (A) the aggregate principal amount of all Indebtedness of Subsidiaries (excluding any Indebtedness described in Schedule 6.07 and otherwise existing on the date hereof in an aggregate amount not to exceed $30,000,000 and (B) the aggregate principal amount of all Indebtedness secured by Liens permitted under 6.01(l) to (ii) Consolidated Tangible Net Worth at any time to exceed .20:1.0.

SECTION 6.08. TRANSACTIONS WITH AFFILIATES. Sell or transfer any assets to, or purchase or acquire any assets of, or otherwise engage in any other material transactions with, any of its Affiliates, except at prices not less favorable to the Borrower (or any Subsidiary, in any

transaction involving such Subsidiary and any Affiliate that is not also a Subsidiary of the Borrower) than fair market prices and on terms and conditions not less favorable to the Borrower (or any Subsidiary, in any transaction involving such Subsidiary and any Affiliate that is not also a Subsidiary of the Borrower) than could be reasonably obtained on an arm's-length basis from unrelated third parties; PROVIDED, that any such transaction with Affiliates shall be assessed in light of, and taking into consideration, all related transactions with the relevant Affiliate or Affiliates (including its or their Affiliates).

SECTION 6.09. FISCAL YEAR; ACCOUNTING. Change its fiscal year or method of accounting (other than immaterial changes in methods), except as required or permitted by generally accepted accounting principles; provided that any such voluntary change shall not substantially affect compliance with Sections 6.06 and 6.07.

ARTICLE VII

Defaults

In case of the happening of any of the following events ("Events of Default"):

(a) any representation or warranty made, or deemed made, in or in connection with any Loan Document or the Borrowings hereunder, or in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document or the Borrowings hereunder shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise when and as the same shall become due and payable;

(c) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in (b) above) due under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such

default shall continue unremedied for a period equal to the longer of (i) three days and (ii) two Business Days;

(d) default shall be made in the due observance of any covenant, condition or agreement contained in Section 5.06 or Article VI;

(e) default shall be made in the due observance or performance of any other covenant, condition or agreement to be observed or performed on the part of the Borrower or any Subsidiary pursuant to the terms of this Agreement or any other Loan Document (other than those specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of 20 days after notice thereof from any Bank to the Borrower;

(f) the Borrower or any Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to controvert in a timely and appropriate manner, any proceeding or the filing of any petition referred to in (h) below, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Subsidiary or for a substantial part of its property or assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, or admit in writing its inability, or fail generally, to pay its debts as they become due or (vii) take any corporate action for the purpose of effecting any of the foregoing;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of the Borrower or any Subsidiary or of a substantial part of any of its property or assets, under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar

official for the Borrower or any Subsidiary or for a substantial part of the property or assets of the Borrower or a Subsidiary or (iii) the winding up or liquidation of the Borrower or any Subsidiary; and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) the Borrower or any Subsidiary (i) shall fail to pay any amount of principal of or interest on any of its Indebtedness in a

principal amount in excess of $1,000,000, when and as the same shall become due and payable, or (ii) shall fail to observe or perform any term, covenant or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness, if the effect thereof is to cause or to permit the holder or obligee of any such Indebtedness (or any trustee on behalf of such holder or obligee) to cause (with or without notice or lapse of time or both), such Indebtedness to become due prior to its stated maturity;

(i) a Reportable Event or Reportable Events or a failure to make a required installment or other payment (within the meaning of Section 412(n)(1) of the Code) shall have occurred with respect to any Plan or Plans that results in or reasonably could be expected to result in liabilities of the Borrower and the Subsidiaries to the PBGC or to a Plan or Plans in an aggregate amount in excess of $3,000,000 and, within 30 days after the reporting of such Reportable Event or Reportable Events to the Agent or after receipt by the Agent of the statement required pursuant to Section 5.07(b)(iii) hereof, the Agent shall have notified the Borrower in writing that (i) the Required Banks have made a determination that, on the basis of such Reportable Event or Reportable Events or the failure to make a required payment, there are reasonable grounds for (A) termination of such Plan or Plans by the PBGC, (B) the appointment by the appropriate United States District Court of a trustee to administer such Plan or Plans or (C) the imposition of a lien in favor of the Plan or Plans and (ii) as a result of such determination, an Event of Default exists hereunder; or the PBGC shall have instituted proceedings to terminate any Plan or Plans, or a trustee shall have been appointed by a United States District Court to administer any Plan or Plans;

(j) (i) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) the Borrower or such ERISA Affiliate does not have reasonable grounds for contesting such Withdrawal Liability or is not in fact contesting such Withdrawal Liability in a timely and appropriate manner and (iii) the amount of such Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), exceeds $5,000,000 or requires payments exceeding $2,500,000 in any year;

(k) the Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of the Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding $2,500,000;

(l) (i) one or more judgments for the payment of money in an aggregate amount in excess of $1,000,000 (exclusive of amounts paid or covered by insurance to the satisfaction of the Required Banks) shall be rendered by a court or other tribunal against the Borrower or (ii) one or more judgments for the payment of money with respect to which the aggregate amount of the Borrower's or any Subsidiary's share (calculated by multiplying the aggregate percentage interest of the Borrower and the Subsidiaries in the entity or entities against which such judgment or judgments are rendered by the aggregate amount of such judgment or judgments) is in excess of $1,000,000 (exclusive of amounts paid or covered by insurance to the satisfaction of the Required Banks), and in each case the same shall remain undischarged for a period of 60 consecutive days during which execution of any such judgment shall not have been effectively stayed, or any action is legally taken by a judgment creditor to levy upon any such judgment;

(m) any of the Loan Documents shall cease to be, or shall be asserted by the Borrower not to be, a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms;

or

(n) there shall have occurred a Change in the Control of the Borrower;

then, and in any such event (other than an event with respect to the Borrower described in paragraph (f) or (g) above), and at any time thereafter during the continuance of such event, the Agent may, and upon the written request of the Required Banks shall, by notice to the Borrower, take either or both of the following actions at the same or different times: (i) terminate forthwith the Commitments of the Banks, and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans, together with accrued interest thereon and any unpaid accrued Fees in respect thereof, and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable both as to principal and interest, without presentment, demand, protest or any other notice of any kind, including, without limitation, notice of intent to accelerate or notice of acceleration, all of which are hereby expressly waived by the Borrower, anything contained herein or in any Note to the contrary notwithstanding; and in any event with respect to the Borrower described in paragraph (f) or (g) above, the Commitments of the Banks shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued fees and all other liabilities of the Borrower accrued hereunder and under any other Loan document, shall automatically become due and payable, all without presentment, demand, protest or other notice of any kind, including, without limitation, notice of intent to accelerate or notice of acceleration, all of which are hereby expressly waived by the Borrower, anything contained in any Loan Document to the contrary notwithstanding.

ARTICLE VIII

The Agent

In order to expedite the transactions contemplated by this Agreement, Chemical Bank is hereby appointed to act as Agent on behalf of the Banks. Each of the Banks, and

each subsequent holder of any Note by its acceptance thereof, hereby irrevocably authorizes the Agent to take such actions on behalf of such Bank or holder and to exercise such powers as are specifically delegated to the Agent by the terms and provisions hereof and of the other Loan Documents, together with such actions and powers as are reasonably incidental thereto. The Agent is hereby expressly authorized by the Banks, without hereby limiting any implied authority, (a) to receive on behalf of the Banks all payments of principal of and interest on the Loans and all other amounts due to the Banks hereunder, and promptly to distribute to each Bank its proper share of each payment so received; (b) to give notice on behalf of each of the Banks to the Borrower of any Event of Default specified in this Agreement of which the Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Bank copies of all notices, financial statements and other materials delivered by the Borrower pursuant to this Agreement as received by the Agent.

Neither the Agent nor any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or wilful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by the Borrower of any of the terms, conditions, covenants or agreements contained in any Loan Document. The Agent shall not be responsible to the Banks or the holders of the Notes for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement, the Notes or any other Loan Documents or other instruments or agreements. The Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof until it shall have received from the payee of such Note notice, given as provided herein, of the transfer thereof in compliance with Section 9.04. The Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Banks and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant thereto shall be binding on all the Banks and each subsequent holder of any Note. The Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by

the proper person or persons. Neither the Agent (in its capacity as such) nor any of its directors, officers, employees or agents shall have any responsibility to the Borrower on account of the failure of or delay in performance or breach by any Bank of any of its obligations hereunder or to any Bank on account of the failure of or delay in performance or breach by any other Bank or the Borrower of any of their respective obligations hereunder or under any other Loan Document or in connection herewith or therewith. The Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Banks hereby acknowledge that the Agent shall be under no duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Banks.

Subject to the appointment and acceptance of a successor Agent as provided below, the Agent may resign at any time by notifying the Banks and the Borrower. Upon any such resignation, the Required Banks shall have the right to appoint a successor. If no successor shall have been so appointed by the Required Banks and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Banks, appoint a successor Agent which shall be a bank organized in the United States having a combined capital and surplus of at least $500,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations hereunder. After the Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

With respect to the Loans made by it hereunder and the Notes issued to it, the Agent in its individual capacity and not as Agent shall have the same rights and powers as any other Bank and may exercise the same as though it were not the Agent, and the Agent and its Affiliates may accept

deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Agent.

Each Bank agrees (i) to reimburse the Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any expenses incurred for the benefit of the Banks by the Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Banks, which shall not have been reimbursed by the Borrower and (ii) to indemnify and hold harmless the Agent and any of its directors, officers, employees or agents, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as the Agent or any of them in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by it or any of them under this Agreement or any other Loan Document, to the extent the same shall not have been reimbursed by the Borrower; PROVIDED that no Bank shall be liable to the Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of the Agent or any of its directors, officers, employees or agents.

Each Bank acknowledges that it has, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Bank also acknowledges that it will, independently and without reliance upon the Agent or any other Bank and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

ARTICLE IX

Miscellaneous

SECTION 9.01. NOTICES. Notices and other communications provided for herein shall be in writing and shall be delivered or mailed (or in the case of telegraphic communication, delivered by telex, telecopier, graphic scanning or other telegraphic communications equipment) addressed,

(a) if to the Borrower, at Cleveland-Cliffs Inc, 18th Floor-Diamond Building, 1100 Superior Ave., Cleveland, Ohio 44114-2589;
Attention of Secretary
Telecopy No.: (216) 694-6741
Confirm: (216) 694-5473

(b) if to the Agent, at Chemical Bank, 270 Park Avenue, New York, New York 10017;
Attention of Rohan Paul
Telecopy No.: (212) 270-2555
Confirm: (212) 270-7665

(c) if to any Bank, at its address set forth in Schedule 2.01.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telex, telecopy or other telegraphic communications equipment of the sender, or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01.

SECTION 9.02. SURVIVAL OF AGREEMENT. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments prepared or delivered in connection with this Agreement or any other Loan Document shall be considered to have been relied upon by the Banks and shall survive the making by the Banks of Loans, the execution and delivery to the Banks of the Notes evidencing such Loans, regardless of any investigation made by the Banks or on their behalf, and

shall continue in full force and effect as long as the principal of or any accrued interest on any Loan, or any Fee or amount payable under this Agreement or any other Loan Document is outstanding and unpaid, and so long as the Commitments have not been terminated.

SECTION 9.03. BINDING EFFECT. This Agreement shall become effective when it shall have been executed by the Borrower and the Agent and when the Agent shall have received copies hereof which, when taken together, bear the signatures of each Bank, and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Bank and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior consent of all the Banks and the Banks may assign their rights hereunder or interests herein only in compliance with Section 9.04.

SECTION 9.04. SUCCESSORS AND ASSIGNS. (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower, the Agent or the Banks that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(b) Each Bank may assign to one or more assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it and the Notes held by it); PROVIDED, HOWEVER, that (i) except in the case of an assignment to a Bank or an Affiliate of such Bank (other than if at the time of such assignment, such Bank or Affiliate would be entitled to require the Borrower to pay greater amounts under Section 2.11, 2.12, or 2.17(a), (b) or (c) than if no such assignment had occurred, in which case such assignment shall be subject to the consent requirement of this clause (i)), the Borrower and the Agent must give their prior written consent to such assignment (which consent shall not be unreasonably withheld); PROVIDED, that if such assignment may, as of the date of such assignment, result in an increase in the amount of

any payment required to be made by the Borrower pursuant to Section 2.11, 2.12 or 2.17(a), (b) or (c) over the amount of such payments that would have been required had such assignment not occurred then, unless the Borrower's written consent to such

assignment specifically contains the Borrower's consent to pay such increased amounts existing on the date of such assignment, such assignee shall be deemed to have irrevocably waived its right to receive, and the Borrower's obligation to pay, any such increased amounts, (ii) each such assignment shall be of a constant, and not a varying, percentage of all the assigning Bank's rights and obligations under this Agreement, (iii) the amount of the Commitment of the assigning Bank subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Agent) shall not be less than $5,000,000, (iv) the parties to each such assignment shall execute and deliver to the Agent an Assignment and Acceptance, together with the Note or Notes subject to such assignment and a processing and recordation fee of $2,500 and (v) the assignee, if it shall not be a Bank, shall deliver to the Agent an Administrative Questionnaire. Upon acceptance and recording pursuant to paragraph (e) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, which effective date shall be at least five Business Days after the execution thereof, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Bank under this Agreement and (B) the assigning Bank thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Bank's rights and obligations under this Agreement, such Bank shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.11, 2.13, 2.17 and 9.05, as well as to any Fees accrued for its account and not yet paid, to the extent such Fees have not been assigned).

(c) By executing and delivering an Assignment and Acceptance, the assigning Bank thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Bank warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Commitment, and the outstanding balances of its Revolving Credit Loans without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Bank makes no representation or warranty and

assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto, or the financial condition of the Borrower or any Subsidiary or the performance or observance by the Borrower or any Subsidiary of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.05 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Agent, such assigning Bank or any other Bank and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Bank.

(d) The Agent shall maintain a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Banks, and the Commitment of, and principal amount of the Loans owing to, each Bank pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error and the Borrower, the Agent and the Banks may treat each person

whose name is recorded in the Register pursuant to the terms hereof as a Bank hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower and any Bank, at any reasonable time and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Bank and

an assignee together with the Note or Notes subject to such assignment, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Bank hereunder), the processing and recordation fee referred to in paragraph (b) above and, if required, the written consent of the Borrower and the Agent to such assignment, the Agent shall (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Banks. Within five Business Days after receipt of notice, the Borrower, at its own expense, shall execute and deliver to the Agent, in exchange for the surrendered Note or Notes, a new Note or Notes to the order of such assignee in a principal amount equal to the applicable Commitment assumed by it pursuant to such Assignment and Acceptance and, if the assigning Bank has retained a Commitment, a new Note to the order of such assigning Bank in a principal amount equal to the applicable Commitment retained by it. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note; such new Notes shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit A hereto. Canceled Notes shall be returned to the Borrower.

