

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 1998

OR

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

For the transition period from _____ to _____.

Commission File Number: 1-8944

CLEVELAND-CLIFFS INC

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of
incorporation)

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

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

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

YES X NO

As of October 30, 1998, there were 11,148,453 Common Shares (par value \$1.00 per share) outstanding.

PART I - FINANCIAL INFORMATION

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED INCOME

<TABLE>
<CAPTION>

	(In Millions, Except Per Share Amounts)			
	Three Months Ended September 30		Nine Months Ended September 30	
	1998	1997	1998	1997
<S> REVENUES	<C>	<C>	<C>	<C>
Product sales and services	\$ 158.1	\$ 133.1	\$ 328.5	\$ 256.3
Royalties and management fees	15.5	13.7	36.8	34.4
Total Operating Revenues	173.6	146.8	365.3	290.7
Investment income (securities)	1.5	1.0	3.7	4.4
Recovery of excess closedown provision	-	-	-	4.3
Other income	0.6	1.1	2.4	2.9
TOTAL REVENUES	175.7	148.9	371.4	302.3
<S> COSTS AND EXPENSES				
Cost of goods sold and operating expenses	140.6	118.3	297.9	235.4
Administrative, selling and general expenses	3.4	5.4	13.0	12.6
Interest expense	0.1	0.5	0.4	2.2
Other expenses	4.4	1.6	9.4	5.1

TOTAL COSTS AND EXPENSES	148.5	125.8	320.7	255.3
INCOME BEFORE INCOME TAXES	27.2	23.1	50.7	47.0
INCOME TAXES				
Currently payable	4.1	8.0	7.6	11.3
Deferred	3.0	(6.0)	5.6	(1.3)
TOTAL INCOME TAXES	7.1	2.0	13.2	10.0
NET INCOME	\$ 20.1	\$ 21.1	\$ 37.5	\$ 37.0
NET INCOME PER COMMON SHARE				
Basic	\$ 1.80	\$ 1.86	\$ 3.33	\$ 3.26
Diluted	\$ 1.78	\$ 1.85	\$ 3.30	\$ 3.24
AVERAGE NUMBER OF SHARES (IN THOUSANDS)				
Basic	11,207	11,379	11,286	11,375
Diluted	11,264	11,484	11,363	11,443

See notes to financial statements

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CLEVELAND-CLIFFS INC
STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<TABLE>
<CAPTION>

		(In Millions)	
		September 30 1998	December 31 1997
		<C>	<C>
ASSETS			

CURRENT ASSETS			
Cash and cash equivalents		\$ 115.5	\$ 115.9
Accounts receivable - net		68.9	73.4
Inventories			
Finished products		41.3	46.3
Supplies		13.4	15.1
		54.7	61.4
Federal income taxes		7.7	7.5
Other		7.3	7.6
		-----	-----
TOTAL CURRENT ASSETS		254.1	265.8
PROPERTIES		205.9	272.3
Allowances for depreciation and depletion		(59.9)	(138.3)
		-----	-----
TOTAL PROPERTIES		146.0	134.0
INVESTMENTS IN ASSOCIATED COMPANIES		225.8	218.3
OTHER ASSETS			
Prepaid pensions		41.8	40.4
Other		34.9	35.8
		-----	-----
TOTAL OTHER ASSETS		76.7	76.2
		-----	-----
TOTAL ASSETS		\$ 702.6	\$ 694.3
		=====	=====

<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY

	<C>	<C>
<S>		
CURRENT LIABILITIES	\$ 87.0	\$ 91.8
LONG-TERM OBLIGATIONS	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES	69.8	70.1
OTHER LIABILITIES	55.1	55.0
SHAREHOLDERS' EQUITY		
Preferred Stock		
Class A - no par value		
Authorized - 500,000 shares; Issued - none	-	-
Class B - no par value		
Authorized - 4,000,000 shares; Issued - none	-	-
Common Shares - par value \$1 a share		
Authorized - 28,000,000 shares;		
Issued - 16,827,941 shares	16.8	16.8
Capital in excess of par value of shares	69.3	69.8
Retained income	497.5	472.1
Accumulated other comprehensive loss, net of tax	(4.1)	(2.0)
Cost of 5,679,488 Common Shares in treasury		
(1997 - 5,519,027 shares)	(155.8)	(146.2)
Unearned compensation	(3.0)	(3.1)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	420.7	407.4
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 702.6	\$ 694.3
	=====	=====

</TABLE>

See notes to financial statements

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED CASH FLOWS

<TABLE>
<CAPTION>

	(In Millions, Brackets Indicate Cash Decrease) Nine Months Ended September 30	
	1998	1997
	-----	-----
	<C>	<C>
<S>		
OPERATING ACTIVITIES		
Net income	\$ 37.5	\$ 37.0
Depreciation and amortization:		
Consolidated	6.4	5.2
Share of associated companies	9.4	9.1
Decrease in Savage River closedown reserve	-	(16.1)
Provision for deferred income taxes	5.6	9.2
Tax credit	-	(5.6)
Other	(1.7)	3.0
	-----	-----
Total before changes in operating assets and liabilities	57.2	41.8
Changes in operating assets and liabilities	2.4	(51.1)
	-----	-----
NET CASH FROM (USED BY) OPERATING ACTIVITIES	59.6	(9.3)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment:		
Consolidated	(18.8)	(11.0)
Share of associated companies	(18.9)	(35.7)
Purchase of Wabush interest	-	(15.0)

Other	1.3	4.8
	-----	-----
NET CASH (USED BY) INVESTING ACTIVITIES	(36.4)	(56.9)
FINANCING ACTIVITIES		
Dividends	(12.1)	(11.1)
Repurchases of Common Shares	(11.5)	(1.7)
	-----	-----
NET CASH (USED BY) FINANCING ACTIVITIES	(23.6)	(12.8)
	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS	(0.4)	(79.0)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	115.9	165.4
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 115.5	\$ 86.4
	=====	=====

</TABLE>

See notes to financial statements

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CLEVELAND-CLIFFS INC

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 1998

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the financial statement footnotes and other information in the Company's 1997 Annual Report on Form 10-K. In management's opinion, the quarterly unaudited financial statements present fairly the Company's financial position and results in accordance with generally accepted accounting principles.

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

References to the "Company" mean Cleveland-Cliffs Inc and consolidated subsidiaries, unless otherwise indicated. Quarterly results are not representative of annual results due to seasonal and other factors. Certain prior year amounts have been reclassified to conform to current year classifications.

NOTE B - ACCOUNTING AND DISCLOSURE CHANGES

In June, 1997, the Financial Accounting Standards Board ("FASB") issued Statement 131, "Disclosures About Segments of an Enterprise and Related Information." This Statement changes the way that segment information is defined and reported in annual and interim financial statements. Statement 131 is effective for fiscal years beginning after December 15, 1997, although segment information is not required to be reported in interim financial statements in 1998. Management is evaluating the new Statement and has not determined what effect it may have on future disclosures.

In February, 1998, the FASB issued Statement 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," effective for fiscal years beginning after December 15, 1997. The objective of this Statement is to improve and standardize disclosures about pensions and other postretirement benefits and does not change the measurement or recognition of pensions or other postretirement benefits.

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

have a material impact on the Company's consolidated financial statements.

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

In April, 1998, the AcSEC issued SOP 98-5, "Reporting on the Costs of Start-up Activities," effective for fiscal years beginning after December 15, 1998, which requires such costs to be expensed as incurred. The Company does not expect compliance with the Statement to have a material impact on the Company's consolidated financial statements.

In July, 1998, the Emerging Issues Task Force ("EITF") of the FASB reached consensus on Issue No. 97-14, "Accounting for Deferred Compensation Arrangements where Amounts Earned Are Held in a Rabbi Trust and Invested." The objective of the Issue is to consolidate the accounts of Rabbi trusts with the accounts of the Company, and to establish uniform recognition of related compensation cost. Compliance with the standard set forth in the Issue, adopted by the Company at September 30, 1998, had no material effect on the Company's consolidated financial statements.

NOTE C - ENVIRONMENTAL RESERVES

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for known environmental problems at active mining operations, idle and closed mining operations and other sites have been recognized based on estimates of the cost of investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the minimum of the range is accrued in accordance with generally accepted accounting principles. Estimates may change as additional information becomes available. Actual costs incurred may vary from the estimates due to the inherent uncertainties involved. Any potential insurance recoveries have not been reflected in the determination of the financial reserves.

At September 30, 1998, the Company had an environmental reserve, including its share of the environmental obligations of associated companies, of \$22.1 million, of which \$3.5 million is a current liability. The reserve includes the Company's obligations related to Federal and State Superfund and Clean Water Act sites where the Company

is named as a potentially responsible party, including Cliffs-Dow and Kipling sites in Michigan and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company's iron mining operations. The reserves are based on engineering studies prepared by outside consultants engaged by the potentially responsible parties. The Company continues to evaluate the recommendations of the studies and other means for site clean-up. Significant site clean-up activities have taken place at Rio Tinto and Cliffs-Dow. The City of Marquette, Michigan purchased the Cliffs-Dow plant site, on January 29, 1998, from the Company and has agreed to assume any future environmental responsibilities with respect to that site. Also, included in the reserve are wholly-owned active and idle operations, and other sites, including former operations, for which reserves are based on the Company's estimated cost of investigation and remediation of sites where expenditures may be incurred.