(f) Each Bank may without the consent of the Borrower or the Agent sell participations to one or more banks or other entities in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it and the Notes held by it); PROVIDED, HOWEVER, that (i) such Bank's obligations under this Agreement shall remain unchanged, (ii) such Bank shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other entities shall be entitled to the benefit of the cost protection provisions contained in Sections 2.13, 2.15 and 2.19 to the same extent as if they were Banks (provided that additional amounts payable to any Bank pursuant to Sections 2.13, 2.14 and 2.19 shall be determined as if such Bank had not sold any participations) and (iv) the Borrower, the Agent and the other Banks shall continue to deal solely and directly with such Bank in connection with such Bank's rights and obligations under this Agreement, and such Bank shall retain the sole right to enforce the obligations of the Borrower relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing

any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loans, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans or changing or extending the Commitments).

(g) Any Bank or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Bank by or on behalf of the Borrower; PROVIDED that, prior to any such disclosure of information, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information.

(h) Any Bank may at any time assign all or any portion of its rights under this Agreement and the Notes issued to it to a Federal Reserve Bank; PROVIDED that no such assignment shall release a Bank from any of its obligations hereunder.

(i) The Borrower shall not assign or delegate any of its rights or duties hereunder.

(j) Except as expressly provided otherwise herein, the costs and expenses associated with any assignment or participation shall be solely for the account of the assigning or participating Bank and/or the assignee or participant, and such parties also shall be solely responsible for effecting such assignment or such sale of a participation in compliance with all

applicable requirements of any laws, rules or regulations.

SECTION 9.05. EXPENSES OF THE AGENT AND THE BANKS; INDEMNITY. (a) The Borrower agrees to pay all out-of-pocket expenses incurred by the Agent in connection with any amendments, modifications or waivers of the provisions of any Loan Document (whether or not the transactions hereby contemplated shall be consummated), including the reasonable fees and disbursements of Cravath, Swaine & Moore, counsel for the Agent, in connection with the preparation of this Agreement and the other Loan Documents, and any expenses incurred by the Agent or any Bank in connection with the enforcement or protection of its rights in connection with

this Agreement, the other Loan Documents, or the Loans made or the Notes issued hereunder or in connection with any pending or threatened action, proceeding or investigation relating thereto, and in connection with any enforcement or protection, the reasonable fees and disbursements of Cravath Swaine & Moore, counsel for the Agent, and any other counsel for the Agent or any Bank. The Borrower further agrees that it shall indemnify the Agent and each Bank from and hold it harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of any of the Loan Documents.

(b) The Borrower agrees to indemnify each Bank and the Agent and their respective directors, officers, employees, agents and affiliates (each an "Indemnified Party") against, and to hold each such Indemnified Party harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees and expenses (including the allocated fees of inside counsel), incurred by or asserted against such Indemnified Party arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement, any other Loan Document or any other document contemplated hereby or thereby, the performance by the parties hereto and thereto of their respective obligations hereunder and thereunder (including but not limited to the making of the Commitments) and consummation of the Transactions and the other transactions contemplated hereby and thereby, (ii) the use of proceeds of the Loans or (iii) any claim, litigation, investigation or proceedings relating to any of the foregoing, whether or not such Indemnified Party is a party thereto; PROVIDED, HOWEVER, that: (i) such indemnity shall not, as to any Indemnified Party, apply to any such losses, claims, damages, liabilities or related expenses arising from (A) any unexcused breach by such Indemnified Party of any of its obligations under this Agreement or (B) the gross negligence or willful misconduct of such Indemnified Party; (ii) the Borrower shall not be liable for any settlement effected by an Indemnified Party without the Borrower's prior consent (which shall not be unreasonably withheld); and (iii) the Borrower shall have the right to participate in the defense of any proceeding for which indemnification shall be sought.

(c) The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement or any other Loan Document, the consummation of the transactions

contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document or any investigation made by or on behalf of the Agent or the Banks. All amounts due under this Section 9.05 shall be payable on written demand therefor.

SECTION 9.06. RIGHT OF SETOFF. If an Event of Default shall have occurred and be continuing, each Bank is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement and other Loan Documents held by such Bank, irrespective of whether or not such Bank shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Bank under this Section are in addition to other rights and remedies (including other rights of setoff) which such Bank may have.

SECTION 9.07. APPLICABLE LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS

OF THE STATE OF NEW YORK.

SECTION 9.08. PAYMENTS ON BUSINESS DAYS. Should the principal of or interest on the Notes, or any fee or other amount payable hereunder become due and payable on other than a Business Day, payment in respect thereof may be made on the next succeeding Business Day, and such extension of time shall in such case be included in computing interest, if any, in connection with such payment.

SECTION 9.09. WAIVERS; AMENDMENT. (a) No failure or delay of the Agent or any Bank in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Agent and the Banks hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any

departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Banks; PROVIDED, HOWEVER, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each holder of a Note affected thereby, (ii) change or extend the Commitment or decrease the Commitment Fees of any Bank without the prior written consent of the Banks, or (iii) amend or modify the provisions of Section 2.14, the provisions of this Section or the definition of "Required Banks", without the prior written consent of each Bank; PROVIDED FURTHER that no such agreement shall amend, modify or otherwise affect the rights or duties of the Agent hereunder without the prior written consent of the Agent. Each Bank and each holder of a Note shall be bound by any waiver, amendment or modification authorized by this Section regardless of whether its Note shall have been marked to make reference thereto, and any consent by any Bank or holder of a Note pursuant to this Section shall bind any person subsequently acquiring a Note from it, whether or not such Note shall have been so marked.

SECTION 9.10. INTEREST RATE LIMITATION. Notwithstanding anything herein or in the Notes to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Bank, shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by such Bank in accordance with applicable law, the rate of interest payable under the Note held by such Bank, together with all

Charges payable to such Bank, shall be limited to the Maximum Rate.

SECTION 9.11. WAIVER OF JURY TRIAL. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement or any of the other Loan Documents. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement and the other Loan Documents, as applicable, by, among other things, the mutual waivers and certifications in this Section 9.11.

SECTION 9.12. SEVERABILITY. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should

be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 9.13. ENTIRE AGREEMENT. Except as otherwise expressly provided herein or in the other Loan Documents, (i) this Agreement and the other Loan Documents constitute the entire contract between the parties relative to the subject matter hereof, (ii) any previous agreement among the parties with respect to the Transactions is superseded by this Agreement and the other Loan Documents and (iii) nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party, other than the parties hereto or thereto, any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

SECTION 9.14. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective when copies hereof which, when taken together,

bear the signatures of each of the parties hereto shall have been received by the Agent.

SECTION 9.15. HEADINGS. Article and Section headings and the Table of Contents used herein are for convenience of reference only and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

IN WITNESS WHEREOF, the Borrower, the Agent and the Banks have caused this Agreement to be duly executed by their duly authorized officers, all as of the day and year first above written.

CLEVELAND-CLIFFS INC,

by /s/ Cynthia B. Bezik

Name: Cynthia B. Bezik
Title: Treasurer and Director
Financial Planning

CHEMICAL BANK, individually
and as Agent,

by /s/ Theodore L. Parker

Name: Theodore L. Parker
Title: Vice President

NBD BANK,

by /s/ Winifred S. Pinet

Name: Winifred S. Pinet
Title: Vice President

NATIONAL CITY BANK,

by /s/ Terry A. Wolford

Name: Terry A. Wolford
Title: Vice President

PNC BANK, NATIONAL ASSOCIATION,

by /s/ Joseph G. Moran

Name: Joseph G. Moran
Title: Vice President

THE HUNTINGTON NATIONAL BANK,

by /s/ Timothy M. Ward

Name: Timothy M. Ward
Title: Assistant Vice President

SOCIETY NATIONAL BANK,

by /s/ William J. Kysela

Name: William J. Kysela
Title: Vice President

[6700-089(RM1)/CR01.CNF/7N/4334/9M]

EXHIBIT A

[FORM OF]

NOTE

$_____
New York, New York

[ ], 1995

FOR VALUE RECEIVED, the undersigned, CLEVELAND-CLIFFS INC, an Ohio corporation (the "Borrower"), hereby promises to pay to the order of _____ (the "Bank"), at the office of Chemical Bank (the "Agent"), at 270 Park Avenue, New York, New York 10017 (or any other office designated in a notice from the Agent to the Borrower), (i) on the last day of each Interest Period, as defined in the Credit Agreement dated as of [ ], 1995 (the "Credit Agreement"), among the Borrower, the Banks named therein and the Agent, the aggregate unpaid principal amount of all Loans (as defined in the Credit Agreement) made to the Borrower by the Bank pursuant to the Credit Agreement to which such Interest Period applies and (ii) on the Maturity Date (as defined in the Credit Agreement) the lesser of the principal sum of _____ Dollars ($_____) and the aggregate unpaid principal amount of all Loans made to the Borrower by the Bank pursuant to the Credit Agreement, in lawful money of the United States of America in immediately available funds, and to pay interest from the date hereof on the principal amount hereof from time to time outstanding, in like funds, at said office, at the rate or rates per annum and payable on the dates provided in the Credit Agreement.

The Borrower promises to pay interest, on demand, on any overdue principal and, to the extent permitted by law, overdue interest from their due dates at the rate or rates provided in the Credit Agreement.

The Borrower hereby waives diligence, presentment, demand, protest and notice of any kind whatsoever. The

nonexercise by the holder of any of its rights hereunder in any particular instance shall not constitute a waiver thereof in that or any subsequent instance.

All borrowings evidenced by this Note and all payments and prepayments of the principal hereof and interest hereon and the respective dates and maturity dates thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; PROVIDED, HOWEVER, that the failure of the holder hereof to make such a notation or any error in such a notation shall not affect the obligations of the Borrower under this Note.

This Note is one of the Notes referred to in the Credit Agreement, which, among other things, contains provisions for the acceleration

of the maturity hereof upon the happening of certain events, for optional and mandatory prepayment of the principal hereof prior to the maturity hereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified. This Note shall be construed in accordance with and governed by the laws of the State of New York and any applicable laws of the United States of America.

CLEVELAND-CLIFFS INC,

by _____
Name:
Title:

[6700-089(RM2)/EXHA.WPF/7N/4334/9M]

Loans and Payments

<TABLE>
<CAPTION>

Loans and Payments

Person Date Notation	Amount and Type of Loan	Maturity Date	Payments Principal Interest	Unpaid Principal Balance of Note	Name of Making
<S>	<C>	<C>	<C>	<C>	<C>

</TABLE>

[6700-089(RM2)/EXHA.WPF/7N/4334/9M]

SCHEDULE 2.01

Commitments

<TABLE>
<CAPTION>

Name and Address of Bank	Commitment
<S>	<C>
CHEMICAL BANK 270 Park Avenue New York, New York 10017 Attention of: Rohan Paul Telephone: (212) 270-7665 Facsimile: (212) 270-2555	$ 24,000,000
NBD BANK 611 Woodward Avenue Detroit, Michigan 48226 Attention of: Winifred S. Pinet Telephone: (313) 225-1313 Facsimile: (313) 225-1671	$ 20,000,000
SOCIETY NATIONAL BANK Mail Code: OHO1270606 127 Public Square Cleveland, Ohio 44114-1306 Attention of: William J. Kysela Telephone: (216) 689-5654 Facsimile: (216) 689-4981	$ 20,000,000
PNC BANK, NATIONAL ASSOCIATION One Cleveland Center 1375 East Ninth Street, Suite 1250 Cleveland, Ohio 44114 Attention of: James A. Wiehe Telephone: (216) 348-8590 Facsimile: (216) 348-8594	$ 12,000,000
HUNTINGTON NATIONAL BANK Department Code CM31 917 Euclid Avenue Cleveland, Ohio 44115 Attention of: Frank B. Gollinger	$ 12,000,000

Telephone: (216) 344-6313
Facsimile: (216) 344-6821

NATIONAL CITY BANK 1900 East Ninth Street, 10th Floor Cleveland, Ohio 44114 Attention: David R. Evans Telephone: (216) 575-2356 Facsimile: (216) 575-9396	$ 12,000,000
Total	$100,000,000

</TABLE>

[6700-089(RM1)/S201.WPF/29N/4334/9M]

CLEVELAND-CLIFFS INC AND SUBSIDIARIES

MANAGEMENT PERFORMANCE INCENTIVE PLAN

SUMMARY

Effective January 1, 1994

1. The Management Performance Incentive Plan ("MPI Plan") provides a significant financial incentive for designated management employees of Cleveland-Cliffs Inc and subsidiaries (the "Company") to maximize Company, unit, and personal performance in achieving current results and longer range objectives. The Plan is designed to place a significant portion of annual compensation at risk with performance and to provide above average total compensation for outstanding performance.

2. The MPI Plan is administered by Cleveland-Cliffs Inc's Compensation and Organization Committee ("Committee") which is composed of non-employee Directors, none of whom are eligible to participate in the Plan.

3. Participants in the Plan are officers and salaried employees in designated management positions. The number of designated management positions is controlled through the salaried position classification process to maintain an efficient ratio of management to non-management employees.

4. Each position is classified in a salary grade based on a study of national compensation data and internal organizational relationships. Position classifications are periodically reviewed to maintain a compensation level which is competitive with similar positions in similar companies. The general objective is to establish salary grades based on the 50th percentile of survey data.

5. The study of national compensation data includes determination of typical performance bonus payments for management positions at various responsibility levels. This data is used to determine a competitive percentage "target bonus" based upon the salary range midpoint. All jobs in a salary grade have the same target bonus. The percentage targets may be revised periodically according to survey data.

6. The Chief Executive Officer ("CEO") approves the classification, salary range, and percentage target bonus for all management positions except officer positions of Secretary rank and higher which are approved by the Committee. The Committee is provided a list of all position classifications, salary ranges and target bonuses annually.

7. In January, after consulting with the CEO and considering various regular and special reports, actual trends and the status of annual goals, and general industry performance, the Committee determines the general Company performance for the prior calendar year. On the basis of this determination, the Committee designates a corresponding percentage which is applied to the aggregate target bonuses of the participating employees to generate a General Bonus Pool from which individual bonuses will be awarded. Such Pool can be zero and cannot exceed 200 percent of the aggregate target bonuses.

8. Individual bonus awards for officers are determined by the Committee after consultation with the CEO. Awards for all other participants are determined by the CEO after consultation with responsible officers and reviewed by the Committee for conformance to its parameters. Awards reflect the performance of the participant and of the unit for which the participant is responsible. A bonus for an individual can vary from 0 to 200 percent of the individual's target bonus.

9. At the discretion of the Committee and subject to the availability of authorized stock, awards may be made in cash or shares of Cleveland-Cliffs Inc stock or a combination thereof, and restrictions may be placed on the vesting of any stock award.

10. Generally, bonus payments to participants will be made by the end of February for the prior calendar year after audited financial results are determined.

11. Following designation as a participant in the Plan and prior to the payment of a bonus, neither the participant nor the estate or anyone claiming through such participant has any right to share in the bonus pool for such year. However, the Plan provides, at the sole discretion of the Committee and the CEO, that awards may be made to a participant whose employment terminates during the calendar year or to the participant's beneficiaries when circumstances warrant favorable consideration for an award for such year.

12. A participant has no right, title or interest in any assets of Cleveland-Cliffs Inc and subsidiaries by reason of any award made pursuant to this Plan and such award reflects only an unsecured contractual obligation to make the payment to the participant of the approved award under the terms and conditions of the Plan.

13. The Board of Directors may modify or terminate this Plan at any time.

Exhibit 10(y)

FIRST AMENDMENT
TO
SEVERANCE PAY PLAN FOR
KEY EMPLOYEES OF CLEVELAND-CLIFFS INC

WHEREAS, Cleveland-Cliffs Inc ("Cleveland-Cliffs") established the Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc (the "Plan") to provide severance benefits for certain Key Employees effective February 1, 1992; and

WHEREAS, Cleveland-Cliffs desires to amend the Plan;

NOW, THEREFORE, effective October 1, 1994, Cleveland-Cliffs hereby amends the Plan to provide as follows:

1. Section 2 of the Plan is amended to provide as follows:

"2. EFFECTIVE AND TERMINATIONS DATES. This Plan shall be effective as of February 1, 1992 (the "Effective Date"). The Plan will automatically terminate on January 1, 1995 (the "Termination Date"), if there has been no Change of Control of Cleveland-Cliffs prior to such date; provided, however, that Cleveland-Cliffs, by action of its Board of Directors, may extend such Termination Date."

2. The "Termination Date" set forth in Section 2 of the Plan is hereby extended from January 1, 1995 to January 1, 1998.

3. Clause (1) of Section 3i of the Plan is amended to provide as follows:

(1) "Elected officers of Cleveland-Cliffs and Mine General Managers employed by subsidiaries of Cleveland-Cliffs."

* * *

IN WITNESS WHEREOF, Cleveland-Cliffs Inc has executed this First Amendment at Cleveland, Ohio, this 18th day of November, 1994.

CLEVELAND-CLIFFS INC

By /s/ R. F. Novak

Title: Vice President-Human Resources

FIRST AMENDMENT
TO
CLEVELAND-CLIFFS INC
VOLUNTARY NON-QUALIFIED DEFERRED COMPENSATION PLAN
(as Amended and Restated Effective January 1, 1994)

WHEREAS, Cleveland-Cliffs Inc ("Cleveland-Cliffs") established the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (the "Plan") to provide benefits for certain participants, which Plan was amended and restated effective January 1, 1994; and

WHEREAS, Cleveland-Cliffs desires to amend the Plan;

NOW, THEREFORE, effective as of the dates hereinafter set forth, Cleveland-Cliffs hereby amends the Plan to provide as follows:

PART A

Effective as of July 1, 1994, Section 2.15 of the Plan is amended to provide as follows:

"2.15 ELIGIBLE EMPLOYEE. 'Eligible Employee' means a senior corporate officer of the Company or a full-time salaried employee of an Employer who has a Management Performance Incentive Plan Salary Grade EX-28 or above."

PART B

Effective as of August 1, 1994, the Plan is amended in the following respects:

1. Section 2.12 of the Plan is amended to provide as follows:

"2.12 DEFERRAL ACCOUNT. 'Deferral Account' means the account maintained on the books of the Employer for the purpose of accounting for (i) the amount of Compensation that each Participant elects to defer under the Plan, (ii) an Employment Agreement Contribution (if any) made on behalf of a Participant, and (iii) the amount of interest credited thereto for each Participant pursuant to Article V."

2. A new Section 2.17A is added to the Plan to provide as follows:

"2.17A EMPLOYMENT AGREEMENT. 'Employment Agreement' means a written agreement between an Employer and an Eligible Employee that provides for the deferral of compensation, and that may also provide for vesting, the crediting of earnings and other terms and conditions with respect to such deferred compensation."

3. A new Section 2.17B is added to the Plan to provide as follows:

2.17B "EMPLOYMENT AGREEMENT CONTRIBUTION. 'Employment Agreement Contribution' means any amount contributed to the Plan by an Employer pursuant to an Employment Agreement."

4. The first sentence of Section 3.2 of the Plan is amended to provide as follows:

"Participation in the Plan shall be limited to Eligible Employees who elect to participate in the Plan by filing a Participation Agreement with the Committee, or on whose behalf an Employment Agreement Contribution is made to the Plan by an Employer."

5. Section 4.1 of the Plan is amended by adding the following sentence at the end thereof:

"Notwithstanding the foregoing, any Employment Agreement Contribution shall be deferred in accordance with the terms of the Employment Agreement."

6. Section 4.3 of the Plan is amended to provide as follows:

"4.3 CREDITING DEFERRED COMPENSATION, MATCHING AMOUNTS AND EMPLOYMENT AGREEMENT CONTRIBUTIONS. The amount of Compensation that a Participant elects to defer under the Plan shall be credited by the Employer to the Participant's Deferral Account semi-monthly. The amount of the Employment Agreement Contribution (if any) contributed for a Participant shall be credited by the Employer to the Participant's Deferral Account in accordance with the terms of the Employment Agreement. To the extent that the Employer is required to withhold any taxes or other amounts from a Participant's deferred Compensation or Employment Agreement Contribution pursuant to any state, federal or local law, such amounts shall be withheld from the Participant's Compensation before such amounts are credited hereunder. The Matching Amounts under the Plan for each Participant shall be credited by the Employer at the same time that matching contributions are allocated under the Savings Plan."

7. Clause (ii) of Section 5.2 of the Plan is amended to provide as follows:

" (ii) the Participant's deferred Compensation, Matching Amounts and
Employment Agreement Contribution (if any) credited pursuant to Section 4.3 since the immediately preceding Determination Date and any earnings and/or income credited to such amounts pursuant to Sections 5.1 and 5.3 as of such Determination Date, minus"

8. Section 5.5 of the Plan is amended to provide as follows:

"5.5 VESTING OF ACCOUNT. Subject to the provisions of any Employment Agreement relating to an Employment Agreement Contribution (if any) a Participant shall be 100 percent vested in his or her Account at all times."

9. The first sentence of Section 6.2 of the Plan is amended to provide as follows:

"In the event that the Committee, upon written petition of a Participant, determines in its sole discretion, that the Participant has suffered an unforseeable financial emergency, the Employer shall pay to the Participant, as soon as practicable following such determination, an amount necessary to meet the emergency (the "Emergency Benefit"), but not exceeding the aggregate balance of such Participant's vested Deferral Account and Matching Account as of the date of such payment."

* * *

IN WITNESS WHEREOF, Cleveland-Cliffs Inc has executed this First Amendment at Cleveland, Ohio, this 18th day of November, 1994.

CLEVELAND-CLIFFS INC

By /s/ R. F. Novak

Title: Vice President-Human Resources

Exhibit 10(cc)

SECOND AMENDMENT
TO
CLEVELAND-CLIFFS INC
SUPPLEMENTAL RETIREMENT BENEFIT PLAN
(as Amended and Restated Effective January 1, 1991)

WHEREAS, Cleveland-Cliffs Inc ("Cleveland-Cliffs") established the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (the "Plan") to provide benefits (i) for certain participants who have had their benefits under tax-qualified retirement plans limited by Sections 401(a) and 415 of the Internal Revenue Code of 1986, as amended, and (ii) for certain executives under agreements providing for additional service credit and other features for computing retirement benefits, which Plan was amended and restated effective January 1, 1991 and subsequently amended on one occasion; and

WHEREAS, Cleveland-Cliffs desires to further amend the Plan;

NOW, THEREFORE, Cleveland-Cliffs hereby amends the Plan, effective as of the dates hereinafter set forth, to provide as follows:

1. Effective as of January 1, 1994, a new subparagraph D is added to Paragraph 7 of the Plan, such subparagraph D to provide as follows:

> "D. Supplemental Pension Plan Benefits shall be subject to applicable withholding and such other deductions as shall at the time of payment be required or appropriate under any Federal, State or Local law. In addition, Cleveland-Cliffs may withhold from a Participant's "other income" (as hereinafter defined) any amount required or appropriate to be currently withheld from such Participant's other income pursuant to any Federal, State or Local law. For purposes of this subparagraph D, "other income" shall mean any remuneration currently paid to a Participant by an Employer."

2. Effective as of July 1, 1994, Paragraph 2H of the Plan is amended to provide as follows:

> "H. 'Participant' shall mean each person (i) who is a participant in the Pension Plan, (ii) who is a senior corporate officer of Cleveland- Cliffs or a full-time salaried employee of an Employer who has an Incentive Bonus Salary Grade of EX-28 or above, and (iii) who as a result of participation in this Plan is entitled to a Supplemental Benefit under this Plan. Each person who is a Participant under this Plan shall be notified in writing of such fact by his Employer, which shall also cause a copy of the Plan to be delivered to such person."

* * *

IN WITNESS WHEREOF, Cleveland-Cliffs Inc has executed this Second Amendment at Cleveland, Ohio, this 18th day of November, 1994.

CLEVELAND-CLIFFS INC

By /s/ R. F. Novak

Title: Vice President-Human Resources

Exhibit 10(dd)

FOURTH AMENDMENT
TO
TRUST AGREEMENT NO. 5

WHEREAS, Cleveland-Cliffs Inc ("Cleveland-Cliffs") and AmeriTrust Company National Association entered into Trust Agreement No. 5, formerly known as Trust Agreement, (the "Agreement") effective October 28, 1987, which Agreement was amended on three previous occasions;

WHEREAS, Society National Bank (the "Trustee") is the successor in interest to AmeriTrust Company National Association; and

WHEREAS, Cleveland-Cliffs and the Trustee desire to amend the Agreement;

NOW, THEREFORE, effective November 1, 1994, Cleveland-Cliffs and the Trustee hereby amend the Agreement to provide as follows:

1. The first recital on page one of the Agreement is amended to provide as follows:

"WHEREAS, certain benefits are or may become payable under the provisions of certain Deferred Compensation Agreements ("Agreements") between Cleveland-Cliffs, or between The Cleveland-Cliffs Iron Company and assumed by Cleveland-Cliffs, effective July 1, 1995, and certain executives ("Executives"), to the persons listed from time to time on Exhibit A hereto (as provided in Section 9(c) hereof) or to the beneficiaries of such persons (Executives and Executives' beneficiaries are referred to herein as "trust beneficiaries"), as the case may be;"

2. Exhibit A to the Agreement, which Exhibit A is attached hereto and made a part hereof, is amended to provide as hereinafter set forth.

* * *

IN WITNESS WHEREOF, Cleveland-Cliffs and the Trustee have executed this Fourth Amendment at Cleveland, Ohio, this 18th day of November, 1994.

CLEVELAND-CLIFFS INC

By /s/ R. F. Novak

Title: Vice President-Human Resources

SOCIETY NATIONAL BANK

By /s/ M. O. Minar

Title: Vice President

/s/ Deanna J. Krizman

Trust Officer

Exhibit 10(ee)

SECOND AMENDMENT
TO
TRUST AGREEMENT NO. 7

WHEREAS, Cleveland-Cliffs Inc ("Cleveland-Cliffs") and AmeriTrust Company National Association entered into Trust Agreement No. 7 (the "Agreement") effective April 9, 1991, which Agreement was amended on one previous occasion;

WHEREAS, Society National Bank (the "Trustee") is the successor in interest to AmeriTrust Company National Association; and

WHEREAS, Cleveland-Cliffs and the Trustee desire to further amend the Agreement;

NOW, THEREFORE, effective November 1, 1994, Cleveland-Cliffs and the Trustee hereby amend the Agreement by revising EXHIBIT A thereto, which EXHIBIT A is attached hereto and made a part hereof, to provide as hereinafter set forth.

* * *

IN WITNESS WHEREOF, Cleveland-Cliffs and the Trustee have executed this Second Amendment at Cleveland, Ohio, this 18th day of November, 1994.

CLEVELAND-CLIFFS INC

By /s/ R. F. Novak

Title: Vice President-Human Resources

SOCIETY NATIONAL BANK

By /s/ M. O. Minar

Title: Vice President

/s/ Deanna J. Krizman

Trust Officer

Exhibit 10(ff)

CLEVELAND-CLIFFS INC

LONG-TERM PERFORMANCE SHARE PROGRAM,

DATED MARCH 31, 1994 (SUMMARY DESCRIPTION)

1. The Long-Term Performance Share Program ("Performance Share Program") operates under the Cleveland-Cliffs Inc ("Company") 1992 Incentive Equity Plan ("1992 ICE Plan").

2. The Compensation and Organization Committee ("Committee") of the Board of Directors of the Company, which Committee is composed of non-employee Directors, administers the Performance Share Program under which performance shares ("Performance Shares") are awarded under the 1992 ICE Plan.

3. Pursuant to the 1992 ICE Plan, the Performance Share Program was approved in 1994 to further align the interest of designated key management employees with the shareholders in increasing return on invested capital and long-term shareholder value. The Performance Share Program provides the participants the opportunity to receive Company Shares based on Company performance against specified objectives.

4. Under the Performance Share Program, the Committee authorizes grants of Performance Shares, which become wholly or partially payable to the participant upon the achievement of specified Company objectives in accordance with the following provisions:

(a) Each grant specifies the number of Performance Shares to which it pertains.

(b) The performance period, normally a three-year period, with respect to each Performance Share is determined by the Committee on the date of grant, and may be subject to earlier termination in the event of a change in control of the Company or other similar transaction or event.

(c) Each grant specifies the performance objectives of the Company and a minimum acceptable level of achievement below which no payment will be made. Each grant sets forth a formula for determining the amount of any payment to be made if performance is at or above the minimum acceptable level and also specifies the maximum amount of any payment to be made. The Committee may adjust the objectives in certain circumstances.

(d) The number of Common Shares that will be earned will be reduced to the extent necessary to prevent the value of the Common Shares paid to any participant from exceeding twice the market value of the Common Shares covered by the participant's award on the date it was granted.

(e) The Committee may award equivalent cash value instead of the Company's Common Shares at its discretion.

5. Each Performance Share that is earned entitles the holder to receive Common Shares of the Company, depending on the degree of achievement of specified Company objectives. The objectives, weighted equally, are total shareholder return (share price plus reinvested dividends) and value added (earnings less the cost of capital employed) over a three-year performance period. Achievement of the total shareholder return objective is determined by the Company's shareholder return relative to a predetermined group of steel, metal and mining companies. Achievement of the value added objective is determined by comparing the Company's actual and target value added.