NOTE D - COMPREHENSIVE INCOME

Comprehensive Income includes Net Income and Other Comprehensive Income, net of tax, consisting of unrealized gains (losses) on securities, foreign currency translation adjustments and minimum pension liability. Components of Comprehensive Income include:

<TABLE>
<CAPTION>

	(In Millions)			
	Third Quarter		First Nine Months	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Net Income	\$ 20.1	\$ 21.1	\$ 37.5	\$ 37.0
Other Comprehensive Income - Unrealized Gain (Loss) on Securities	(1.9)	(.8)	(2.1)	.5

Foreign Currency Translation Adjustment	--	(.2)	--	--
Comprehensive Income	\$ 18.2	\$ 20.1	\$ 35.4	\$ 37.5

</TABLE>

NOTE E - ACME BANKRUPTCY

On September 28, 1998, Acme Metals Incorporated and its wholly owned subsidiary Acme Steel Company (collectively "Acme"), a partner in the Company's-managed Wabush Mine in Canada and an iron ore customer, petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. At the time of the filing, the Company had a \$1.2 million trade receivable from Acme. In recognition of growing concerns about steel industry conditions, a \$1.2 million charge (\$.9 million after-tax) was recorded in September, to raise the total reserve for trade receivables to \$2.2 million. Since its filing, Acme has maintained operations with debtor-in-possession financing and has continued its relationship with the Company. Sales to Acme in the first nine months of 1998 and for the year 1997 represented less than 5 percent of total sales volume.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

COMPARISON OF THIRD QUARTER AND FIRST NINE MONTHS - 1998 AND 1997

Earnings for the third quarter of 1998 were \$20.1 million, or \$1.78 per diluted share (all per share earnings are "diluted earnings per share" unless otherwise stated), and first nine months earnings were \$37.5 million, or \$3.30 per share. Comparable earnings, before special items, in 1997 were \$15.5 million, or \$1.36 per share, in the third quarter, and \$28.6 million, or \$2.50 per share, in the first nine months. Net income for the first nine months of 1997 included a \$5.6 million special tax credit recorded in the third quarter and a \$2.8 million after-tax second quarter reversal of an excess accrual for closedown obligations of the Savage River Mine in Australia. Including the special items, 1997 net income was \$21.1 million, or \$1.85 per share, in the third quarter and \$37.0 million, or \$3.24 per share, for the first nine months.

Following is a summary of results:

<TABLE>
<CAPTION>

	(In Millions, Except Per Share)			
	Third Quarter		First Nine Months	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
Income Before Special Items:				
Amount	\$ 20.1	\$ 15.5	\$ 37.5	\$ 28.6
Per Share	1.78	1.36	3.30	2.50
Special Items:				
Amount	--	5.6	--	8.4
Per Share	--	.49	--	.74
Net Income:				
Amount	20.1	21.1	37.5	37.0
Per Share	1.78	1.85	3.30	3.24

</TABLE>

The \$4.6 million, or 30 percent, increase in third quarter earnings, before special items, was mainly due to higher North American sales volume and price realization, increased royalties and management fees, decreased administrative expenses, a lower effective income tax rate and decreased interest expense. Partly offsetting were higher ferrous metallics and international development expenses and an increase in the reserve for accounts receivable.

The \$8.9 million, or 31 percent, increase in nine-month earnings, before special items, was principally due to higher North American sales volume and price realization, increased royalties and management fees, decreased interest expense and a lower effective income tax rate. Partly offsetting were higher ferrous metallics and international development expenses and

non-recurring 1997 Savage River earnings. Savage River, which produced its last iron ore pellets in December, 1996, earned \$2.9 million in the first nine months of 1997 on sales of its remaining inventory.

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The Company's North American iron ore pellet sales in the third quarter of 1998 were a record 4.4 million tons, a 26 percent increase from the 3.5 million tons sold in the third quarter of 1997. Sales of 9.0 million tons in the first nine months of 1998 were also a record and 36 percent higher than the 6.6 million tons sold in the first nine months of 1997.

Administrative expenses decreased by \$2.0 million in the third quarter of 1998 versus 1997 principally due to the lower cost of Performance Share grants, a key component of senior management compensation. Lower interest expense in the third quarter and first nine months resulted from increased capitalization of interest on the Company's share of construction costs of the Cliffs and Associates Limited ("CAL") reduced iron project in Trinidad and Tobago. Other expenses were higher in both periods due to increased costs of ferrous metallics and international development activities and the \$1.2 million pre-tax increase in the reserve for accounts receivable relating to the Acme bankruptcy filing (See - Note E).

The effective income tax rate for the three and nine months ended September 30, 1998 was 26 percent compared to 33 percent in the comparable prior period before the 1997 special tax credit. The decrease in the 1998 tax rate was due to lower foreign taxes and greater benefit of percentage depletion.

The Company-managed mines produced 10.8 million tons of iron ore pellets in the third quarter of 1998 compared with 10.0 million tons in 1997. Nine-month production was 30.2 million tons in 1998, up from 29.2 million tons in 1997.

LIQUIDITY
- -----

At September 30, 1998, the Company had cash and cash equivalents of \$115.5 million. Since December 31, 1997, cash and cash equivalents have decreased \$4 million, primarily due to project investments and capital expenditures, \$37.7 million, dividends, \$12.1 million, and repurchases of common shares, \$11.5 million, partially offset by cash flow from operations, \$57.2 million, and decreased working capital, \$2.4 million. The decrease in working capital was primarily due to lower inventories and trade receivables partially offset by lower payables and accrued liabilities.

For the year 1998 capital expenditures, principally for mining ventures and including items classified as capital leases, are projected to total \$133 million (Company's share - \$62 million).

CAPITALIZATION
- -----

Long-term debt of the Company consists of \$70.0 million of senior unsecured notes payable to an insurance company group. The notes bear a fixed interest rate of 7.0 percent and are scheduled to be repaid with a single principal payment in December, 2005. In the second quarter, the Company extended the maturity of its \$100 million revolving credit agreement from March 1, 2002 to May 31, 2003.

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No borrowings are outstanding under this agreement. The Company was in compliance with all financial covenants and restrictions of the agreements.

The fair value of the Company's long-term debt (which had a carrying value of \$70.0 million) at September 30, 1998, was estimated at \$74.1 million based on a discounted cash flow analysis and estimates of current borrowing rates.

Following is a summary of common shares outstanding:

<TABLE>
<CAPTION>

		1998	1997	1996
		-----	-----	-----
<S>	<C>	<C>	<C>	<C>
	March 31	11,344,605	11,377,322	11,832,767

June 30	11,322,047	11,374,448	11,614,517
September 30	11,148,453	11,379,357	11,367,717
December 31		11,308,914	11,369,717

</TABLE>

During the third quarter of 1998, the Company repurchased 177,100 shares of its common stock at a total cost of \$8.3 million. Since the inception of the stock repurchase program in 1995, 1,130,500 shares have been repurchased at a total cost of \$46.7 million.

FERROUS METALLICS ACTIVITIES

CLIFFS AND ASSOCIATES LIMITED - Construction at the hot-briquetted iron venture project in Trinidad and Tobago with affiliates of LTV Corporation and Lurgi AG has been progressing well and completion is expected by the end of the year. The plant is expected to start up in the first quarter of 1999 and achieve its design capacity rate of 500,000 metric tons per year in mid-1999. Demand for and market prices of ferrous metallics products in North America continue to deteriorate in large part due to the availability of substantial quantities of low-priced imported pig iron.

NORTHSHORE "REDSMELT" PIG IRON PROJECT - The Company continues to evaluate an investment in a plant at the Company's wholly-owned Northshore Mine in Minnesota that would produce 700,000 metric tons annually of a premium grade pig iron. While progress has been made in a number of areas, uncertainty over state environmental permitting and market conditions has postponed a decision on the project.

The Company continues to consider other investment alternatives, both domestically and internationally, in the iron ore and ferrous metallics business.

COAL RETIREES

- -----

Through June 30, 1998, payments covering over 300 beneficiaries have been made to the UMWA Combined Benefit Fund as required by the Coal Industry Retiree Health Benefit Act of 1992 ("Act"). Over 20 percent of these beneficiaries are from former coal operations which ceased operations as signatories to the UMWA contract prior to when coal wage agreements contained any provisions that could be construed

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as promising or implying that health benefits would be provided for life. Based on a recent U.S. Supreme Court decision in EASTERN ENTERPRISES V. APFEL, premium payments on these beneficiaries have been discontinued subsequent to June 30, 1998 and a refund requested for previous payments. Although the Act provides for substantial penalties for non-payment of premiums, management believes that the Company's actions, in light of EASTERN ENTERPRISES V. APFEL, would not subject the Company to such penalties. Payments covering the remaining beneficiaries have continued. On October 16, the United States Court of Appeals denied an appeal, which the Company had filed on constitutional grounds, relating to assignments by the Trustees of the UMWA 1992 Benefit Plan of additional beneficiaries related to two formerly operated joint venture coal mines. The Company continues to make payments into an escrow account with respect to these beneficiaries pending its decision whether to pursue a petition for certiorari to the United States Supreme Court.

OUTLOOK

- -----

Steel production in the U.S. and Canada, which was strong through the first half of 1998, declined significantly in the third quarter. Record levels of low priced steel imports are adversely impacting order rates, capacity utilization rates, shipment volumes and profits of the North America steel industry. Steel inventories have increased, causing cutbacks in steel production. In late September, steel producers in the U.S. and Canada filed complaints against foreign competitors for unfair trade practices. While the filings should benefit the steelmakers, the outlook for the remainder of 1998 and some part of 1999 is for import penetration to continue at a relatively high level, causing steel demand to remain slow and steel prices weak.

As a result of deteriorating conditions in the North American steel industry, the Company's full year 1998 sales are projected to be lower than previously estimated, and are expected to be between 12.0 and 12.5 million tons. Fourth quarter 1998 sales will be lower than the 3.8 million tons sold in the fourth quarter of 1997. It is anticipated that the Company's 1999 sales volume will be less than 1998 sales.

For the full year 1998, the six Company-managed mines are expected to produce a record 40.3 million tons, with the Company's share being 11.5 million tons. The increases in 1998 are mainly due to higher production at the Tilden

Mine. The Company-managed mines are currently planning to start the year 1999 operating at capacity levels; however, production levels can be reduced during the year. Reflecting the difficult business environment, the Company and the managed mines are reviewing cost reduction initiatives.