6. The target payout is calculated at 100% of the Performance Shares awarded and represents the number of Common Shares that would be earned if a target level of the objectives is achieved by the Company; maximum payout is calculated at 150% of the performance shares awarded and represents the number of Common Shares that would be earned if a superior level of the objectives is achieved by the Company; and threshold payout is

calculated at 25% of the Performance Shares awarded and represents the number of Common Shares that would be earned if a minimum level of the objectives is achieved by the Company. If achievement of one objective is below threshold, achievement of the other objective must be at least at target for any payout to occur.

Exhibit 11

<TABLE>

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

<CAPTION>

	(In Millions, Except Per Share Amounts) Year Ended December 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
Earnings per share, as reported:			
Average shares outstanding	12.1	12.0	12.0
Income before cumulative effect of changes in accounting principles	$ 42.8	$ 54.6	$ 30.8
Cumulative effect on prior years of changes in accounting principles	--	--	(38.7)
Net income (loss)	$ 42.8	$ 54.6	$ (7.9)
Income (loss) per share:			
Income before cumulative effect of changes in accounting principles	$ 3.54	$ 4.55	$ 2.57
Cumulative effect on prior years of changes in accounting principles	--	--	(3.23)
Net income (loss)	$ 3.54	$ 4.55	$ (.66)
Primary earnings per share:			
Average shares outstanding	12.1	12.0	12.0
Net effect of dilutive stock options - based on the treasury stock method using average market price	--	0.1	0.1
Average shares and equivalents	12.1	12.1	12.1
Income before cumulative effect of changes in accounting principles	$ 42.8	$ 54.6	$ 30.8
Cumulative effect on prior years of changes in accounting principles	--	--	(38.7)
Net income (loss)	$ 42.8	$ 54.6	$ (7.9)
Income (loss) per share:			
Income before cumulative effect of changes in accounting principles	$ 3.54	$ 4.51	$ 2.55
Cumulative effect on prior years of changes in accounting principles	--	--	(3.20)
Net income (loss)	$ 3.54	$ 4.51	$ (.65)

</TABLE>

<TABLE>
<CAPTION>

	(In Millions, Except Per Share Amounts) Year Ended December 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
Fully diluted earnings per share:			

Average shares outstanding	12.1	12.0	12.0
Net effect of dilutive stock options - based on the treasury stock method using higher of year-end or average market price	--	0.1	0.1
Average fully diluted shares	12.1	12.1	12.1
Income before cumulative effect of changes in accounting principles	$ 42.8	$ 54.6	$ 30.8
Cumulative effect on prior years of changes in accounting principles	--	--	(38.7)
Net income (loss)	$ 42.8	$ 54.6	$ (7.9)
Income (loss) per share:			
Income before cumulative effect of changes in accounting principles	$ 3.54	$ 4.51	$ 2.55
Cumulative effect on prior years of changes in accounting principles	--	--	(3.20)
Net income (loss)	$ 3.54	$ 4.51	$ (.65)

</TABLE>

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

In 1994, Cleveland-Cliffs earned $42.8 million, or $3.54 a share. Earnings for the year 1993 were $31.4 million, or $2.62 per share, excluding a $23.2 million gain on the settlement of the Company's bankruptcy claim against LTV Steel Company, Inc. (an integrated steel company subsidiary of The LTV Corporation, or collectively "LTV"). Including the bankruptcy gain, 1993 earnings were $54.6 million, or $4.55 per share.

<TABLE>
Following is a summary of results for the years 1994, 1993, and 1992:

<CAPTION>

	(In Millions, Except Per Share)		
	1994	1993	1992
<S>	<C>	<C>	<C>
Net Income Before Cumulative Effect of Accounting Changes			
- Amount	$ 42.8	$ 54.6	$ 30.8
- Per Share	3.54	4.55	2.57
Cumulative Effect of Accounting Changes, Net of Income Taxes			
Other Post Employment Benefits			(42.5)
Income Taxes			3.8
Total Cumulative Effect			(38.7)
Net Income (Loss)			
- Amount	$ 42.8	$ 54.6	$(7.9)
- Per Share	$ 3.54	$ 4.55	$(.66)

</TABLE>

1994 VERSUS 1993

Revenues were $388.9 million in 1994, an increase of $33.0 million from 1993. Revenues in 1993 included a $35.7 million pre-tax recovery on the LTV bankruptcy claim. Without this item, revenues in 1994 were $68.7 million higher than 1993. Revenues from product sales and services in 1994 totaled $334.8 million, an increase of $66.7 million from 1993, mainly due to higher North American sales volume and prices and increased Australian sales volume. North American iron ore sales were 8.2 million tons in 1994 compared to 6.4 million tons in 1993. Royalties and management fee revenue in 1994 totaled $44.7 million, an increase of $5.0 million due primarily to increased production in 1994 over strike-depressed 1993.

Net income for the year 1994 was $42.8 million, an increase of $11.4 million from 1993, excluding the $23.2 million gain on the LTV settlement. The increase was due to higher sales volume and prices in North America, increased royalties and management fees, higher Australian earnings, and the $5.4 million after-tax cost of the labor strike in 1993. These gains were partly offset by higher operating costs, certain non-recurring costs, lower investment income, and a favorable income tax adjustment in 1993.

1993 VERSUS 1992

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

million from 1992 due primarily to decreased production as a result of a six-week labor strike in the third quarter of 1993 at the Empire, Hibbing and Tilden mines, and higher payments to mineral owners.

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

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

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

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

NORTHSHORE ACQUISITION

On September 30, 1994, Cliffs Minnesota Minerals Company, a subsidiary of the Company, completed the acquisition of Cyprus Amax Minerals Company's ("Cyprus Amax") iron ore operations and power plant (renamed Northshore Mining Company or "Northshore") in Minnesota for $66 million plus net working capital of $28 million. The principal Northshore assets acquired were 4.0 million annual tons of active capacity for production of standard pellets (equivalent to 3.5 million tons of flux pellet capacity), supported by 6.0 million tons of active concentrate capacity, a 115 megawatt power generation plant, and an estimated 1.2 billion tons of magnetite crude iron ore reserves, leased mainly from the Mesabi Trust. Additional payments to Cyprus Amax would be required under certain expansion conditions. Any such payments would occur over a period of years under conditions expected to be favorable to the Company and are not expected to be material in any year.

In January, 1995, the Company announced a $6 million expansion of Northshore. The expansion, which involves the re-activation of one idle pelletizing line, is expected to be completed by June, 1995, and increase the mine's annual production capacity by approximately 25 percent, or .9 million tons. Production in 1995, originally scheduled to be 3.6 million tons of iron ore is now scheduled to be 4.1 million tons.

CASH FLOW AND LIQUIDITY

At December 31, 1994, the Company had cash and marketable securities totaling $141.4 million. In addition, the full amount of a $75.0 million unsecured revolving credit facility was available.

Since December 31, 1993, cash and marketable securities decreased by $19.6 million. The acquisition of Northshore for $97.3 million ($94 million plus acquisition costs) was largely offset by cash flow from operating activities (before changes in operating assets and liabilities), $50.9 million, Weirton Steel Corporation's ("Weirton") redemption of its preferred stock held by the Company, $25.0 million, and decreased working capital, $24.7 million. Capital expenditures were $10.9 million in 1994 versus $5.0 million in 1993. Dividends in 1994 were $14.8 million. In the fourth quarter of 1994, the Company increased its quarterly dividend to $.325 per share, raising the annual payout to $15.7 million.

The working capital decrease was primarily due to a reduction in product inventories, $16.1 million, and increased payables and accrued expenses, $14.8 million, partially offset by increased trade accounts receivable, $9.3 million, reflecting higher sales in December, 1994.

North American pellet inventories at December 31, 1994 were .7 million tons or $16.9 million, a decrease of .1 million tons, or $2.5 million, from December

31, 1993. The decrease occurred despite .7 million tons of pellet purchases and .5 million tons of inventory acquired in the Northshore purchase.

<TABLE>
FOLLOWING IS A SUMMARY OF 1994 CASH FLOW:

<CAPTION>

	(In Millions)
<S>	<C>
Cash Flow from Operations	
Before Changes in Operating Assets and Liabilities.....	$ 50.9
Changes in Operating Assets and Liabilities:	
Marketable Securities Decrease.....	92.3
Other	24.7
Net Cash From Operations.....	167.9
Northshore Acquisition.....	(97.3)
Dividends.....	(14.8)
Capital Expenditures.....	(10.9)
Debt Payments.....	(4.3)
Weirton Preferred Stock Redemption.....	25.0
Sale of Long-Term Investments.....	5.3
Other (net).....	1.8
Net Increase in Cash and Cash Equivalents.....	72.7
Decrease in Short-term Marketable Securities.....	(92.3)
Net Decrease in Cash and Marketable Securities.....	$(19.6)

</TABLE>

<TABLE>
FOLLOWING IS A SUMMARY OF KEY LIQUIDITY MEASURES:

<CAPTION>

	At December 31 (In Millions)		
	1994	1993	1992
<S>	<C>	<C>	<C>
Cash and Temporary Investments			
Cash and Cash Equivalents	$140.6	$ 67.9	$128.6
Marketable Securities.....	.8	93.1	--
Total.....	$141.4	$161.0	$128.6
Working Capital.....	$169.5	$186.0	$188.9
Ratio of Current Assets to Current Liabilities.....	2.7:1	3.7:1	4.1:1

</TABLE>

Additionally, at December 31, 1994, the Company had long-term investments as follows:

- LTV Common Stock, .8 million shares with a market value of $13.5 million.

- Long-term government and corporate bonds (denominated primarily in Australian currency), $13.6 million, largely dedicated to fund the shutdown of the Savage River Mine in Australia.

In October, 1991, the Company invested $25 million in a special nonmarketable redeemable preferred stock of Weirton with mandatory redemption at par in 2003. On September 30, 1994, Weirton exercised its right to redeem the preferred stock for $25 million plus accrued dividends. The redemption of this investment (previously classified as a held-to-maturity security) did not result in a gain

or loss. The stock paid quarterly dividends totaling $3.1 million per year. In conjunction with the preferred stock redemption, the Company's iron ore sales contract with Weirton was extended by two years through 2005. The contract calls for the Company to supply Weirton with approximately 1.0 million tons of pellets annually.

NORTH AMERICAN IRON ORE

The North American steel industry experienced high operating rates and improved financial results in 1993 and 1994 which are expected to continue in 1995. The Company's steel company partners and customers have generally improved their financial condition as a result of higher earnings and increased equity capital.

The improvement in most steel companies' financial positions has significantly reduced the major near-term business risk previously faced by the Company, i.e., the potential financial failure and shutdown of one or more of its significant customers or partners, with the resulting loss of ore sales or royalty and management fee income. However, 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 high operating leverage because "fixed" costs are a large portion of the cost structure. Therefore, loss of sales or other income due to failure of a customer or partner would have an adverse income effect proportionately greater than the revenue effect.

McLouth Steel Products Company ("McLouth"), a significant customer, continues to be substantially undercapitalized. The Company has periodically extended financial support to McLouth in the form of deferred payment terms and other considerations. Sales to McLouth were 1.5 million tons in 1994 which represented 18 percent of the Company's sales volume and a higher percentage contribution to income before fixed cost absorption. Included in the Company's December 31, 1994 inventory was .2 million tons consigned to McLouth in accordance with long-standing practice. The Company has no earnings exposure to consigned inventory and accounts receivable from McLouth as of December 31, 1994.

Sharon Steel Corporation ("Sharon"), which was a significant customer, suspended its blast furnace operations in September, 1992, and filed for protection from its creditors under Chapter 11 of the U. S. Bankruptcy Code on November 30, 1992. No shipments of iron ore were made to Sharon since the third quarter of 1992. The Company was able to replace the lost Sharon sales in 1993 and 1994. In November, 1994, Sharon liquidated substantially all of its assets through an approved Bankruptcy Court sale. The Company had filed a substantial claim against Sharon in the Bankruptcy Court for amounts owed and contractual damages; however, the Company does not expect to receive any material proceeds from asset liquidation. All amounts due from Sharon were previously reserved.

In February, 1994, the Company reached general agreement with Algoma Steel Inc. ("Algoma") and Stelco Inc. to restructure and simplify the Tilden Mine operating agreement effective January 1, 1994. The principal terms of the new agreement are (1) the participants' tonnage entitlements and cost-sharing are based on a 6.0 million ton target normal production level instead of the previous 4.0 million ton base production level, (2) the Company's interest in the Tilden Magnetite Partnership has increased from 33.33% to 40.0% with an associated increase in the Company's obligation for its share of mine costs, (3) the Company is receiving a higher royalty, (4) the Company has the right to supply any additional iron ore pellet requirements of Algoma from Tilden or the Company, and (5) any partner may take additional production with payment of certain fees to the Partnership. The parties implemented the general agreement effective January 1, 1994 and are negotiating the detailed provisions of the definitive agreement. The agreement has not had a material financial effect on the Company's consolidated financial statements.

On June 28, 1993, LTV, a significant partner of the Company, emerged from Chapter 11 bankruptcy. In final settlement of its allowed claim, the Company received 2.3 million shares of LTV Common Stock and 4.4 million Contingent Value Rights. The settlement, reflected in the Company's year 1993 operating results, totaled $35.7 million before tax and $23.2 million after-tax. On July 13, 1993, the Company distributed to its shareholders a special dividend consisting of 1.5 million shares of LTV Common Stock and $12.0 million ($1.00 per share) cash.

Six-year, no strike agreements between the United Steelworkers of America and three U.S. iron ore mining operations managed by subsidiaries of the Company were ratified by the union members after a six-week strike that began August 1,

1993. The agreements cover the Empire and Tilden Mines in Michigan and the Hibbing Mine in Minnesota. The Wabush Mines' contract expired on February 28, 1993; however, the employees continued to work under the terms of the previous agreement until a new agreement was reached in March, 1994. The new Wabush agreement expires on February 29, 1996.

North American steel shipments increased from 104 million tons in 1993 to 110 million tons in 1994, the highest level since 1979. Reflecting the continued high level of steel demand, the six North American mines operated by the Company have initially scheduled 39.5 million tons of pellet production for 1995 which is approximately 100 percent of active capacity. The Company's share of scheduled production is 10 million tons. In 1994, total production at the Company's managed mines was 35.2 million tons and the Company's share was 6.8 million tons. Production schedules are subject to change throughout the year.

The Company expects improved financial results in 1995 due to the full year contribution of the Northshore acquisition and an improved pricing environment created by higher worldwide demand for iron ore. North American sales are expected to approximate 10 million tons, including 8 million tons under multi-year contracts.