YEAR 2000 TECHNOLOGY

Year 2000 compliance is a major business priority of the Company and is presently being addressed throughout all of its operations. A company-wide Year 2000 Compliance Program ("Compliance Program") has been established with a dedicated team headed by a Project Executive, and composed of Internal Control, Information Technology and Process Control representatives, including a functional project leader

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from each of the Company's operating ventures. Additionally, two outside engineering firms and one information technology service firm have been engaged to date to support and assist in process control compliance activities. The status of the Compliance Program is reported regularly to the Year 2000 Compliance Steering Committee, consisting of the Chief Executive Officer and other officers of the Company, and also to the Company's Board of Directors.

The Compliance Program has been divided into five phases: 1) inventory, 2) assessment, 3) renovation, 4) unit testing, and 5) system integration testing. The Company has substantially completed the inventory and assessment phases and expects to substantially complete renovation and unit testing by the end of 1998, system integration testing scheduled to be completed by the third quarter of 1999.

A substantial portion of Year 2000 information technology compliance will be achieved as a result of the Company's Information Technology Plan ("IT Plan"). The IT Plan, initiated in 1996, involves the implementation of a purchased, mining-based, Year 2000 compliant, software suite to replace legacy programs for operations and administrative mainframe systems servicing most domestic locations. In addition to avoiding any potential Year 2000 problems, the IT Plan will result in improved system and operating effectiveness. The IT Plan is estimated to cost approximately \$25 million for the Company and associated ventures, \$17 million of which is projected to be classified as capital expenditures and \$8 million charged to operations (Company's share \$6.9 million total; \$4.6 million capital, \$2.3 million operating). Since implementation and through September 30, 1998, \$10.0 million (Company's share - \$2.7 million) was expended with \$3.0 million (Company's share \$.8 million) charged to operations as incurred. Project completion is expected in the third quarter of 1999. The Company is charging to operations current state assessment, process re-engineering, and training costs associated with the IT Plan. For legacy programs and locations not included in the IT Plan, modifications and/or replacement of existing programs are underway for achieving Year 2000 compliance with an expected cost of less than \$1 million.

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

The Company has also included investigation of major suppliers' and customers' Year 2000 readiness as part of the program. Major suppliers and customers of the Company have been requested to complete a Year 2000 compliance questionnaire. For those which the Company considers critical to its operations, on site verifications will be performed as required. Interruption of electrical power supplied to the Company's operating locations has been identified as having the greatest potential adverse impact. Failure of electric power suppliers of the Company's iron ore operations to become Year 2000 compliant could cause power interruptions resulting in significant production

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losses and potential equipment damage. The Company's wholly owned Northshore and managed LTV Steel Mining Company mines are equipped with electric power generation facilities capable of providing nearly all of their power requirements.

The incremental expense of achieving Year 2000 compliance on systems not covered by the IT Plan and other software legacy programs is estimated to be \$2 million for the Company and its ventures. Completion of this program is targeted for mid-1999. The Company has completed internal audits at various

operations to verify that progress is on schedule toward completion of the Year 2000 Compliance Program.

The Company is developing contingency plans for internally controlled operations and business systems. Efforts continue to extend contingency plans to cover the failure of key suppliers to achieve Year 2000 compliance; however, comprehensive coverage cannot be assured.

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

FORWARD-LOOKING STATEMENTS

- - - - -

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. In addition to historical information, this report contains forward-looking statements that are subject to risks and uncertainties that could cause future results to differ materially from expected results. Such statements are based on management's beliefs and assumptions made on information currently available to it.

The Company's primary business is the production and sale of iron ore pellets, which is subject to the cyclical nature of the integrated steel industry. Factors that could cause the Company's actual results to be materially different from projected results include the following:

- Changes in the financial condition of integrated steel company partners and customers. The potential financial failure and shutdown of one or more significant customers or partners without mitigation could represent a significant adverse development;
- Substantial changes in imports of steel or iron ore;

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- Domestic or international economic and political conditions;
- Unanticipated geological conditions or ore processing changes;
- Development of alternative steel-making technologies;
- Displacement of integrated steel production by electric furnace production;
- Displacement of steel by competitive materials;
- Energy costs and availability;
- Shortage of available process water due to drought;
- Difficulties or delays in achieving Year 2000 compliance;
- Major equipment failure, availability, and magnitude and duration of repairs;
- Labor contract negotiations;
- Changes in tax laws directly affecting mineral exploration and development;
- Changes in laws, regulations or enforcement practices governing environmental site remediation requirements and the technology available to complete required remediation. Additionally, the impact of inflation, the identification and financial condition of other responsible parties, as well as the number of sites and quantity and type of material to be removed, may significantly affect estimated environmental remediation liabilities;
- Changes in laws, regulations or enforcement practices governing compliance with environmental and safety standards at operating locations; and,

- Accounting principle or policy changes by the Financial Accounting Standards Board or the Securities and Exchange Commission.

Additionally, the Company's projection of construction cost, start-up date, production rate and operations for the Trinidad reduced iron project could change due to the following inherent uncertainties:

- Construction delays;
- Changes in product pricing and demand;
- Process difficulties; and
- Cost and availability of key components of production.

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

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PART II - OTHER INFORMATION

Item 5. Other Information

Shareholder Proposals - Deadline for Inclusion in Proxy Materials

As set forth in the Company's Proxy Statement for the 1998 Annual Meeting of Shareholders, any proposal by a shareholder of the Company intended to be presented at the 1999 Annual Meeting of Shareholders must be received by the Company on or before November 23, 1998 to be included in the proxy materials of the Company relating to such meeting.

Shareholder Proposals - Discretionary Voting of Proxies

In accordance with recent amendments to Rule 14a-4 under the Securities Exchange Act of 1934, if notice of a proposal by a shareholder of the Company intended to be presented at the 1999 Annual Meeting of Shareholders is received by the Company after February 6, 1999, the persons authorized under the Company's management proxies may exercise discretionary authority to vote or act on such proposal if the proposal is raised at the 1999 Annual Meeting of Shareholders.

Item 6. Exhibits and Reports on Form 8-K

- (a) List of Exhibits - Refer to Exhibit Index on page 17.
- (b) There were no reports on Form 8-K filed during the three months ended September 30, 1998.

SIGNATURE

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

CLEVELAND-CLIFFS INC

Date November 5, 1998

By /s/ C. B. Bezik

C. B. Bezik
Senior Vice President-Finance and
Principal Financial Officer

EXHIBIT INDEX

<TABLE> <CAPTION> Exhibit Number -----	Exhibit -----	-----
<C> 10(a)	<S> Retirement and Consulting Agreement, dated as of September 2, 1998, by and between Cleveland-Cliffs Inc and M. Thomas Moore	<C> Filed Herewith
27	Consolidated Financial Data Schedule submitted for Securities and Exchange Commission information only:	
27.1	September 30, 1998	--
27.2	September 30, 1997	--
99(a)	Cleveland-Cliffs Inc News Release published on September 29, 1998, with respect to the Chapter 11 bankruptcy filing by Acme Metals Incorporated	Filed Herewith
99(b)	Cleveland-Cliffs Inc News Release published on October 21, 1998, with respect to 1998 third quarter earnings and 1998 first nine months.	Filed Herewith

RETIREMENT AND CONSULTING AGREEMENT

THIS RETIREMENT AND CONSULTING AGREEMENT (this "Agreement") is made and entered into this 2nd day of September, 1998, by and between CLEVELAND-CLIFFS INC, an Ohio corporation (the "Company," a term which in this Agreement shall include its predecessors, parents, subsidiaries, divisions, related or affiliated companies, officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents and counsel, unless the context otherwise clearly requires), and M. THOMAS MOORE ("Executive"),

WITNESSETH:

WHEREAS, Executive is an inactive employee and a director of the Company;

WHEREAS, Executive voluntarily relinquished his position as Chairman and Chief Executive Officer of the Company on November 9, 1997, and became an inactive employee under the Company's disability plans on January 1, 1998, and the Company and Executive have determined that Executive shall retire as an employee of the Company effective July 31, 1998, discontinue participation in the Company's disability plans, and will not stand for re-election as a director of the Company at its annual meeting of shareholders to be held in 1999 on the date determined in accordance with the Company's Regulations (the "1999 Annual Meeting Date"), currently scheduled for May 11, 1999;

WHEREAS, the Company and Executive desire to provide for a consulting arrangement whereby the Company may continue to benefit from the services of Executive following his retirement from the Company as an employee and following the completion of his service as a director of the Company;

WHEREAS, the Company wants to ensure that Executive will protect Confidential Information (as hereinafter defined) and will not use his knowledge and experience during the Consulting Period (as hereinafter defined) to assist a competitor of the Company's business (as set forth on Exhibit B); and

WHEREAS, the Company and Executive desire to make provision for the payments and benefits that Executive will be entitled to receive from the Company in consideration for Executive's obligations and actions under this Agreement and in connection with such retirement;

NOW THEREFORE, in consideration of the premises and the promises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, the Company and Executive agree as follows:

1. EFFECTIVE DATE OF AGREEMENT. This Agreement is effective on July 31, 1998 (the "Effective Date") and shall continue in effect as provided herein.

2. RESIGNATION AND RETIREMENT.

(a) Executive hereby (i) effective the Effective Date (A) resigns and retires as an employee of the Company, (B) resigns from all boards and offices of any entity (other than The LTV Corporation, a Delaware corporation) that is a subsidiary of or is otherwise related to or affiliated with the Company, and (C) resigns from all administrative, fiduciary or other positions he may hold or have held with respect to arrangements or plans for, of or relating to the Company, and (ii) agrees to resign from any nonprofit positions related to his services to the Company as the Company may request. The Company hereby consents to and accepts said resignations, and the Company records shall so reflect.