AUSTRALIA

Savage River Mines in Tasmania, Australia operated at its capacity of 1.5 million tons in 1994 and 1993 with continued satisfactory financial results. Decreased cost and higher sales volume were partially offset by lower international pellet prices in 1994 and unfavorable currency exchange effects. Australian sales are projected to be about 1.5 million tons in 1995. The international pellet price has increased in 1995.

In October, 1994, the Company announced that Savage River operations would terminate as scheduled in the first quarter of 1997, the exhaustion date of the economically recoverable iron ore from surface mining. This is two years beyond the original exhaustion schedule established when the Company acquired sole ownership in 1990. A mine life extension study was conducted to evaluate underground mining of additional ore; however, the projected financial results did not justify the mining risks and substantial investment. Mine closure costs have previously been provided in the Capacity Rationalization Reserve and have been funded.

COAL

Sale of the Turner Elkhorn Mining Company and the termination of management and administrative support of the Chisholm Mine in early 1993 completed the Company's exit from the coal business.

Pursuant to the Coal Industry Retiree Health Benefit Act of 1992 ("Act"), the Trustees of the UMWA Combined Benefit Fund have assigned responsibility to the Company for premium payments with respect to retirees, dependents, and "orphans" (unassigned beneficiaries), representing less than one-half of one percent of all "assigned beneficiaries." The Company is making premium payments under protest and is contesting the assignments that it believes were incorrect. Premium payments by the Company in 1994 were $1.3 million ($.3 million in 1993). At December 31, 1994, the Company continues to pay premiums on 338 assigned retirees and dependents and 116 "orphans." Additionally, in December, 1993, a complaint was filed by the Trustees of the United Mine Workers of America 1992 Benefit Plan against the Company demanding the payment of premiums on an additional 79 beneficiaries related to two formerly operated joint venture coal mines. The Company is actively contesting the complaint. Monthly premiums are being paid into an escrow account (80% by a former joint venture participant and 20% by the Company) by joint agreement with the Trustee, pending outcome of the litigation. Company payments in 1994 were approximately $.1 million. At December 31, 1994, the Company's coal retiree reserve was $11 million, of which $.9 million is current. The reserve is reflected at present value, using a discount rate of 8.5%. The Company's liability has been adequately covered in its capacity rationalization costs. Constitutional and other legal challenges to various provisions of the Act by other former coal producers are pending in the Federal Courts.

ACTUARIAL ASSUMPTIONS

As a result of increases in long-term interest rates, the Company has re-evaluated the interest rates used to calculate its pension and other postemployment benefit ("OPEB") obligations. Financial accounting standards require that the discount rate used to calculate the actuarial present value of such benefits reflect the rate of interest on high-quality fixed income securities. The discount rate used to calculate the Company's pension and OPEB obligations was increased to 8.50% at December 31, 1994 from 7.25% at December 31, 1993. The Company also increased its assumed long-term rate of return on pension assets from 8% at December 31, 1993 to 8.5% at December 31, 1994.

The increase in interest rates did not affect year 1994 financial results; however, in 1995 and subsequent years, the Company will realize a non-cash increase in pension credits and a non-cash decrease in OPEB expense. The increase in annual net income resulting from the higher discount rate and increased long-term rate of return assumptions is estimated to approximate $1.5 million.

ENVIRONMENTAL COSTS

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

At December 31, 1994, the Company has an environmental reserve of $12.0 million, of which $3.6 million is current. At December 31, 1993, the environmental reserve was $10.3 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 potential responsible party, including the Cliffs-Dow and Kipling sites in Michigan, the Arrowhead Refinery site in Minnesota, the Summitville mine site in Colorado, and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company's iron mining operations. The reserves are based on engineering studies prepared by outside consultants engaged by the potential responsible parties. The Company continues to evaluate the recommendations of the studies and other means for site clean-up. Significant site clean-up activities have taken place at Cliffs-Dow in 1993 and 1994. An agreement in principle has been reached among the federal and state governments and approximately 237 individuals and companies whereby clean-up at the Arrowhead site will begin in 1995 with significant funding provided by the federal and state governments. The agreement is expected to be filed with the U.S. District Court early in 1995. The Company's share of Arrowhead costs is expected to be approximately $145,000 which includes $31,000 of funded remediation costs and $114,000 of incurred legal and other costs.

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

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

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

CAPITAL INVESTMENT

NORTH AMERICAN IRON ORE

The Company and its North American mine partners are substantially increasing capital expenditures in 1995 to satisfy orebody development requirements and reduce operating costs. Capital equipment additions, including equipment acquired through lease, are expected to total approximately $113 million in 1995 at the six Company-managed mines in North America, of which $55 million will be classified as capital expenditures. The Company's share of the capital expenditures is expected to approximate $24 million, including the $6 million Northshore expansion capital. Excluding years of major capacity additions, the 1995 program represents record total capital spending at Company-managed mines.

CORPORATE STRATEGY

The Company's strategy is to grow its basic iron ore business and to extend its business scope to produce and supply reduced iron ore feed for steel and iron production. Reduced iron products contain approximately 90% iron versus 65% for traditional iron ore pellets and contain less undesirable chemical elements than most scrap steel feed. The market for reduced iron is presently small, but is projected to increase at a greater rate than other iron ore products.

The Company continues to explore various technologies and markets for reduced iron products, including the investigation of domestic and international site alternatives. Commercial plants are estimated to require capital expenditures of $75 to $100 million, depending on location and process. Commercial decisions are expected in 1995 on one or more projects. The Company's total 1995 expenditures are not expected to exceed $25 million.

CAPITALIZATION

In 1992, the Company completed a private placement of $75 million of medium term, unsecured senior notes pursuant to agreements with an insurance company group. One-third of the notes have an interest rate of 8.5 percent, and two-thirds have an interest rate of 8.8 percent. The notes require annual repayments of principal beginning in 1995 and 1996, respectively, with final maturities of 1999 and 2002, respectively. The aggregate maturities for the five years succeeding December 31, 1994 are $5 million for 1995 and $12.1 million each for 1996 through 1999.

<TABLE>
Following is a summary of long-term obligations:

<CAPTION>

LONG-TERM OBLIGATIONS AT DECEMBER 31
(In Millions)

	Effectively Serviced Obligations				
	Consolidated	Share of Associated Companies	Total	Guaranteed Obligations	Total Obligations
<S>	<C>	<C>	<C>	<C>	<C>
1994	$ 75.0	$ 9.2	$ 84.2	$ 13.7	$ 97.9
1993	75.0	13.6	88.6	20.8	109.4
1992	75.1	17.0	92.1	27.9	120.0

</TABLE>

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

At December 31, 1994, guaranteed obligations principally represented the Empire Mine debt obligations of LTV and Wheeling. The Empire Mine long-term debt is scheduled to be fully extinguished in December, 1996 (the Company's share of Empire long-term debt principal payments is $4.3 million in 1994 and 1995 and $3.9 million in 1996).

The ratio of effectively serviced long-term obligations to shareholders' equity was .3:1 at December 31, 1994, 1993, and 1992.

In January, 1995, the Company announced a program to periodically repurchase up to 600,000 shares of its Common Stock in the open market or in negotiated transactions. The program represents approximately 5% of outstanding shares. The stock will initially be retained as Treasury Stock.

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

APPENDIX A - IMAGE AND GRAPHIC MATERIAL

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations (Graphs)

GRAPH A

This graph is captioned "Cumulative Earnings & Dividends". The graph contains two lines depicting cumulative earnings and cumulative dividends over the five-year period 1990-1994. Cumulative earnings were $73.8 million, $127.6 million, $158.4 million, $213.0 million and $255.8 million, respectively, for the years 1990-1994. Cumulative dividends were $9.3 million, $68.4 million, $82.5 million, $108.9 million, and $123.7 million, respectively, for the years 1990-1994. The graph also indicates that the cumulative payout ratio of dividends to earnings was 13%, 54%, 52%, 51%, and 48%, respectively, for the years 1990-1994.

Graph B

<TABLE>
This graph is captioned "Components of Invested Capital". The graph contains five bars depicting the components of invested capital at December 31, 1990, 1991, 1992, 1993, and 1994, each bar reflecting Effectively Serviced Debt and Shareholders' Equity, as follows:

<CAPTION>

	Amount in (Millions)			Percent		
December 31	Effectively Serviced Debt	Shareholders' Equity	Total	Effectively Serviced Debt	Shareholders' Equity	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1990	$82.4	$290.8	$373.2	22%	78%	100%
1991	65.0	290.8	355.8	18	82	100
1992	92.1	269.6	361.7	26	74	100
1993	88.6	280.7	369.3	24	76	100
1994	84.2	311.4	395.6	21	79	100

</TABLE>

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, 1994 and 1993, and the related statements of consolidated income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1994. 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, 1994 and 1993, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1994, 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.

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

ERNST & YOUNG LLP

Cleveland, Ohio
February 14, 1995

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

<TABLE>
<CAPTION>

	(In Millions) December 31	
	1994	1993
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$140.6	$ 67.9
Marketable securities	.8	93.1
	141.4	161.0
Trade accounts receivable (net of allowance, $19.5 in 1994 and 1993)	50.3	27.6
Receivables from associated companies	15.6	13.3
Inventories		
Finished products	24.5	27.5
Work in process	.6	
Supplies	14.6	4.2
	39.7	31.7
Deferred income taxes	14.7	14.1
Other	7.4	6.3
TOTAL CURRENT ASSETS	269.1	254.0
PROPERTIES		
Plant and equipment	228.5	157.6
Minerals	20.2	15.0
	248.7	172.6
Allowances for depreciation and depletion	(138.3)	(137.3)
TOTAL PROPERTIES	110.4	35.3
INVESTMENTS IN ASSOCIATED COMPANIES	151.7	152.3
OTHER ASSETS		
Long-term investments	27.1	57.4
Deferred charges	7.2	9.2
Deferred income taxes	8.7	6.5
Miscellaneous	42.3	34.4
TOTAL OTHER ASSETS	85.3	107.5
TOTAL ASSETS	$616.5	$549.1

</TABLE>

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

<TABLE>
<CAPTION>

	(In Millions) December 31	
	1994	1993
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	$ 15.1	$ 11.5
Payables to associated companies	15.6	8.9
Accrued employment costs	21.2	17.7

Accrued expenses	16.3	10.0
Income taxes payable	14.3	14.6
Current portion of long-term obligations	5.0	--
Reserve for capacity rationalization	1.5	1.7
Other	10.6	3.6
TOTAL CURRENT LIABILITIES	99.6	68.0
LONG-TERM OBLIGATIONS	70.0	75.0
POST-EMPLOYMENT BENEFIT LIABILITIES	74.4	71.2
RESERVE FOR CAPACITY RATIONALIZATION	25.7	21.7
OTHER LIABILITIES	35.4	32.8
SHAREHOLDERS' EQUITY		
Preferred Stock		
Class A - no par value		
Authorized - 500,000 shares;		
Issued-none	--	--
Class B - no par value		
Authorized - 4,000,000 shares;		
Issued-none	--	--
Common Shares-par value $1 a share		
Authorized - 28,000,000 shares;		
Issued - 16,827,941 shares	16.8	16.8
Capital in excess of par value of shares	63.1	61.4
Retained income	343.8	315.8
Foreign currency translation adjustments	.9	(.3)
Unrealized gain on available for sale securities, net of tax	1.5	1.3
Cost of 4,728,081 Common Shares in treasury (1993 - 4,763,824 shares)	(113.4)	(114.3)
Unearned compensation	(1.3)	(.3)
TOTAL SHAREHOLDERS' EQUITY	311.4	280.4
COMMITMENTS - Note C		
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$616.5	$549.1

</TABLE>

See notes to consolidated financial statements.

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

<TABLE>
<CAPTION>

	(In Millions, Except Per Share Amounts) Year Ended December 31		
	1994	1993	1992
<S>	<C>	<C>	<C>
REVENUES			
Product sales and service	$334.8	$268.1	$266.9
Royalties and management fees	44.7	39.7	43.8
Total Operating Revenues	379.5	307.8	310.7
Recoveries on bankruptcy claims	--	35.7	2.4
Investment income (securities)	7.9	9.1	9.6
Other income	1.5	3.3	4.3
Total Revenues	388.9	355.9	327.0
COSTS AND EXPENSES			
Cost of goods sold and operating expenses	299.9	252.8	241.1
Administrative, selling and general expenses	15.9	15.7	16.9
Bad debt expense	--	--	17.5
Interest expense	6.6	6.6	5.0
Other expenses	9.0	5.1	5.1
Total Costs and Expenses	331.4	280.2	285.6
INCOME BEFORE INCOME TAXES AND THE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	57.5	75.7	41.4
Income taxes	14.7	21.1	10.6
INCOME BEFORE THE CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLES	42.8	54.6	30.8
Cumulative effect on prior years of changes in accounting principles	--	--	(38.7)
NET INCOME (LOSS)	$ 42.8	$ 54.6	$ (7.9)
INCOME (LOSS) PER COMMON SHARE			
Before the cumulative effect of changes in accounting principles	$ 3.54	$ 4.55	$ 2.57
Cumulative effect on prior years of changes in accounting principles	--	--	(3.23)
NET INCOME (LOSS) PER COMMON SHARE	$ 3.54	$ 4.55	$ (.66)

</TABLE>

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		
	1994	1993	1992
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income (loss)	$ 42.8	$ 54.6	$ (7.9)
Adjustments to reconcile net income (loss) to net cash from operations:			
Depreciation and amortization:			
Consolidated	3.7	2.6	2.8
Share of associated companies	10.7	10.9	11.3
Cumulative effect of change in accounting principle-other postretirement benefits	-0-	-0-	64.3
Provision for deferred income taxes	(1.8)	2.2	(27.4)
Recovery on bankruptcy claims	-0-	(31.6)	-0-
Provision for doubtful accounts	-0-	-0-	17.5
Increases to capacity rationalization reserve	3.8	2.5	.5
Other	(8.3)	(7.4)	(11.4)
Total before changes in operating assets and liabilities	50.9	33.8	49.7
Changes in operating assets and liabilities:			
Marketable securities (increase) decrease	92.3	(93.1)	-0-
Inventories and prepaid expenses (increase) decrease	13.6	22.3	(13.9)
Receivables (increase) decrease	(11.6)	2.7	(7.0)
Payables and accrued expenses increase (decrease)	22.7	11.5	(2.5)
Total changes in operating assets and liabilities	117.0	(56.6)	(23.4)
Net cash from (used by) operating activities	167.9	(22.8)	26.3
INVESTING ACTIVITIES			
Acquisition of Northshore Mining	(97.3)	-0-	-0-
Weirton Preferred Stock Redemption	25.0	-0-	-0-
Purchase of property, plant and equipment:			
Consolidated	(6.9)	(2.8)	(2.9)
Share of associated companies	(4.0)	(2.2)	(2.3)
Proceeds from sales of assets	-0-	.3	1.0
Sale (purchase) of long-term investments	5.3	(3.6)	(5.5)
Net cash (used by) investing activities	(77.9)	(8.3)	(9.7)
FINANCING ACTIVITIES			
Proceeds from long-term debt	-0-	-0-	75.0
Principal payments on long-term debt:			
Consolidated	-0-	(.1)	(41.1)
Share of associated companies	(4.3)	(4.3)	(4.4)
Dividends *	(14.8)	(26.4)	(14.1)
Other	.6	1.2	1.2
Net cash from (used by) financing activities	(18.5)	(29.6)	16.6
EFFECT OF EXCHANGE RATE CHANGES ON CASH	1.2	-0-	(.5)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72.7	(60.7)	32.7
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	67.9	128.6	95.9
CASH AND CASH EQUIVALENTS AT END OF YEAR	$140.6	$ 67.9	$128.6
Taxes paid on income	$ 17.6	$ 16.6	$ 18.6
Interest paid on debt obligations	$ 6.5	$ 6.5	$ 4.0

<FN>
*The 1993 dividends exclude the non-cash distribution of 1.5 million shares ($20.4 million) of the 2.3 million shares of LTV Corporation common stock received in the 1993 bankruptcy settlement.
</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	Foreign Currency Translation Adjustments	Available For Sale Securities	Common Shares In Treasury	Unearned Compensation Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE December 31, 1991	$16.8	$61.1	$330.0	$ .7		$(117.8)	$ (.2) $290.6
Net loss			(7.9)				(7.9)
Cash dividends-$1.18 a share			(14.1)				(14.1)
Stock plans							
Restricted stock/stock options		.1				1.6	.1 1.8
Other				(1.0)		.1	(.9)
BALANCE December 31, 1992	16.8	61.2	308.0	(.3)		(116.1)	(.1) 269.5
Net income			54.6				54.6
Cash dividends:							
Regular - $1.20 a share			(14.4)				(14.4)
Special - $1.00 a share			(12.0)				(12.0)
Non-cash dividend - $1.70 a share			(20.4)				(20.4)
Change in unrealized gains, net of tax					1.3		1.3
Stock plans							
Restricted stock/stock options		.2				1.8	(.2) 1.8
BALANCE December 31, 1993	16.8	61.4	315.8	(.3)	1.3	(114.3)	(.3) 280.4
Net income			42.8				42.8
Cash dividends - $1.23 a share			(14.8)				(14.8)
Change in unrealized gains, net of tax					.2		.2
Stock plans							
Restricted stock/stock options		.2				.9	1.1
Performance shares		1.5					(1.0) .5
Other				1.2			1.2
BALANCE December 31, 1994	$16.8	$63.1	$343.8	$ .9	$1.5	$(113.4)	$(1.3) $311.4

</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 which the Company does not control. Such investments are accounted by the equity method (see Note C). The Company's equity in earnings of mining partnerships from which the Company purchases iron ore production is credited to cost of goods sold upon sale of the product.

BUSINESS: The Company's dominant business is the production and sale of iron ore pellets. The Company controls, develops, and leases reserves to mine owners; manages and owns interests in mines; sells iron ore; and owns interests in ancillary companies providing services to the mines. Iron ore production activities are conducted in the United States, Canada and Australia. The Australian operations had total revenues and pre-tax operating profit of $43.5 million and $5.4 million, $41.9 million and $4.4 million, and $40.3 million and $3.3 million, in 1994, 1993 and 1992, respectively. Total Australian assets, including long-term investments ($12.9 million, 1994 and $12.4 million, 1993) to fund eventual shutdown cost, were $38.8 million at December 31, 1994 (1993 - $29.8 million).

Iron ore is marketed in North America, Europe, Asia, and Australia. The three largest steel company customers' contribution to the Company's revenues were 14%, 14% and 12% in 1994; 14%, 12% and 11% in 1993; and 13%, 13% and 12% in 1992.

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

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

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

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

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

FORWARD CURRENCY EXCHANGE CONTRACTS: The Company had $6 million and $20 million of Australian forward currency exchange contracts at December 31, 1994 and 1993, respectively, and $6 million of Canadian forward currency exchange contracts at December 31, 1994. These forward exchange contracts are hedging transactions that have been entered into with the objective of managing the risk associated with currency fluctuations with respect to the on-going obligations of the Company's Australian and Canadian operations denominated in those currencies. Gains and losses are recognized in the same period as the hedged transaction. The fair value of these currency exchange contracts which have varying maturity dates to December 30, 1995, is estimated to be $6.4 million for the Australian contracts and $6 million for the Canadian contracts, based on the December 31, 1994 forward rates.

INVENTORIES: Product inventories, primarily finished products, are stated at the lower of cost or market. The cost of product inventories is determined using the last-in, first-out ("LIFO") method. The excess of current cost over LIFO cost of product inventories was $.9 million and $1.5 million at December 31, 1994 and 1993, respectively. The cost of other inventories is determined by the average cost method.

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

EXPLORATION, RESEARCH AND DEVELOPMENT COSTS: Exploration, research and

continuing development costs of mining properties are charged to operations as incurred. Development costs which benefit extended periods are deferred and amortized over the period of benefit. At December 31, 1994, deferred development costs were less than $1.0 million. Startup costs of major new facilities are deferred and amortized over five years from commencement of commercial production.

INCOME TAXES: Effective January 1, 1992, the Company adopted the Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes."

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

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

NOTE A - ACCOUNTING AND DISCLOSURE CHANGES

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

In February, 1992, the Financial Accounting Standards Board issued Statement 109, "Accounting for Income Taxes." Under Statement 109, the liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities and are measured using currently enacted tax rates and laws applicable when the differences are expected to reverse. The Company adopted the provisions of the new standard in its financial statements for the year ended December 31, 1992. The cumulative effect as of January 1, 1992 of adopting Statement 109 increased net income by $3.8 million, or $.31 per share.

In October, 1994, the Financial Accounting Standards Board issued Statement 119, entitled, "Disclosure about Derivative Financial Instruments," which requires expanded disclosure about such instruments. The Company's exposure to risk associated with derivative instruments is limited to forward currency exchange contracts (see Accounting Policies).

NOTE B - NORTHSHORE MINE AND POWER PLANT ACQUISITION

On September 30, 1994, Cliffs Minnesota Minerals Company, a subsidiary of Cleveland-Cliffs Inc, completed the acquisition of Cyprus Amax Minerals Company's ("Cyprus Amax") iron ore operation and power plant (renamed Northshore Mining Company or "Northshore") in Minnesota for $66 million, plus net working capital of $28 million. The principal Northshore assets are 4 million annual tons of active capacity for production of standard pellets (equivalent to 3.5 million tons of flux pellet capacity), supported by 6 million tons of active concentrate capacity, a 115 megawatt power generation plant, and an estimated 1.2 billion tons of magnetite crude iron ore reserves, leased mainly from the Mesabi Trust. Northshore has a long-term contract to sell 40 megawatts of excess capacity to an electric utility with approximately 17 years remaining.

<TABLE>
The acquisition has been accounted for as a purchase transaction, and the balance sheet of Northshore has been consolidated on the basis of a preliminary allocation of the purchase price. The purchase price consisted of:

<CAPTION>

	(In Millions)
<S>	<C>
Cash	$ 94.3

Acquisition Costs	3.0
Purchase Price	$ 97.3

The purchase price has been initially allocated as follows:

	(In Millions)
Assets	
Current Assets	$ 36.1
Property, Plant and Equipment	68.2
Other Assets	6.5
Total Assets	110.8
Liabilities	
Current Liabilities	9.1
Long-Term Liabilities	4.4
Total Liabilities	13.5
Purchase Price	$ 97.3

The final allocation of the purchase price will be made when the evaluation of fair values has been finalized.

Additional payments to Cyprus Amax would be required under certain expansion conditions. Any payments would occur over a period of years under conditions expected to be favorable to the Company and are not expected to be material in any year.

Pro forma results of the Company's operations, assuming the acquisition had occurred at the beginning of 1993, are shown in the following table.

	Pro Forma (Unaudited)	
	1994	1993*
Total Revenues (Millions)	$466.7	$415.0
Net Income		
Amount (Millions)	$ 47.0	$ 36.5
Per Common Share	$ 3.89	$ 3.04

* Year 1993 results exclude the Company's $35.7 million before-tax ($23.2 million after-tax or $1.93 per share) recovery on the settlement of the Company's bankruptcy claim against LTV Steel Company, Inc. (an integrated steel company subsidiary of The LTV Corporation, or collectively "LTV").

The pro forma results have been prepared for illustrative purposes only and do not purport to be indicative of what would have occurred had the acquisition actually been made at the beginning of 1993, nor of results which may occur in the future. Actual results could be significantly different under the Company's ownership due to, among other matters, differences in marketing, operating and investment actions which have been or may be taken by the Company.

NOTE C - INVESTMENTS IN ASSOCIATED COMPANIES

The Company's investments in associated companies are accounted by the equity method and consist primarily of its 22.5625% interest in Empire Iron Mining Partnership ("Empire"), 15% interest in Hibbing Taconite Company ("Hibbing"), 33.33% interest in Tilden Magnetite Partnership ("Tilden Magnetite"), 60% interest in Tilden Mining Company ("Tilden"), and 7.01% interest (5.2% in 1992) in Wabush Mines ("Wabush"). These iron ore mining ventures are managed by the

Company in North America. The other interests in these ventures are owned by U.S., Canadian and European steel companies. The Company's investments in associated companies also include interests in certain inactive iron ore mining ventures and mining service companies.

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

<TABLE>
<CAPTION>

	(In Millions)		
	1994	1993	1992
<S>	<C>	<C>	<C>
INCOME			
Gross revenue	$968.2	$896.5	$967.4
Equity income	99.5	82.2	91.7
FINANCIAL POSITION			
Properties - net	$774.5	$812.4	$848.3
Other assets	107.1	95.8	114.1
Debt obligations	(39.8)	(61.0)	(91.1)
Other liabilities	(147.4)	(123.1)	(124.5)
Net assets	$694.4	$724.1	$746.8
Company's equity in underlying net assets	$253.6	$266.8	$278.8
Company's investment	$151.7	$152.2	$166.8

</TABLE>

The Company manages and operates all of the iron ore ventures and leases or subleases mineral rights to certain ventures. In addition, the Company is required to purchase its applicable current share, as defined, of the production decided by the venture participants. The Company purchased $247.2 million in 1994 (1993-$196.0 million; 1992-$214.4 million) of iron ore from certain associated companies. During 1994, the Company earned royalties and management fees of $44.7 million (1993-$39.5 million; 1992-$41.9 million) from iron ore mining ventures of which $12.7 million in 1994 (1993-$10.7 million; 1992-$12.8 million) was paid by the Company as a participant in the ventures.

Costs and expenses incurred by the Company, on behalf of the ventures, are charged to such ventures in accordance with management and operating agreements. The Company's equity in the income of iron ore mining ventures is credited to the cost of goods sold and includes the amortization to income of the excess of the Company's equity in the underlying net assets over its investment on the straight-line method based on the useful lives of the underlying assets. The difference between the Company's equity in underlying net assets and recorded investment results from the assumption of interests from former participants in the mining ventures and from acquisition. The Company's equity in the income of iron ore mining ventures was $19.5 million in 1994 (1993-$23.5 million; 1992-$32.8 million).

In February, 1994, the Company reached general agreement with Algoma Steel Inc. ("Algoma") and Stelco Inc. to restructure and simplify the Tilden Mine operating agreement effective January 1, 1994. The principal terms of the new agreement are (1) the participants' tonnage entitlements and cost-sharing are based on a 6.0 million ton target normal production level instead of the previous 4.0 million ton base production level, (2) the Company's interest in the Tilden Magnetite Partnership has increased from 33.33% to 40.0% with an associated increase in the Company's obligation for its share of mine costs, (3) the Company is receiving a higher royalty, (4) the Company has the right to supply any additional iron ore pellet requirements of Algoma from Tilden or the Company, and (5) any partner may take additional production with payment of certain fees to the Partnership. The parties implemented the general agreement effective January 1, 1994 and are negotiating the detailed provisions of the definitive agreement. The agreement has not had a material financial effect on the Company's consolidated financial statements.

On June 28, 1993, LTV emerged from bankruptcy. The Company continues to guarantee the partnership debt applicable to LTV's remaining 25% interest in Empire which at December 31, 1994 was $9.1 million.

The Company's effectively serviced share of long-term obligations of associated companies, including current portion, was $9.2 million as of December 31, 1994 (1993-$13.6 million). In addition, the Company guaranteed $13.7 million (which includes the previously mentioned $9.1 million LTV guarantee) of Empire long-term obligations which are effectively serviced by LTV and

Wheeling-Pittsburgh Steel Corporation. The fair value of the guarantees is nominal because advances against the guarantees would be supported by ownership interests in Empire. Maturities of the Company's share of Empire long-term obligations for the two years after December 31, 1994 are $4.3 million in 1995 and a final $3.9 million in 1996. The Company's share of plant and equipment and other property interests which secure the effectively serviced obligations was $45.5 million at December 31, 1994.

NOTE D - INVESTMENTS

The Company elected early adoption of Financial Accounting Standards Board Statement 115, "Accounting for Certain Investments in Debt and Equity Securities," in 1993. Following is a summary of investment securities:

<TABLE>
<CAPTION>

	(In Millions)		
	Cost	Gross Unrealized Gains (Losses)	Estimated Fair Value
<S>	<C>	<C>	<C>
December 31, 1994			
Long-Term Investments			
Available-for-Sale			
Debt Securities	$ .7	$ --	$ .7
LTV Common Stock	11.2	2.3	13.5
	11.9	2.3	14.2
Held-to-Maturity			
Australian Government Securities	12.9	(.3)	12.6
Total Long-Term Investments	$24.8	$ 2.0	$26.8
Marketable Securities			
Available-for-Sale			
Debt Securities	$ .8	$ --	$ .8
December 31, 1993			
Long-Term Investments			
Available-for-Sale			
Debt Securities	$ 6.8	$ .1	$ 6.9
LTV Common Stock	11.2	2.0	13.2
	18.0	2.1	20.1
Held-to-Maturity			
Weirton Preferred Stock	25.0	--	25.0
Australian Government Securities	12.4	.9	13.3
	37.4	.9	38.3
Total Long-Term Investments	$55.4	$ 3.0	$58.4
Marketable Securities			
Trading			
Debt and Equity Securities	$93.0	$ .1	$93.1

</TABLE>

The contractual maturities of the Available-for-Sale and Held-to-Maturity securities at December 31, 1994 and 1993 are shown below.