(b) The Company and Executive agree that, consistent with the Company's Board Governance Guidelines for retired chief executive officers of the Company currently in effect but subject to the Regulations of the Company and applicable law, Executive shall continue to serve as a member of the Company's Board of Directors until the 1999 Annual Meeting Date but shall not stand for re-election to such Board of Directors at the annual meeting of shareholders on the 1999 Annual Meeting Date.

3. PENSION BENEFIT. In consideration of the promises of Executive in this Agreement, including without limitation Paragraph 7 hereof and subject to the conditions hereof, including without limitation Paragraph 5 of this Agreement, the Company shall:

(a) Pay Executive a total pension (the "Pension") payable commencing on

August 1, 1998 and to be paid through the Company's qualified pension plans and its Supplemental Retirement Benefit Plan (the "Plans"). The Pension shall be determined in accordance with the terms of the Plans and on the bases that Executive has 32.92 years of credited service as of the Effective Date and that his pensionable earnings for the final sixty months of such service are a total of \$4,362,500.

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(b) Permit Executive to elect to receive the Pension in such manner as is permitted by the Plans.

4. CONSULTING SERVICES. In consideration of the promises of Executive in this Agreement, including without limitation Paragraph 7 hereof:

(a) The Company shall retain Executive's services, and he shall serve the Company, as a consultant for the period commencing August 1, 1998 through July 31, 2001 ("the Consulting Period").

(b) During the Consulting Period,

(i) Executive will render to the Company such services of a consultative nature as the Company reasonably may request in respect to long-term planning, strategic advice, corporate governance or other matters, so that the Company may continue to have the benefit of his experience and knowledge of the affairs of the Company and of his business reputation and contacts;

(ii) Executive will be an advisor to the Chief Executive Officer and will perform such tasks as the Chief Executive shall designate;

(iii) Executive will be available for advice and counsel to the officers and directors of the Company at all reasonable times by telephone, letter or in person for up to the equivalent of thirty (30) eight hour days per calendar quarter through the end of the Consulting Period, in each case during normal business hours; and

(iv) Executive agrees that in the event his consulting obligations under this Agreement conflict, in terms of scheduling, with whatever other professional obligations that he may have, Executive shall, to the extent reasonably feasible, give first priority to such consulting obligations.

(c) The Company shall pay Executive a consulting fee of THIRTY-EIGHT THOUSAND SEVEN HUNDRED FIFTY DOLLARS (\$38,750) per month during the Consulting Period, in each case payable on the last day of the month.

(d) During the Consulting Period the Company shall reimburse Executive monthly for travel and other expenses in connection with his services as a consultant, such reimbursement to be in accordance with the Company's standard reimbursement

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practices. The Company understands and agrees that Executive may relocate his residence elsewhere.

(e) During the Consulting Period, Executive shall be an independent contractor to, and not an employee of, the Company and accordingly shall not be entitled to any of the benefits that the Company provides to current employees, including without limitation, participation as a current employee in the Company's health, welfare, retirement, pension or incentive plans.

5. RELEASES BY EXECUTIVE.

(a) In consideration of the payments made and to be made and the benefits to be received by Executive pursuant to Paragraphs 3 and 4 of this Agreement, Executive, for himself and his dependents, successors, assigns, heirs, executors and administrators (and his and their legal representatives of every kind), hereby releases, dismisses, remises and forever discharges the Company from any and all arbitrations, claims, including claims for attorney's fees, demands, damages, suits, proceedings, actions and/or causes of action of any kind and every description, whether known or unknown ("claims"), which Executive now has or may have had for, upon, or by reason of:

(i) Executive's employment by or service with the Company to the Effective Date;

(ii) discrimination, including but not limited to claims of discrimination on the basis of sex, race, age, national origin, marital status, religion or handicap, including, specifically, but without limiting the generality of the foregoing, any claims under the Age Discrimination in Employment Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, Ohio Revised Code Section 4101.17 and Ohio Revised Code Chapter 4112, including Sections 4112.02 and 4112.99 thereof; and

(iii) breach of any contract or promise, express or implied;

PROVIDED, HOWEVER, that the foregoing shall not apply to claims to enforce vested rights that Executive may have as of the Effective Date under any of the Company's health, welfare, retirement, pension or incentive plans, under any indemnification agreement between Executive and the Company, under the Company's indemnification regulations, under the directors' and officers' liability coverage maintained by the Company or under Ohio Revised Code Section 1701.13(E).

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(b) Executive further agrees and acknowledges that:

(i) He has been advised by the Company to consult with legal counsel prior to executing and delivering this Agreement and the release provided for in this Paragraph 5, has had an opportunity to consult with and to be advised by legal counsel of his choice, fully understands the terms of this Agreement, and enters into this Agreement freely, voluntarily and intending to be bound;

(ii) He has been given a period of twenty-one (21) days to review and consider the terms of this Agreement, and the release contained herein, prior to its execution and that he may use as much of the twenty-one (21) day period as he desires; and

(iii) He may, within seven (7) days after execution and delivery, revoke this Agreement. Revocation shall be made by delivering a written notice of revocation to the Vice President - Human Resources at the Company. For such revocation to be effective, written notice must be received by the Vice President - Human Resources at the Company no later than the close of business on the seventh (7th) day after Executive executes this Agreement. If Executive does exercise his right to revoke this Agreement, all of the terms and conditions of the Agreement shall be of no force and effect and the Company shall not have any obligation to make payments or provide benefits to Executive as set forth in Paragraphs 3 and 4 of this Agreement, except as may be required under the Consolidated Omnibus Reconciliation Act of 1986 and except to the extent vested in Executive immediately prior to the Effective Date.

6. CONFIDENTIAL INFORMATION.

(a) Executive acknowledges and agrees that in the past performance of his duties as an officer and employee of the Company, and in the future performance of his duties as a consultant to the Company pursuant to Paragraph 4 hereof, he was and may be brought into frequent contact with, had or may have had access to, and/or became or may become informed of confidential and proprietary information of the Company and/or information which is a trade secret of the Company (collectively, "Confidential Information"), as more fully described in subparagraph (b) of this Paragraph 6. Executive acknowledges and agrees that the Confidential Information of the Company gained by Executive during his association with the Company was or will be

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developed by and/or for the Company through substantial expenditure of time, effort and money and constitutes valuable and unique property of the Company.

(b) Executive agrees that commencing on the Effective Date he will keep in strict confidence, and will not, directly or indirectly, at any time, disclose, furnish, disseminate, make available, use or suffer to be used in any manner any Confidential Information of the Company (except as may be necessary in connection with the discharge of Executive's obligations pursuant to Paragraph 4 of this Agreement) without limitation as to when or how Executive may have acquired such Confidential Information. Executive specifically

acknowledges that Confidential Information includes any and all information, whether reduced to writing (or in a form from which information can be obtained, translated, or derived into reasonably usable form), or maintained in the mind or memory of Executive and whether compiled or created by the Company, which derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from the disclosure or use of such information, that reasonable efforts have been put forth by the Company to maintain the secrecy of Confidential Information, that such Confidential Information is and will remain the sole property of the Company, and that any retention or use by Executive of Confidential Information after the termination of Executive's services for the Company shall constitute a misappropriation of the Company's Confidential Information.

(c) Executive further acknowledges and agrees that his obligation of confidentiality shall survive, regardless of any other breach of this Agreement or any other agreement, by any party hereto, until and unless such Confidential Information of the Company shall have become, through no fault of Executive, generally known to the public or Executive is required by law (after providing the Company with notice and opportunity to contest such requirement) to make disclosure. Executive's obligations under this Paragraph 6 are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which Executive may have to the Company under the Company's policies, general legal or equitable principles or statutes and which shall remain in full force and effect following the Effective Date.

7. NON-COMPETITION; CERTAIN ACTIONS.

(a) Executive agrees that for a period commencing on the Effective Date through July 31, 2003, within the Territory (as described in subparagraph (b) (i) of this Paragraph 7) (and, as to subparagraph (a) (iii) of this Paragraph 7, any place), he

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shall not, directly or indirectly, do or suffer any of the following:

(i) Own, manage, control or participate in the ownership, management, or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, independent contractor or otherwise with, any other corporation, partnership, proprietorship, firm, association, or other business entity (collectively, an "Enterprise"), or otherwise engage in any business, which is in competition with the Company's business (as described in subparagraph (b) (ii) of this Paragraph 7); PROVIDED, HOWEVER, that neither (A) the ownership of not more than five percent (5%) of any class of publicly-traded securities of any Enterprise nor (B) Executive's service as a member of the board of directors or other comparable governing body of any Enterprise as of the Effective Date (all of which memberships Executive has heretofore given notice of to the Company) shall be deemed a violation of this Agreement; and PROVIDED, FURTHER, HOWEVER, in the case of clause (B) of this subparagraph (i) that such service shall be deemed a violation if the Company subsequently determines in its sole discretion that the business of any such Enterprise has become more in competition with the Company's business than is the case on the Effective Date.

(ii) Employ, assist in employing, or otherwise associate in business with any person who presently or at the 1999 Annual Meeting Date is an employee, officer or agent of the Company, or any of its affiliated, related or subsidiary entities.

(iii) Induce any person who is an employee, officer or agent of the Company, or any of its affiliated, related, or subsidiary entities to terminate such relationship.

(b) For purposes of this Agreement:

(i) "Territory" shall have the meaning set forth on Exhibit A hereto.

(ii) The Company's business shall have the meaning set forth on Exhibit B hereto.