<TABLE>
<CAPTION>

	December 31, 1994 (In Millions)		December 31,1993 (In Millions)	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
<S>	<C>	<C>	<C>	<C>
Available-for-Sale				
Debt Instruments:				
Due in one year or less	$ .8	$ .8	$ --	$ --
Due after one year through three years	--	--	.5	.5
Due after three years	.7	.7	6.3	6.4
	1.5	1.5	6.8	6.9
LTV Common Stock	11.2	13.5	11.2	13.2
	$12.7	$15.0	$18.0	$20.1
Held-to-Maturity				
Debt Instruments:				
Due in one year or less	$ 8.7	$ 8.6	$ .7	$ .7
Due after one year through three years	4.2	4.0	11.7	12.6
	12.9	12.6	12.4	13.3
Weirton Preferred Stock	--	--	25.0	25.0
	$12.9	$12.6	$37.4	$38.3

</TABLE>

Expected maturities may differ from contractual maturities.

In October, 1991, the Company invested $25 million in a special nonmarketable redeemable preferred stock of Weirton Steel Corporation ("Weirton") with mandatory redemption at par in 2003. On September 30, 1994, Weirton exercised its right to redeem the preferred stock for $25 million plus accrued dividends. The redemption of this investment (previously classified as a held-to-maturity security) did not result in a gain or loss. The stock paid quarterly dividends totaling $3.1 million per year. In conjunction with the preferred stock redemption, agreement was reached to extend the Company's iron ore sales contract with Weirton by two years through 2005. The contract calls for the Company to supply Weirton with approximately 1.0 million tons of pellets annually.

NOTE E - RESERVE FOR CAPACITY RATIONALIZATION

The Company initially established a reserve of $70 million in 1983 to provide for expected costs of reorienting its mining joint ventures and facilities to adjust to changed market conditions. During 1990, the Company increased the reserve by $24.7 million as a result of restructuring Savage River Mines. In 1992 and 1993, $5.7 million and $5.6 million, respectively, were charged to the reserve. During 1994, $3.8 million was credited to the reserve, primarily due to foreign currency effects on the Australian closedown reserve. The balance at December 31, 1994 was $34.3 million, with $7.1 million classified as a reduction of other current assets.

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

NOTE F - LONG-TERM OBLIGATIONS

<TABLE>
<CAPTION>

	(In Millions) December 31	
	1994	1993
<S>	<C>	<C>
Term notes	$75.0	$75.0
Other	--	--
Total	75.0	75.0
Less current portion	5.0	--
	$70.0	$75.0

</TABLE>

In 1992, the Company completed a $75.0 million, medium-term, unsecured senior note agreement with an insurance company group. One-third of the notes have an interest rate of 8.5 percent, and two-thirds have an interest rate of 8.8 percent. The notes require annual repayments of principal beginning in 1995 and 1996, respectively, with final maturities in 1999 and 2002, respectively. Aggregate maturities of long-term obligations in the five years succeeding December 31, 1994 are $5.0 million for 1995 and $12.1 million in each of the years 1996 through 1999.

The fair value of the Company's long-term debt (which had a carrying value of $75.0 million) at December 31, 1994, was estimated at $73.6 million based on a discounted cash flow analysis and estimates of current borrowing rates.

The senior unsecured note agreement requires the Company to maintain a minimum consolidated adjusted net worth, excluding the effects of adoption of FAS 106 ($218.2 million at December 31, 1994), an interest coverage ratio, and a leverage ratio. The Company was in compliance with these covenants at December 31, 1994.

Effective March 1, 1995, the Company will terminate its existing $75 million three-year revolving credit agreement, orginally due to expire on April 30, 1995, and will enter into a five-year, $100 million agreement. No borrowings are outstanding under the revolving credit facilities.

NOTE G - RETIREMENT BENEFITS

Pensions

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

Pension costs, including the Company's proportionate share of the costs of associated companies, was $.2 million in 1994 and credits of $2.7 million and $2.1 million, in 1993 and 1992, respectively. The costs (credits) included credits of $3.4 million, $3.2 million, and $3.0 million in 1994, 1993, and 1992, respectively, related to an idled operation which increased the Capacity Rationalization Reserve and were not credited to income. Components of the pension costs (credits) were as follows:

<TABLE>
<CAPTION>

	(In Millions)		
	1994	1993	1992
<S>	<C>	<C>	<C>
Service cost	$ 3.7	$ 3.0	$ 3.1
Interest cost	14.4	13.4	13.1
Actual loss (return) on plan assets	1.5	(27.7)	(10.9)
Net amortization and deferral	(19.4)	8.6	(7.4)
	$ .2	$ (2.7)	$ (2.1)

</TABLE>

Most of the Company's pension funds are held in diversified collective trusts

with the funds contributed by partners in the mining ventures. Plan assets principally include diversified marketable equity securities and corporate and government debt securities, which are selected by professional asset managers.

The following table presents a reconciliation of the funded status of the Company's plans, including its proportionate share of the plans of associated companies, at December 31, 1994 and 1993.

<TABLE>
<CAPTION>

	(In Millions)	
	1994	1993
<S>	<C>	<C>
Plan assets at fair value	$228.4	$239.6
Actuarial present value of benefit obligation:		
Vested benefits	156.7	168.8
Nonvested benefits	23.4	24.3
Accumulated benefit obligation	180.1	193.1
Effect of projected compensation levels	13.3	21.8
Projected benefit obligation	193.4	214.9
Plan assets in excess of projected benefit obligation	35.0	24.7
Unrecognized prior service costs	11.1	10.2
Unrecognized net asset at date of adoption of FAS 87, net of amortization	(34.1)	(36.7)
Unrecognized net loss	9.0	22.2
Prepaid cost	$ 21.0	$ 20.4

</TABLE>

The weighted average discount rate and rate of increase in compensation levels used in determining the actuarial present value of the projected benefit obligation were 8.5% and 4.0% at December 31, 1994 (7.25% and 4.0% at December 31, 1993), respectively. The expected long-term rate of return assumption utilized for determining pension cost (credit) for the years 1994, 1993 and 1992 was 8%, 9% and 9% respectively. The assumption was changed to 8.5% on December 31, 1994 for year 1995 pension cost (credit) determination.

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

Other Postretirement Benefits

In addition to the Company's defined benefit pension plans, the Company and its managed associated companies currently provide retirement health care and life insurance benefits to most full-time employees who meet certain length of service and age requirements. These benefits are provided through programs administered by insurance companies whose charges are based on the benefits paid during the year. If such benefits are continued, most active employees would become eligible for these benefits when they retire.

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

The following table presents a reconciliation of the funded status of the Company's related plans, including its proportionate share of the plans of associated companies, at December 31, 1994 and 1993.

<TABLE>
<CAPTION>

	(In Millions)	
	1994	1993
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees	$46.7	$55.4
Fully eligible active plan participants	2.2	5.2
Other active plan participants	16.8	21.6

	65.7	82.2
Plan assets	(10.4)	0
Accumulated postretirement benefit cost obligation in excess of plan assets	55.3	82.2
Unrecognized prior service credit	.1	0
Unrecognized gain (loss)	17.3	(11.8)
Accrued postretirement benefit cost	$72.7	$70.4

</TABLE>

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

<CAPTION>

	(In Millions)		
	1994	1993	1992
<S>	<C>	<C>	<C>
Service cost	$1.1	$1.2	$1.0
Interest cost	5.6	5.7	5.5
Return on plan assets	(.5)	--	--
Net amortization and deferral	.1	--	--
Net periodic postretirement benefit cost	$6.3	$6.9	$6.5

</TABLE>

Consistent with prior years, the weighted average annual assumed rate of increase in the per capita cost of Company-provided benefits was 13% for 1992 and 1993, 11% for 1994, 9% for 1995, decreasing to 5 percent for 1997 and remaining at that level thereafter. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, changing the assumed health care cost trend rate by one percentage point in each year would change the accumulated postretirement benefit obligation, as of December 31, 1994 by $15.5 million, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 1994 by $1.4 million. Amounts include the Company's proportionate share of the costs of associated companies. Plan assets include $9.3 million of deposits, relating to funded life insurance contracts, at January 1, 1994, that the Company determined were available to fund retired employees' life insurance obligations. As part of the 1993 labor contracts at Empire, Hibbing, and Tilden Magnetite, Voluntary Employee Benefit Association Trusts ("VEBAs") have been established. Funding of the VEBAs began in 1994 to cover a portion of the postretirement benefit obligations of these associated companies. As a participant, the Company's minimum annual contribution is $.7 million per year. The Company's estimated actual contribution will approximate $1.3 million per year based on its share of tons produced. The weighted average discount rate used in determining the accumulated postretirement benefit obligation was 8.5% at December 31, 1994 (7.25% and 8.5% at December 31, 1993 and 1992, respectively). The expected long-term rate of return on plan assets was 5.5% in 1994.

NOTE H - INCOME TAXES

<TABLE>
Significant components of the Company's deferred tax assets and liabilities as of December 31, 1994, 1993 and 1992 are as follows:

<CAPTION>

	(In Millions)		
	1994	1993	1992
<S>	<C>	<C>	<C>
Deferred tax assets:			
Post-retirement benefits other than pensions	$21.4	$21.1	$22.5
Other liabilities	19.3	10.6	5.2
Deferred development	9.4	7.1	3.7
Reserve for capacity rationalization	6.7	6.9	9.9
Accounts receivable	4.1	3.9	3.1
Current liabilities	4.4	3.7	3.3
Other assets	3.2	--	--
Product inventories	2.5	4.0	7.0

Plant and equipment	--	1.5	4.3
All other	.1	2.1	5.2
Total deferred tax assets	71.1	60.9	64.2
Deferred tax liabilities:			
Investment in associated companies	26.2	28.9	34.0
All other	21.5	11.4	6.7
Total deferred tax liabilities	47.7	40.3	40.7
Net deferred tax assets	$23.4	$20.6	$23.5

</TABLE>

<TABLE>
The components of provision for income taxes before accounting changes are as follows:

<CAPTION>

	(In Millions)		
	1994	1993	1992
<S>	<C>	<C>	<C>
Current	$16.5	$19.0	$12.4
Deferred	(1.8)	2.1	(1.8)
	14.7	$21.1	$10.6

</TABLE>

The provision for income taxes included Australian federal income taxes of $1.9 million, $.9 million, and $.6 million for the years 1994, 1993 and 1992, respectively.

<TABLE>
The reconciliation of effective income tax rate and United States statutory rate is as follows:

<CAPTION>

	1994	1993	1992
<S>	<C>	<C>	<C>
Statutory tax rate	35.0%	35.0%	34.0%
Increase (decrease) due to:			
Percentage depletion in excess of cost depletion	(7.9)	(4.5)	(10.9)
Effect of foreign taxes	.2	--	.2
Prior years' tax adjustment	(.9)	(2.9)	2.2
Corporate dividends received	(1.0)	(1.0)	(1.8)
Other items - net	.2	1.2	1.9
Effective tax rate	25.6%	27.8%	25.6%

</TABLE>

NOTE I - BANKRUPTCY SETTLEMENT

Following a 1986 filing, LTV emerged from bankruptcy in June, 1993. In final settlement of its allowed claim, the Company received 2.3 million shares of LTV Common Stock and 4.4 million Contingent Value Rights, valued at $31.6 million and $4.1 million, respectively, resulting in a total gain in 1993 of $35.7 million ($23.2 million after-tax, or $1.93 per share). On July 13, 1993, the Company distributed to its common stockholders, a special dividend of 1.5 million shares of LTV Common Stock, valued at $20.4 million, and $12.0 million ($1.00 per share) cash. The Company has retained the remaining .8 million shares of LTV stock as an investment.

NOTE J - FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amount and fair value of the Company's financial instruments at December 31, 1994 are as follows:

<TABLE>
<CAPTION>

	(In Millions)	
	Carrying Amount	Fair Value
<S>	<C>	<C>

Cash and cash equivalents	$140.6	$140.6
Marketable securities:		
Available-for-Sale	12.7	15.0
Held-to-Maturity	12.9	12.6
Total securities	25.6	27.6
Long-term debt	75.0	73.6

</TABLE>

The Company also has forward currency contracts at December 31, 1994 of $12.0 million with a fair value of $12.4 million.

NOTE K - STOCK PLANS

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

<TABLE>
Stock option, restricted stock award, and performance share activities are summarized as follows:

<CAPTION>

	1994		1993		1992	
	Shares	Price	Shares	Price	Shares	Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Stock options:						
Options outstanding beginning of year	105,125	$ 8.51-34.80	160,650	$6.68-37.50	229,433	$6.68-28.13
Granted	5,500	35.50-37.13	5,000	32.56	5,000	37.50
Exercised	(27,943)	8.51-34.80	(60,525)	6.68-26.31	(66,783)	6.68-26.31
Cancelled	(500)	35.50	-0-	--	(7,000)	21.77
Options outstanding at end of year	82,182	8.51-37.13	105,125	8.51-34.80	160,650	6.68-37.50
Options exercisable at end of year	82,182	8.51-37.13	105,125	8.51-34.80	114,275	6.68-37.50
Restricted awards:						
Awarded and restricted at beginning of year	20,218		10,990		20,083	
Awarded during the year	8,000		15,277		500	
Vested	(14,954)		(6,049)		(9,593)	
Cancelled	-0-		-0-		-0-	
Awarded and restricted at end of year	13,264		20,218		10,990	
Performance shares:						
Allocated beginning of year	-0-					
Allocated during the year	42,067					
Forfeited	(750)					
Allocated end of year	41,317					

Reserved for future grants or awards at end of year	521,907	576,224	596,501

</TABLE>

NOTE L - SHAREHOLDERS' EQUITY

As of December 31, 1994, the Company is authorized to issue up to 500,000 shares of Class A voting preferred stock, without par value, and up to 4,000,000 shares of Class B non-voting preferred stock, without par value.

A share purchase right ("Right") is attached to each of the Company's Common Shares outstanding as of December 31, 1993, or subsequently issued. Each Right entitles the holder to buy from the Company eleven one-thousandths (.011) of one Common Share at an exercise price per whole share of $39.11. The Rights become exercisable if a person or group acquires, or tenders for, 20% or more of the Company's Common Shares. The Company is entitled to redeem the Rights at 5 cents per Right at any time until ten days after any person or group has acquired 20% of the Common Shares and in certain circumstances thereafter. If a party owning 20% or more of the Company's Common Shares merges with the Company or engages in certain other transactions with the Company, each Right, other than Rights held by the acquiring party, entitles the holder to buy $78.22 worth of the shares of the surviving company at a 50% discount. The Rights expire on September 18, 1997 and are not exercisable until the occurrence of certain triggering events, which include the acquisition of, or a tender or exchange offer for, 15% or more of the Company's Common Shares. There are 168,279 Common Shares reserved for these Rights.

In January, 1995, the Company announced a program of periodic repurchases of up to 600,000 shares of its Common Stock in the open market or in negotiated transactions. This represents about 5% of the approximately 12.1 million Common shares outstanding. The stock will initially be retained as Treasury Stock.