(c) Executive agrees that for a period commencing on the 1999 Annual Meeting Date through the end of the Consulting Period, except within the terms of a specific request from the

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Company, Executive shall not as a principal, or agent of another person, propose or publicly announce or otherwise disclose an intent to propose, or enter into or agree to enter into, singly or with any other person or directly or indirectly, (i) any form of business combination, acquisition, or other transaction relating to the Company or any majority-owned affiliate thereof, (ii) any form of restructuring, recapitalization or similar transaction with respect to the Company or any such affiliate, or (iii) any demand, request or proposal to amend, waive or terminate any provision of this subparagraph 7(c) of this Agreement, nor except as aforesaid during such period will Executive, as a principal, or agent of another person, (1) make, or in any way participate in, any solicitation of proxies with respect to any securities entitled to vote generally in the election of directors of the Company (together with direct or indirect options or other rights to acquire any such securities, "Voting Securities"), (including by the execution of action by written consent), become a participant in any election contest with respect to the Company, seek to influence any person with respect to any Voting Securities or demand a copy of the Company's list of its shareholders or other books and records, (2) participate in or encourage the formation of any partnership, syndicate, or other group which owns or seeks or offers to acquire beneficial ownership of any Voting Securities or which seeks to affect control of the Company or for the purpose of circumventing any provision of this Agreement, or (3) otherwise act, alone or in concert with others (including by providing financing for another person), to seek or to offer to control or influence, in any manner, the management, Board of Directors, or policies of the Company.

(d) In the event Executive shall violate any provision of this Paragraph 7 as to which there is a specific time period during which he is prohibited from taking certain actions or from engaging in certain activities, as set forth in such provision, then, in such event, such violation shall toll the running of such time period from the date of such violation until such violation shall cease.

(e) In order to assist the Company in enforcing subparagraph 7(a)(i) of this Agreement after the Effective Date, Executive shall give the Company notice at least thirty days in advance of becoming a member of, or renewing his membership on, the board of directors or other comparable governing body of any Enterprise.

(f) Executive has carefully considered the nature and extent of the restrictions upon him and the rights and remedies conferred upon the Company under this Paragraph 7 and this

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Agreement, and hereby acknowledges and agrees that the same are reasonable in time and territory, are designed to eliminate competition which otherwise would be unfair to the Company, do not stifle the inherent skill and experience of Executive, would not operate as a bar to Executive's sole means of support, are fully required to protect the legitimate interests of the Company and do not confer a benefit upon the Company disproportionate to the detriment to Executive.

8. DISCLOSURE. Executive, for a period commencing on the date of this Agreement through the end of the Consulting Period, agrees to communicate, using the form of notice set forth on Exhibit C, the contents of Paragraphs 6, 7, 9(b) and 11 of this Agreement to any Enterprise which he intends to be employed by, associated in business with, or represent.

9. BREACH.

(a) The Company shall give Executive notice within 30 days following the date that it concludes that Executive is in breach of this Agreement. If Executive is in breach of this Agreement, then the Company may, at its sole option, (i) in the case of a breach of any provision of this Agreement, immediately terminate all remaining payments and benefits described in Paragraph 4 of this Agreement, and (ii) in the case of a breach of either Paragraph 6 or Paragraph 7 of this Agreement, obtain reimbursement from Executive of all payments and benefits of the Company already provided pursuant to Paragraph 4 of this Agreement. In addition, in the case of either subclause (i) or (ii) of this subparagraph 9(a), the Company shall be entitled to obtain reimbursement from Executive of any expenses, fees and damages incurred as a result of the breach up to two times the amount of any profit realized by Executive from the breach, with the remainder of this Agreement, and all promises and covenants herein, remaining in full force and effect.

(b) Executive acknowledges and agrees that the remedy at law available to the Company for breach by Executive of any of his obligations under Paragraphs 6 and 7 of this Agreement would be inadequate and that damages flowing from such a breach would not readily be susceptible to being measured in monetary terms. Accordingly, Executive acknowledges, consents and agrees that,

in addition to any other rights or remedies which the Company may have at law, in equity or under this Agreement, upon adequate proof of Executive's violation of any provision of Paragraph 6 or 7 of this Agreement, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage.

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(c) Notwithstanding subparagraph (a) of this Paragraph 9, (i) the Company shall have no right of set-off against any amounts payable to Executive under Paragraphs 3 and 4 of this Agreement, (ii) if Executive breaches this Agreement and if such breach by Executive was unintentional or inadvertent and is curable, the Company shall provide to Executive a reasonable time in which to cure such breach before exercising its other rights under this Agreement, (iii) if any breach of this Agreement by Executive is unintentional or inadvertent, whether or not curable, the amount of damages recoverable by the Company shall not exceed the payments paid and payable by the Company under Paragraph 4, and (iv) if Executive's service as a member on the board of directors or other comparable governing body of any Enterprise is the sole and exclusive cause of a breach of subparagraph 7(a)(i), Executive shall be deemed to have cured such breach if Executive resigns such membership promptly upon notice of such breach from the Company.

10. CONTINUED AVAILABILITY AND COOPERATION.

(a) Executive shall cooperate fully with the Company and with the Company's counsel in connection with any present and future actual or threatened litigation or administrative proceeding involving the Company that relates to events, occurrences or conduct occurring (or claimed to have occurred) during the period of Executive's employment by the Company. This cooperation by Executive shall include, but not be limited to:

(i) making himself reasonably available for interviews and discussions with the Company's counsel as well as for depositions and trial testimony;

(ii) if depositions or trial testimony are to occur, making himself reasonably available and cooperating in the preparation therefor as and to the extent that the Company or the Company's counsel reasonably requests;

(iii) refraining from impeding in any way the Company's prosecution or defense of such litigation or administrative proceeding; and

(iv) cooperating fully in the development and presentation of the Company's prosecution or defense of such litigation or administrative proceeding.

(b) Executive shall be reimbursed by the Company for reasonable travel, lodging, telephone and similar expenses, as well as reasonable attorneys' fees (if independent legal counsel is necessary), incurred in connection with such cooperation.

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Executive shall not unreasonably withhold his availability for such cooperation.

11. SUCCESSORS AND BINDING AGREEMENT.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including, without limitation, any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed included in the definition of "the Company" for purposes of this Agreement), but shall not otherwise be assignable or delegable by the Company.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. The death or disability (temporary or permanent) of Executive following the execution and delivery of this Agreement shall not affect or revoke this Agreement or excuse any of the obligations of the parties hereto, other than the obligations of Executive to provide consulting services in accordance with Paragraph 4 hereof. If Executive shall die during the Consulting Period and is not in breach of this Agreement at the time of death, the Company shall pay to a beneficiary to be designated by Executive in accordance with the terms of this Agreement in a lump sum the remaining amounts otherwise payable to Executive under Paragraph 3 of this

Agreement had Executive survived to the end of the Consulting Period and not been in breach of this Agreement.

(c) This Agreement is personal in nature and none of the parties hereto shall, without the consent of the other parties, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in subparagraphs (a) and (b) of this Paragraph 11.

(d) This Agreement is intended to be for the exclusive benefit of the parties hereto, and except as provided in subparagraphs (a) and (b) of this Paragraph 11, no third party shall have any rights hereunder.

(e) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform this Agreement.

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12. NON-DISCLOSURE. Except to the extent that this Agreement or the terms hereof become publicly known or available because of legally mandated disclosure and filing requirements of the Securities and Exchange Commission, or because of any other legal requirement that this Agreement or the terms hereof be disclosed, all provisions of this Agreement and the circumstances giving rise hereto are and shall remain confidential and shall not be disclosed to any person not a party hereto (other than (i) Executive's spouse, (ii) each party's attorney, financial advisor and/or tax advisor to the extent necessary for such advisor to render appropriate legal, financial and tax advice, and (iii) persons or entities that fall within the scope of Paragraph 8 of this Agreement, but only to the extent required thereby).

13. NOTICES. For all purposes of this Agreement, all communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered, addressed to the Company (to the attention of the Vice President - Human Resources) at its principal executive offices and to Executive at his principal residence, 4767 West 211th Street, Fairview Park, Ohio 44126, or to such other address as any party may have furnished to the other in writing and in accordance herewith. Notices of change of address shall be effective only upon receipt.

14. PROFESSIONAL FEES. The Company and Executive acknowledge and agree that each shall be responsible for the payment of their respective professional fees and costs (and related disbursements) incurred in connection with Executive's termination and resignation and all matters relating to the negotiation and execution of this Agreement.

15. TAXES, PAYMENTS, ETC..

(a) Executive acknowledges and agrees that he shall be responsible for his share of any and all Federal, State and/or local taxes applicable to the payments made, and benefits provided or made available, to Executive pursuant to this Agreement and further agrees to indemnify the Company against any liability as a result of those taxes.

(b) The payments to Executive pursuant to Paragraphs 3 and 4 of this Agreement shall be made by check or direct deposit to an account designated by Executive, and shall be reduced by any applicable Federal, State and local tax or other required withholding.

16. AMENDMENT AND WAIVER. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed

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by Executive and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

17. ENTIRE AGREEMENT; CONTINUING INDEMNIFICATION RIGHTS. This Agreement shall constitute the entire agreement among the parties hereto with respect to the subject matters covered by this Agreement and shall supersede all prior verbal or written agreements, covenants, communications, understandings, commitments, representations or warranties, whether oral or written, by any party hereto or any of its representatives pertaining to such subject matter. This Agreement shall not affect any indemnification or other rights under any indemnification agreement between Executive and the Company or the Company's regulations. The Company shall continue Executive's coverage under the

directors' and officers' liability coverage maintained by Company, as in effect from time to time, to the same extent as other current and former senior executive officers and directors of the Company.

18. GOVERNING LAW. The validity, interpretation, construction and performance of this Agreement shall be governed by the substantive laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

19. ARBITRATION PROCEDURE.

(a) Any claim or dispute arising under this Agreement that is not otherwise resolved by negotiation and agreement between the parties shall be subject to arbitration under this Paragraph 19. Except as otherwise expressly provided herein, all arbitration proceedings commenced hereunder shall be subject to the Uniform Arbitration Act as in effect in the State of Ohio and the Commercial Arbitration Rules of the American Arbitration Association, as amended from time to time. A request for arbitration shall be in writing, setting forth in detail the claim or claims to be arbitrated, the amount involved, if any, and the remedy sought. It shall be delivered to the other party within ninety (90) days of the date of the first knowledge of the claiming party of the occurrence or conditions giving rise to the dispute. Any failure to request arbitration within such ninety (90) day period shall be deemed a waiver of the right to arbitrate the dispute. Within fifteen (15) days after the delivery of the request, the parties shall agree upon an arbitrator. If the parties are unable to agree upon the arbitrator within such fifteen (15) days, either party or the parties jointly shall request the American Arbitration

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Association to submit to each party an identical panel of seven (7) persons, each of whom (i) shall be a member of a state bar engaged in the practice of law in the United States or a retired member of a state or the federal judiciary in the United States, (ii) shall be impartial, disinterested and independent of the parties and their Affiliates, with a reputation for fairness, and (iii) shall have expertise in the process of deciding disputes. Alternate strikes shall be made to the panel, commencing with the party requesting arbitration, until the name of one person remains. The person thus remaining shall be the arbitrator for such arbitration. The decision of the arbitrator shall be limited to selecting either the position and remedy stated by the party in its request or the position and remedy stated by the other party in its response to such request. The arbitrator shall have no power to mediate or compromise any dispute, but shall have only the limited authority herein provided to review the information presented by the parties and to select the position and remedy proposed by one of the parties. The award of the arbitrator shall be final and binding upon the parties, subject to subparagraph 19(b).

(b) Application to a court may be made by a party in accordance with the Uniform Arbitration Act as in effect in the State of Ohio (i) to confirm an award entered by the arbitrator, and (ii) to modify, correct or vacate an award on the grounds of fraud or manifest disregard of the law.

(c) Notwithstanding Paragraph 14, if any legal action or other proceedings is brought for the enforcement or appeal of an arbitration award rendered pursuant to the terms of subparagraph 19(a), the successful or prevailing party in such appellate or enforcement proceeding shall be entitled to recover reasonable attorneys' fees, court costs and all other reasonable expenses incurred in any appellate or enforcement proceedings in addition to any other relief to which such party may be entitled. Attorneys' fees shall include, without limitation, paralegal fees, investigative fees, administrative costs, and all other reasonable charges billed by the attorney to the prevailing party.

20. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement which shall nevertheless remain in full force and effect.

21. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same Agreement.

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22. CAPTIONS AND PARAGRAPH HEADINGS. Captions and paragraph headings used herein are for convenience and are not part of this Agreement and shall not be used in construing it.

23. FURTHER ASSURANCES. Each party hereto shall execute such additional documents, and do such additional things, as may reasonably be requested by the other party to effectuate the purposes and provisions of this

Agreement.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the date set forth above.

CLEVELAND-CLIFFS INC

Witness: /s/ Richard F. Novak

Richard F. Novak

By: /s/ John S. Brinzo

John S. Brinzo
Its: President and Chief
Executive Officer

/s/ M. Thomas Moore

M. Thomas Moore

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EXHIBIT A

All countries, possessions and territories within North America, Central America, the Caribbean Sea, Europe, the countries that formerly comprised the Soviet Union, Australia and the Pacific Rim.

EXHIBIT B

Mining, production, sale and supply, purchase or acquisition of iron units or other ferrous metallics for the production of steel.

EXHIBIT C

[LETTERHEAD OF M. THOMAS MOORE]

_____ / _____

Re: Retirement and Consulting Agreement with Cleveland-Cliffs Inc

Dear _____:

I am a party to a Retirement and Consulting Agreement, dated September 2, 1998 (the "Agreement"), with Cleveland-Cliffs Inc, an Ohio corporation ("Cliffs). Paragraph 8 of the Agreement requires that I communicate to you the contents of Paragraphs 6, 7, 9(b) and 11 of such Agreement. Accordingly, attached hereto as Annex A is the text of such paragraphs. The term "Executive" in such text refers to me, and the term "Company" refers to Cliffs.

Sincerely yours,

M. Thomas Moore

ANNEX A

6. CONFIDENTIAL INFORMATION.

(a) Executive acknowledges and agrees that in the past performance of his duties as an officer and employee of the Company, and in the future performance of his duties as a consultant to the Company pursuant to Paragraph 4 hereof, he was and may be brought into frequent contact with, had or may have had access to, and/or became or may become informed of confidential and proprietary information of the Company and/or information which is a trade secret of the Company (collectively, "Confidential Information"), as more fully described in subparagraph (b) of this Paragraph 6. Executive acknowledges and agrees that the Confidential Information of the Company gained by Executive during his association with the Company was or will be developed by and/or for the Company through substantial expenditure of time, effort and money and constitutes valuable and unique property of the Company.

(b) Executive agrees that commencing on the Effective Date he will keep in strict confidence, and will not, directly or indirectly, at any time, disclose, furnish, disseminate, make available, use or suffer to be used in any manner any Confidential Information of the Company (except as may be necessary in connection with the discharge of Executive's obligations pursuant to Paragraph 4 of this Agreement) without limitation as to when or how Executive may have acquired such Confidential Information. Executive specifically acknowledges that Confidential Information includes any and all information, whether reduced to writing (or in a form from which information can be obtained, translated, or derived into reasonably usable form), or maintained in the mind or memory of Executive and whether compiled or created by the Company, which derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from the disclosure or use of such information, that reasonable efforts have been put forth by the Company to maintain the secrecy of Confidential Information, that such Confidential Information is and will remain the sole property of the Company, and that any retention or use by Executive of Confidential Information after the termination of Executive's services for the Company shall constitute a misappropriation of the Company's Confidential Information.

(c) Executive further acknowledges and agrees that his obligation of confidentiality shall survive, regardless of any other breach of this Agreement or any other agreement, by any party hereto, until and unless such Confidential Information of

-1-

the Company shall have become, through no fault of Executive, generally known to the public or Executive is required by law (after providing the Company with notice and opportunity to contest such requirement) to make disclosure. Executive's obligations under this Paragraph 6 are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which Executive may have to the Company under the Company's policies, general legal or equitable principles or statutes and which shall remain in full force and effect following the Effective Date.

7. NON-COMPETITION; CERTAIN ACTIONS.

(a) Executive agrees that for a period commencing on the Effective Date through July 31, 2003, within the Territory (as described in subparagraph (b) (i) of this Paragraph 7) (and, as to subparagraph (a) (iii) of

this Paragraph 7, any place), he shall not, directly or indirectly, do or suffer any of the following:

(i) Own, manage, control or participate in the ownership, management, or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, independent contractor or otherwise with, any other corporation, partnership, proprietorship, firm, association, or other business entity (collectively, an "Enterprise"), or otherwise engage in any business, which is in competition with the Company's business (as described in subparagraph (b)(ii) of this Paragraph 7); PROVIDED, HOWEVER, that neither (A) the ownership of not more than five percent (5%) of any class of publicly-traded securities of any Enterprise nor (B) Executive's service as a member of the board of directors or other comparable governing body of any Enterprise as of the Effective Date (all of which memberships Executive has heretofore given notice of to the Company) shall be deemed a violation of this Agreement; and PROVIDED, FURTHER, HOWEVER, in the case of clause (B) of this subparagraph (i) that such service shall be deemed a violation if the Company subsequently determines in its sole discretion that the business of any such Enterprise has become more in competition with the Company's business than is the case on the Effective Date.

(ii) Employ, assist in employing, or otherwise associate in business with any person who presently or at the 1999 Annual Meeting Date is an employee, officer or agent of the Company, or any of its affiliated, related or subsidiary entities.

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(iii) Induce any person who is an employee, officer or agent of the Company, or any of its affiliated, related, or subsidiary entities to terminate such relationship.

(b) For purposes of this Agreement:

(i) "Territory" shall have the meaning set forth on Exhibit A hereto.

(ii) The Company's business shall have the meaning set forth on Exhibit B hereto.

(c) Executive agrees that for a period commencing on the 1999 Annual Meeting Date through the end of the Consulting Period, except within the terms of a specific request from the Company, Executive shall not as a principal, or agent of another person, propose or publicly announce or otherwise disclose an intent to propose, or enter into or agree to enter into, singly or with any other person or directly or indirectly, (i) any form of business combination, acquisition, or other transaction relating to the Company or any majority-owned affiliate thereof, (ii) any form of restructuring, recapitalization or similar transaction with respect to the Company or any such affiliate, or (iii) any demand, request or proposal to amend, waive or terminate any provision of this subparagraph 7(c) of this Agreement, nor except as aforesaid during such period will Executive, as a principal, or agent of another person, (1) make, or in any way participate in, any solicitation of proxies with respect to any securities entitled to vote generally in the election of directors of the Company (together with direct or indirect options or other rights to acquire any such securities, "Voting Securities"), (including by the execution of action by written consent), become a participant in any election contest with respect to the Company, seek to influence any person with respect to any Voting Securities or demand a copy of the Company's list of its shareholders or other books and records, (2) participate in or encourage the formation of any partnership, syndicate, or other group which owns or seeks or offers to acquire beneficial ownership of any Voting Securities or which seeks to affect control of the Company or for the purpose of circumventing any provision of this Agreement, or (3) otherwise act, alone or in concert with others (including by providing financing for another person), to seek or to offer to control or influence, in any manner, the management, Board of Directors, or policies of the Company.

(d) In the event Executive shall violate any provision of this Paragraph 7 as to which there is a specific time period during which he is prohibited from taking certain actions or from

-3-

engaging in certain activities, as set forth in such provision, then, in such

event, such violation shall toll the running of such time period from the date of such violation until such violation shall cease.

(e) In order to assist the Company in enforcing subparagraph 7(a)(i) of this Agreement after the Effective Date, Executive shall give the Company notice at least thirty days in advance of becoming a member of, or renewing his membership on, the board of directors or other comparable governing body of any Enterprise.