NOTE M - LITIGATION

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

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

	1994				
	Quarters				
	First	Second	Third	Fourth	Year
<S>	<C>	<C>	<C>	<C>	<C>
Total Revenues	$49.5	$ 85.0	$111.0	$143.4	$388.9
Gross Profit	8.6	19.6	23.6	27.8	79.6
Net Income					
Amount	2.2	10.4	14.8	15.4	42.8
Per Common Share	.18	.86	1.23	1.27	3.54

Fourth quarter results of operations included Northshore beginning October 1, 1994.

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

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

COMMON SHARE PRICE PERFORMANCE AND DIVIDENDS

	Price Performance					
	1994		1993		Dividends	
	High	Low	High	Low	1994	1993
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter	$45-1/2	$36-3/8	$36-7/8	$32-1/2	$ .30	$ .30
Second Quarter	42-7/8	34-3/8	34-7/8	31-1/2	.30	.30
Third Quarter	42-1/8	35-5/8	35-5/8	28-3/4	.30	3.00*
Fourth Quarter	40-1/8	34	37-1/2	31	.325	.30
Year	45-1/2	34	37-1/2	28-3/4	$1.225	$3.90

*Includes a $2.70 per share special dividend.

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.

<TABLE>

Exhibit 13(j)

11-YEAR SUMMARY OF FINANCIAL AND OTHER STATISTICAL DATA
Cleveland-Cliffs Inc and Consolidated SubsidiarIes

<CAPTION>

	1994	1993	1992	1991
<S>	<C>	<C>	<C>	<C>
FINANCIAL				
(In Millions Except Per Share Amounts)				
For The Year				
Net Income (Loss):				
Continuing Operations (a)	$ 42.8	$ 54.6	$ (7.9)	$ 53.8
Discontinued Operations	-	-	-	-
Total	42.8	54.6	(7.9)	53.8
Net Income (Loss) Per Common Share:				
Continuing Operations (a)	3.54	4.55	(.66)	4.55
Discontinued Operations	-	-	-	-
Total	3.54	4.55	(.66)	4.55
Revenues From Continuing Operations (a)	388.9	355.9	327.0	363.3
Cash Dividends:				
Per Common Share	1.23	2.20	1.18	5.03
Per Preferred Share	-	-	-	-
Non-Cash Dividends:				
Per Common Share	-	1.70 (b)	-	-
Capital Expenditures (c)	10.9	5.0	5.2	7.3
At Year-End				
Working Capital	169.5	186.0	188.9	139.7
Total Assets	616.5	549.1	537.2	478.7
Long-Term Debt:				
Consolidated	75.0	75.0	75.1	41.2
Effectively Serviced (c)	84.2	88.6	92.1	65.0
Shareholders' Equity	311.4	280.4	269.5	290.8
Book Value Per Common Share	25.74	23.25	22.47	24.40

<FN>
(a) Results have been affected by the acquisition of Northshore in 1994 and non-recurring items including net bankruptcy recoveries of $23.2 million and $47.1 million in 1993 and 1990, respectively, and a $38.7 million after-tax charge for accounting changes in 1992. See Management's Discussion and Analysis.
(b) Non-cash distribution of 1.5 million shares ($20.4 million) of LTV Corporation common stock.
(c) Includes the Company's share of associated companies.
</TABLE>

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OPERATIONS				
Iron Ore Production From Mines Managed by Cliffs				
(Millions of Gross Tons)				
<S>	<C>	<C>	<C>	<C>
United States	30.6	27.8	28.4	27.6
Canada	4.6	4.5	4.5	4.5
Australia	1.5	1.5	1.5	1.3
Total	36.7	33.8	34.4	33.4

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<CAPTION>

OTHER INFORMATION				
Common Shares Outstanding (Millions):				
<S>	<C>	<C>	<C>	<C>
Average For Year	12.1	12.0	12.0	11.8
At Year-End	12.1	12.1	12.0	11.9
Common Shares Sales Price Range:				
High	$45 1/2	$37 1/2	$40 3/8	$36 1/2
Low	34	28 3/4	29 1/2	25
Employees At Year-End (d)	6,309	5,973	6,388	6,500

<FN>
(d) Includes employees of managed mining ventures.
At December 31, 1994, the Company had 3,429 record holders of its common shares.
</TABLE>

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	1990	1989	1988	1987	1986	1985	1984
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
FINANCIAL							
(In Millions Except Per Share Amounts)							
For The Year							
Net Income (Loss):							
Continuing Operations (a)	$ 73.8	$ 62.5	$ 42.6	$ 30.2	$ (19.0)	$ 28.3	$ 24.8
Discontinued Operations	-	(1.9)	(3.4)	(17.5)	(22.7)	(11.1)	(.7)
Total	73.8	60.6	39.2	12.7	(41.7)	17.2	24.1
Net Income (Loss) Per Common Share:							
Continuing Operations (a)	6.31	5.37	3.12	1.88	(1.94)	2.13	2.00
Discontinued Operations	-	(.17)	(.26)	(1.31)	(1.82)	(.90)	(.06)
Total	6.31	5.20	2.86	.57	(3.76)	1.23	1.94
Revenues From Continuing Operations (a)	400.2	372.4	317.5	412.0	241.0	267.9	321.3
Cash Dividends:							
Per Common Share	.80	.40	-	-	.35	1.00	1.00
Per Preferred Share	-	-	2.00	2.00	2.00	.68	-
Non-Cash Dividends:							
Per Common Share	-	-	.79	-	-	-	-
Capital Expenditures (c)	11.2	14.6	8.4	2.0	3.4	4.4	10.5
At Year-End							
Working Capital	169.8	104.7	45.0	220.3	110.0	114.0	77.3
Total Assets	510.9	415.2	390.6	665.6	527.2	511.7	481.5
Long-Term Debt:							
Consolidated	53.0	71.3	119.6	153.5	80.5	35.4	50.0
Effectively Serviced (c)	82.4	93.4	145.7	183.5	305.3	200.9	234.9
Shareholders' Equity	290.8	226.0	168.6	395.4	325.5	363.9	316.7
Book Value Per Common Share	24.88	19.36	14.53	21.02	22.16	25.24	25.52

<FN>
(a) Results have been affected by the acquisition of Northshore in 1994 and non-recurring items including net bankruptcy recoveries of $23.2 million and $47.1 million in 1993 and 1990, respectively, and a $38.7 million after-tax charge for accounting changes in 1992. See Management's Discussion and Analysis.
(b) Non-cash distribution of 1.5 million shares ($20.4 million) of LTV Corporation common stock.
(c) Includes the Company's share of associated companies.
</TABLE>

<TABLE>

<CAPTION>

	1990	1989	1988	1987	1986	1985	1984
OPERATIONS							
Iron Ore Production From Mines Managed by Cliffs							
(Millions of Gross Tons)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
United States	25.5	31.0	31.1	27.1	10.6	12.5	12.9
Canada	6.2	8.3	7.9	7.2	2.0	2.1	2.1
Australia	2.2	2.3	2.4	2.0	-	14.7	15.3
Total	33.9	41.6	41.4	36.3	12.6	29.3	30.3
</TABLE>

<TABLE>

<CAPTION>

	1990	1989	1988	1987	1986	1985	1984
OTHER INFORMATION							
Common Shares Outstanding (Millions):							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Average For Year	11.7	11.6	13.2	13.4	12.4	12.4	12.4

At Year-End	11.7	11.7	11.6	16.4	12.4	12.4
12.4						
Common Shares Sales Price Range:						
High	$ 35	$ 34	$ 28	$21 3/8	$19 3/8	$22 1/4
$ 26						
Low	19 5/8	25 3/4	14 1/4	9 1/4	6	16 5/8
17						
Employees At Year-End (d)	6,695	7,522	7,638	8,328	8,972	6,387
7,248						

<FN>
(d) Includes employees of managed mining ventures.
At December 31, 1994, the Company had 3,429 record holders of its common shares
</TABLE>

Subsidiaries of Cleveland-Cliffs Inc

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Cleveland-Cliffs Company (1)	Ohio
Cleveland-Cliffs Ore Corporation (1), (2), (3)	Ohio
Cliffs Biwabik Ore Corporation (2)	Minnesota
Cliffs Copper Corp.	Ohio
Cliffs Empire, Inc. (1), (4)	Michigan
Cliffs Engineering, Inc. (1)	Colorado
Cliffs Forest Products Company (1)	Michigan
Cliffs Fuel Service Company (1)	Michigan
Cliffs IH Empire, Inc. (1)	Michigan
Cliffs Marquette, Inc. (1), (3)	Michigan
Cliffs MC Empire, Inc. (1), (4)	Michigan
Cliffs Mining Company	Delaware
Cliffs Mining Services Company	Delaware
Cliffs Minnesota Minerals Company	Minnesota
Cliffs Oil Shale Corp. (1)	Colorado
Cliffs of Canada Limited (1)	Ontario, Canada
Cliffs Reduced Iron Corporation	Delaware
Cliffs Resources, Inc. (7)	Delaware
Cliffs Synfuel Corp. (1)	Utah
Cliffs Tilden, Inc. (1), (2)	Michigan
Cliffs TIOP, Inc. (1), (8), (9)	Michigan
Empire-Cliffs Partnership (4)	Michigan
Empire Iron Mining Partnership (10)	Michigan
Escanaba Properties Company (1), (11)	Michigan
Escanaba Properties Partnership (11)	Michigan
Hibbing Taconite Company, a joint venture (12)	Minnesota
J&L-Cliffs Ore Partnership (2), (13)	Ohio
Kentucky Coal Company	Delaware
Lake Superior & Ishpeming Railroad Company (7)	Michigan
Lasco Development Company (7)	Michigan
Marquette Iron Mining Partnership (3)	Michigan
Mattagami Mining Co. Limited (14)	Ontario, Canada
Mesabi Radio Corporation (14)	Minnesota
Minerais Midway Ltee-Midway Ore Company Ltd. (14)	Quebec, Canada
Mines Hilton Ltee-Hilton Mines, Ltd. (14)	Quebec, Canada
Northshore Mining Company (5)	Delaware
Northshore Sales Company (6)	Ohio
Northwest Iron Co. Ltd. (15)	Delaware
Peninsula Land Corporation (14)	Michigan

See footnote explanation on pages 69-70.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Pickands Erie Corporation (14)	Minnesota
Pickands Hibbing Corporation (14)	Minnesota
Pickands Mather & Co. International	Delaware
Pickands Mather Services Inc. (14)	Delaware
Pickands Radio Co. Ltd. (14)	Quebec, Canada
Robert Coal Company (16)	Delaware
Savage River Motor Inn Pty. Ltd. (17)	Tasmania
Seignelay Resources, Inc. (14)	Delaware
Silver Bay Power Company (6)	Delaware
Syracuse Mining Company (14)	Minnesota
Tetapaga Mining Company Limited (1)	Ohio
Tilden Iron Ore Partnership (6), (13)	Michigan
Tilden Magnetite Partnership (9)	Michigan
Tilden Mining Company, a joint venture (2), (8), (13)	Michigan
The Cleveland-Cliffs Iron Company	Ohio
The Cleveland-Cliffs Steamship Company (1)	Delaware
The Mesaba-Cliffs Mining Company (18)	Minnesota
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) J&L-Cliffs Ore Partnership is an Ohio partnership and a 36% associate in the Tilden Mining Company, a joint venture. Cleveland-Cliffs Ore Corporation and Cliffs Tilden, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in the J&L-Cliffs Ore Partnership. Cleveland-Cliffs Ore Corporation also owns 100% of Cliffs Biwabik Ore Corporation.

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

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

(5) 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.

(6) 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.

(7) Cliffs Resources, Inc. owns a 99.3% interest in Lake Superior & Ishpeming Railroad Company. Lasco Development Company is a wholly-owned subsidiary of Lake Superior & Ishpeming Railroad Company.

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

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

(10) 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.

(11) 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.

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

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

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

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

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

(17) The named subsidiary is a wholly-owned subsidiary of Pickands Mather & Co. International, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

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

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the 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 and in the Registration Statement (Form S-8 No. 33-48357) pertaining to the 1992 Incentive Equity Plan and the related prospectus and in 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 of our report dated February 14, 1995, 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, 1994.

ERNST & YOUNG LLP

Cleveland, Ohio
March 24, 1995

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Directors and officers of Cleveland-Cliffs Inc, an Ohio corporation ("Company"), hereby constitute and appoint M. Thomas Moore, John S. Brinzo, Frank L. Hartman, and John E. Lenhard and each of them, their true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for them and in their name, place and stead, to sign on their behalf as a Director or officer of the Company, or both, as the case may be, an Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 1994, 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 14th day of March, 1995.

/s/M. T. Moore

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

/s/R. S. Colman

R. S. Colman, Director

/s/J. D. Ireland III

J. D. Ireland III, Director

/s/G. F. Joklik

G. F. Joklik, Director

/s/E. B. Jones

E. B. Jones, Director

/s/L. L. Kanuk

L. L. Kanuk, Director

/s/S. B. Oresman

S. B. Oresman, Director

/s/A. Schwartz

A. Schwartz, Director

/s/S. K. Scovil

S. K. Scovil, Director

/s/J. H. Wade

J. H. Wade, Director

/s/A. W. Whitehouse

A. W. Whitehouse, Director

/s/J. S. Brinzo

J. S. Brinzo
Senior Executive-Finance
(Principal Financial Officer)

/s/R. Emmet

R. Emmet
Vice President and Controller
(Principal Accounting Officer)

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Exhibit 99(a)

<TABLE>

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

<CAPTION>

Classification	Balance at Beginning Of Year	Additions Charged to Cost and Expenses	Additions Charged to Other Accounts	Deductions	Balance at End Of Year
<S>	<C>	<C>	<C>	<C>	<C>
Year Ended December 31, 1994:					
Reserve for Capacity Rationalization	$30.5	$ --	$6.9	$3.1	$34.3
Allowance for Doubtful Accounts	19.5	--	--	--	19.5
Other	13.7	.4	5.8	1.3	18.6
Year Ended December 31, 1993:					
Reserve for Capacity Rationalization	$36.1	$ --	$1.3	$6.9	$30.5
Allowance for Doubtful Accounts	20.8	--	--	1.3	19.5
Other	8.3	--	5.4	--	13.7
Year Ended December 31, 1992:					
Reserve for Capacity Rationalization	$35.6	$ --	$4.9	$4.4	$36.1
Allowance for Doubtful Accounts	3.1	17.5	0.2	--	20.8
Other	12.0	3.5	--	7.2	8.3

</TABLE>

Additions charged to other accounts in 1994, 1993 and 1992 were charged to revenues.

Deductions to the reserve for capacity rationalization represent charges associated with idle expense in 1994, 1993 and 1992.