(f) Executive has carefully considered the nature and extent of the restrictions upon him and the rights and remedies conferred upon the Company under this Paragraph 7 and this Agreement, and hereby acknowledges and agrees that the same are reasonable in time and territory, are designed to eliminate competition which otherwise would be unfair to the Company, do not stifle the inherent skill and experience of Executive, would not operate as a bar to Executive's sole means of support, are fully required to protect the legitimate interests of the Company and do not confer a benefit upon the Company disproportionate to the detriment to Executive.

9. BREACH.

(b) Executive acknowledges and agrees that the remedy at law available to the Company for breach by Executive of any of his obligations under Paragraphs 6 and 7 of this Agreement would be inadequate and that damages flowing from such a breach would not readily be susceptible to being measured in monetary terms. Accordingly, Executive acknowledges, consents and agrees that, in addition to any other rights or remedies which the Company may have at law, in equity or under this Agreement, upon adequate proof of Executive's violation of any provision of Paragraph 6 or 7 of this Agreement, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage.

11. SUCCESSORS AND BINDING AGREEMENT.

(a) This Agreement shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including, without limitation, any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor

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shall thereafter be deemed included in the definition of "the Company" for purposes of this Agreement), but shall not otherwise be assignable or delegable by the Company.

(b) This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees. The death or disability (temporary or permanent) of Executive following the execution and delivery of this Agreement shall not affect or revoke this Agreement or excuse any of the obligations of the parties hereto, other than the obligations of Executive to provide consulting services in accordance with Paragraph 4 hereof. If Executive shall die during the Consulting Period and is not in breach of this Agreement at the time of death, the Company shall pay to a beneficiary to be designated by Executive in accordance with the terms of this Agreement in a lump sum the remaining amounts otherwise payable to Executive under Paragraph 3 of this Agreement had Executive survived to the end of the Consulting Period and not been in breach of this Agreement.

(c) This Agreement is personal in nature and none of the parties hereto shall, without the consent of the other parties, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in subparagraphs (a) and (b) of this Paragraph 11.

(d) This Agreement is intended to be for the exclusive benefit of the parties hereto, and except as provided in subparagraphs (a) and (b) of this Paragraph 11, no third party shall have any rights hereunder.

(e) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, operation of law or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform this Agreement.

-5-

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

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

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<MULTIPLIER> 1,000,000

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NEWS RELEASE

Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, Ohio 44114-2589

CLEVELAND - September 29, 1998 - Cleveland-Cliffs Inc (NYSE:CLF) reported today that the Chapter 11 bankruptcy filing by Acme Metals Incorporated (NYSE:AMI) is not expected to have a significant impact on Cliffs' financial results for the year 1998.

Acme is a partner in the Cliffs-managed Wabush Mine in Canada and an iron ore sales customer. Cliffs has a multi-year sales contract to supply Acme's iron ore requirements in excess of Acme's 15.1 percent ownership in the Wabush Mine. Acme has historically accounted for less than 5 percent of Cliffs' total sales volume.

Cliffs' President and Chief Executive Officer John S. Brinzo said, "We have a long and valued relationship with Acme which we expect to continue. We are encouraged that Acme has indicated that it has arranged financing to allow continued operations, including honoring all post-petition trade obligations."

This press release contains forward-looking statements made pursuant to the "safe harbor" provisions of the federal securities law. Investors are cautioned that such forward-looking statements involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Important factors that could cause actual results to differ materially from those contemplated by the forward-looking statements in this press release include, but are not limited to, the effect of economic and market conditions, further adverse developments with respect to the operations of Acme's various businesses, and development of the Chapter 11 case.

Cleveland-Cliffs is the largest supplier of iron ore products to the North American steel industry and is developing a significant ferrous metallics business. Subsidiaries of the Company manage six iron ore mines in North America and hold equity interests in five of the mines. Cliffs has a major iron ore reserve position in the United States, is a substantial iron ore merchant, and is constructing a joint venture plant in Trinidad to produce high-quality iron briquettes.

To obtain faxed copies of Cleveland-Cliffs Inc news releases dial 1-800-778-3888. News releases and other information on the Company are available on the Internet at <http://www.businesswire.com/cnn/clf.htm>.

CONTACT: Cleveland-Cliffs Inc
Media: David L. Gardner, 216/694-5407
or
Financial Community: Fred B. Rice, 800/214-0739
or 216/694-5459

NEWS RELEASE

Cleveland-Cliffs Inc
 1100 Superior Avenue
 Cleveland, Ohio 44114-2589

CLEVELAND-CLIFFS REPORTS
 1998 THIRD QUARTER EARNINGS

Cleveland, OH -- October 21, 1998 -- Cleveland-Cliffs Inc (NYSE:CLF) today reported 1998 third quarter earnings of \$20.1 million, or \$1.78 per diluted share. Comparable earnings, before special items, in the third quarter of 1997 were \$15.5 million, or \$1.36 per diluted share. Net income for the third quarter of 1997 included a \$5.6 million tax credit resulting from the settlement of prior years' tax issues.

Earnings for the first nine months of 1998 were \$37.5 million, or \$3.30 per diluted share. Comparable earnings, before special items, in the first nine months of 1997 were \$28.6 million, or \$2.52 per diluted share. Net income for the first nine months of 1997 included the \$5.6 million special tax credit recorded in the third quarter and an after-tax credit of \$2.8 million resulting from the second quarter reversal of an excess accrual for closedown obligations of the Savage River Mine in Australia.

Following is a summary of results:

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	(In Millions, Except Per Share)			
	Third Quarter		First Nine Months	
	1998	1997	1998	1997
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Income Before Special Items:				
Amount	\$20.1	\$15.5	\$37.5	\$28.6
Per Share (Basic)	1.80	1.37	3.33	2.52
Per Share (Diluted)	1.78	1.36	3.30	2.50
Special Items:				
Amount	--	5.6	--	8.4
Per Share (Basic)	--	.49	--	.74
Per Share (Diluted)	--	.49	--	.74
Net Income:				
Amount	20.1	21.1	37.5	37.0
Per Share (Basic)	1.80	1.86	3.33	3.26
Per Share (Diluted)	1.78	1.85	3.30	3.24

</TABLE>

The \$4.6 million, or 30 percent, increase in third quarter earnings, before special items, was mainly due to higher North American sales volume and price realization, higher royalties and management fees, lower administrative expenses and a lower effective tax rate. Partly offsetting were higher ferrous metallics and international development expenses and an increase in the reserve for accounts receivable.

The \$8.9 million, or 31 percent, increase in nine-month earnings, before special items, was principally due to higher North American sales volume and price realization, higher royalties and management fees, lower interest expense and a lower effective tax rate. Partly offsetting were higher ferrous metallics and international development expenses and non-recurring 1997 Savage River earnings. Savage River, which produced its last iron ore pellets

in December, 1996, earned \$2.9 million in the first nine months of 1997 on sales of its remaining inventory.

Cliffs' North American iron ore pellet sales in the third quarter of 1998 were a record 4.4 million tons, a 26 percent increase from the 3.5 million tons sold in the third quarter of 1997. Sales of 9.0 million tons in the first nine months of 1998 were also a record and 36 percent higher than the 6.6 million tons sold in the first nine months of 1997.

As a result of deteriorating conditions in the North American steel industry, full year 1998 sales are expected to be lower than previously estimated, but should be between 12.0 and 12.5 million tons. This would establish a new record, exceeding the 10.4 million tons sold in 1997 and the previous record of 11.0 million tons sold in 1996. Fourth quarter 1998 sales will be lower than the 3.8 million tons sold in the fourth quarter of 1997.

On September 28, 1998, Acme Metals Incorporated, a partner in the

Cliffs-managed Wabush Mine in Canada and an iron ore customer, petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. At the time of the filing, Cliffs had a \$1.2 million trade receivable from Acme. In recognition of growing concerns about steel industry conditions, a \$1.2 million charge (\$.9 million after-tax) was recorded in September, to raise the total reserve for trade receivables to \$2.2 million. Since its filing, Acme has maintained operations with debtor-in-possession financing and has continued its relationship with Cliffs. Iron ore sales to Acme have historically accounted for less than 5 percent of Cliffs' annual sales volume.

Administrative expenses decreased by \$2.0 million in the third quarter of 1998 versus 1997 principally due to the lower cost of Performance Share grants, a key component of senior management compensation. Lower interest expense in the third quarter and first nine months resulted from increased capitalization of interest on Cliffs' share of construction costs of the Cliffs and Associates Limited reduced iron project. Other expenses were higher in both periods due to increased costs of ferrous metallics and international development activities and the \$1.2 million increase in the reserve for accounts receivable.

Cliffs-managed mines produced 10.8 million tons of iron ore pellets in the third quarter of 1998 compared with 10.0 million tons in 1997. Nine-month production was 30.2 million tons in 1998, up from 29.2 million tons in 1997. For the full year 1998, the six mines are expected to produce a record 40.3 million tons, with Cliffs' share being a record 11.5 million tons. In 1997, the mines produced 39.6 million tons, with Cliffs' share being 10.9 million tons. The increases in 1998 are mainly due to higher production at the Tilden Mine. Following is a summary of 1998 production tonnage by mine:

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		(In Millions)			
		Nine Month Actual		Full Year Estimate	
		Total	Cliffs' Share	Total	Cliffs' Share
<S>	<C>	<C>	<C>	<C>	<C>
Empire		6.1	1.4	8.3	1.9
Hibbing		5.9	.9	7.8	1.2
LTV Steel Mining		5.5	--	7.2	--
Northshore		3.2	3.2	4.3	4.3
Tilden		5.0	2.0	6.8	2.8
Wabush		4.5	1.0	5.9	1.3
		----	----	----	----
		30.2	8.5	40.3	11.5
		=====	====	=====	=====

</TABLE>

-2-

All mines are currently operating at capacity levels, with the exception of LTV Steel Mining, which is reducing production by .3 million tons to lower full year output to 7.2 million tons.

During the third quarter of 1998, the Company repurchased 177,100 shares of its common stock at a total cost of \$8.3 million. Since the inception of the stock repurchase program in 1995, 1,130,500 shares have been repurchased at a total cost of \$46.7 million. At September 30, there were 11,148,453 shares outstanding.

FERROUS METALLICS ACTIVITIES

CLIFFS AND ASSOCIATES LIMITED ("CAL") -- Construction of the hot-briquetted iron (HBI) project in Trinidad and Tobago with LTV Corporation and Lurgi AG has been progressing well and completion is expected by the end of the year. Operations planning and employee training activities are proceeding with the operating group preparing for commissioning and start-up in the first quarter of 1999. A training simulator is being utilized to prepare technicians to operate the plant under various conditions. The plant is projected to achieve its design capacity rate of 500,000 metric tons per year in mid-1999. Demand for and market prices of ferrous metallics products in North America continue to deteriorate in large part due to the availability of substantial quantities of low-priced imported pig iron.

NORTHSHORE "REDSMELT" PIG IRON PROJECT -- The Company continues to evaluate an investment in a plant at Cliffs' wholly-owned Northshore Mine in Minnesota that would produce 700,000 metric tons annually of a premium grade pig iron. While good progress has been made in a number of areas, uncertainty over state environmental permitting and market conditions has postponed a decision on whether or not to proceed with the project.

OUTLOOK

Commenting on the business outlook, Cliffs' President and Chief Executive Officer John S. Brinzo said, "Steel production in the United States

and Canada, which was fairly strong through the first half of 1998, took a sudden turn for the worse in the third quarter. Record levels of low-priced steel imports are wreaking havoc on the industry, adversely impacting order rates, capacity utilization rates, shipment volumes and profits of virtually every steelmaker in North America. Competition is fierce and steel prices have collapsed as producers fight to hold volume. Steel inventories have soared causing cutbacks in steel production."

In late September, steel producers in the United States and Canada filed complaints against foreign competitors for unfair trade practices. While successful resolution of the filings should benefit the steelmakers in the long run, the outlook for the remainder of 1998 and some part of 1999 is for import penetration to continue at a relatively high level, causing steel demand to remain low and steel prices weak.

Cliffs-managed mines are currently planning to start the year 1999 operating at capacity levels; however, production levels can be reduced during the year. It is anticipated that Cliffs' 1999 sales volume will be less than 1998 sales. Reflecting the difficult business environment, Cliffs and the mines are reviewing cost reduction initiatives.

Mr. Brinzo added, "Given the state of the iron and steel business, Cliffs' strong financial position and emphasis on multi-year sales contracts with a diversified customer base is

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proving beneficial to all stakeholders. It should also be noted that Cliffs' earnings from royalties and management fees, which typically represent more than half of pre-tax earnings, are relatively stable over the business cycle. Our financial strength and unique profile of contractual earnings enable us to deal with adverse business conditions while we employ the Company's financial resources to build shareholder value. We remain focused on building a company that through business cycles delivers both superior performance and higher sustainable growth."

* * *

Cleveland-Cliffs is the largest supplier of iron ore products to the North American steel industry and is developing a significant ferrous metallics business. Subsidiaries of the Company manage six iron ore mines in North America and hold equity interests in five of the mines. Cliffs has a major iron ore reserve position in the United States, is a substantial iron ore merchant, and is constructing a joint venture plant in Trinidad to produce high-quality iron briquettes.

This news release contains forward-looking statements regarding iron ore production and sales volume which reflect forecasts of activity in the steel and iron ore industries. Actual production and sales volume could differ significantly from current expectations due to inherent risks such as lower steel and iron ore demand, higher steel imports, or other factors. This news release also contains a projection of the construction completion date and profitability of the Cliffs and Associates Limited project which could change due to inherent risks such as construction delays, process difficulties, product pricing, or other factors. Although the Company believes that the forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties which could cause actual results to differ materially.

Contacts:

Media: David L. Gardner, (216) 694-5407

Financial Community: Fred B. Rice, (800) 214-0739 or (216) 694-5459

To obtain faxed copies of Cleveland-Cliffs Inc news releases dial 1-800-778-3888. News releases and other information on the Company are available on the Internet at <http://www.businesswire.com/cnn/clf.htm>.

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CLEVELAND-CLIFFS INC
STATEMENT OF CONSOLIDATED INCOME

(In Millions Except Per Share Amounts)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
REVENUES				
Product sales and services	\$ 158.1	\$ 133.1	\$ 328.5	\$ 256.3
Royalties and management fees	15.5	13.7	36.8	34.4

Total Operating Revenues	173.6	146.8	365.3	290.7
Investment income (securities)	1.5	1.0	3.7	4.4
Recovery of excess closedown provision	-	-	-	4.3
Other income	.6	1.1	2.4	2.9
TOTAL REVENUES	175.7	148.9	371.4	302.3
COSTS AND EXPENSES				
Cost of goods sold and operating expenses	140.6	118.3	297.9	235.4
Administrative, selling and general expenses	3.4	5.4	13.0	12.6
Interest expense	.1	.5	.4	2.2
Other expenses	4.4	1.6	9.4	5.1
TOTAL COSTS AND EXPENSES	148.5	125.8	320.7	255.3
INCOME BEFORE INCOME TAXES	27.2	23.1	50.7	47.0
INCOME TAXES				
Currently payable	4.1	8.0	7.6	11.3
Deferred	3.0	(6.0)	5.6	(1.3)
TOTAL INCOME TAXES	7.1	2.0	13.2	10.0
NET INCOME	\$ 20.1	\$ 21.1	\$ 37.5	\$ 37.0
NET INCOME PER COMMON SHARE				
Basic	\$ 1.80	\$ 1.86	\$ 3.33	\$ 3.26
Diluted	\$ 1.78	\$ 1.85	\$ 3.30	\$ 3.24
AVERAGE NUMBER OF SHARES				
Basic	11.2	11.4	11.3	11.4
Diluted	11.3	11.5	11.4	11.5

-5-

<TABLE>
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CLEVELAND-CLIFFS INC
STATEMENT OF CONSOLIDATED CASH FLOWS

(In Millions, Brackets Indicate Decrease in Cash)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES				
Net income	\$ 20.1	\$ 21.1	\$ 37.5	\$ 37.0
Depreciation and amortization:				
Consolidated	2.1	1.7	6.4	5.2
Share of associated companies	3.1	3.1	9.4	9.1
Decrease in Savage River closedown reserve	-	-	-	(16.1)
Provision for deferred income taxes	3.0	4.4	5.6	9.2
Tax credit	-	(5.6)	-	(5.6)
Other	(.6)	2.4	(2.9)	3.0
Total Before Changes in Operating Assets and Liabilities	27.7	27.1	56.0	41.8
Changes in operating assets and liabilities	46.3	24.2	3.6	(51.1)
NET CASH FROM (USED BY) OPERATING ACTIVITIES	74.0	51.3	59.6	(9.3)
INVESTING ACTIVITIES				
Purchase of property, plant and equipment:				
Consolidated	(12.7)	(3.5)	(18.8)	(11.0)
Share of associated companies	(5.1)	(19.0)	(18.9)	(35.7)
Purchase of Wabush interest	-	-	-	(15.0)
Other	-	-	1.3	4.8
NET CASH (USED BY) INVESTING ACTIVITIES	(17.8)	(22.5)	(36.4)	(56.9)
FINANCING ACTIVITIES				
Dividends	(4.1)	(3.7)	(12.1)	(11.1)
Repurchases of Common Shares	(8.3)	-	(11.5)	(1.7)
NET CASH (USED BY) FINANCING ACTIVITIES	(12.4)	(3.7)	(23.6)	(12.8)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(.2)	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 43.8	\$ 24.9	\$ (.4)	\$ (79.0)

</TABLE>

<TABLE>
<CAPTION>

CLEVELAND-CLIFFS INC
STATEMENT OF CONSOLIDATED FINANCIAL POSITION

		(In Millions)			
ASSETS		Sept. 30 1998	June 30 1998	Dec. 31 1997	Sept. 30 1997
-----		-----	-----	-----	-----
<S>		<C>	<C>	<C>	<C>
CURRENT ASSETS					
Cash and cash equivalents		\$ 115.5	\$ 71.7	\$ 115.9	\$ 86.4
Accounts receivable - net		68.9	73.2	73.4	71.8
Inventories		54.7	87.5	61.4	78.4
Other		15.0	16.6	15.1	14.5
	TOTAL CURRENT ASSETS	254.1	249.0	265.8	251.1
PROPERTIES - NET					
		146.0	134.6	134.0	133.8
INVESTMENTS IN ASSOCIATED COMPANIES					
		225.8	225.9	218.3	209.4
OTHER ASSETS					
		76.7	81.1	76.2	86.3
	TOTAL ASSETS	\$ 702.6	\$ 690.6	\$ 694.3	\$ 680.6
=====					
LIABILITIES AND SHAREHOLDERS' EQUITY					

CURRENT LIABILITIES					
		\$ 87.0	\$ 78.0	\$ 91.8	\$ 90.2
LONG-TERM OBLIGATIONS					
		70.0	70.0	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES					
		69.8	69.8	70.1	70.4
OTHER LIABILITIES					
		55.1	56.8	55.0	53.3
SHAREHOLDERS' EQUITY					
		420.7	416.0	407.4	396.7
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 702.6	\$ 690.6	\$ 694.3	\$ 680.6
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</TABLE>

Unaudited Financial Statements

In management's opinion, the unaudited financial statements present fairly the Company's financial position and results. All supplementary information required by generally accepted accounting principles for complete financial statements has not been included. For further information, please refer to the Company's latest Annual Report.