TABLE OF CONTENTS

Table of Contents

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, 2001
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 18, 2001, there were 10,143,509 Common Shares (par value $1.00 per share) outstanding.

Table of Contents

PART I — FINANCIAL INFORMATION

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED OPERATIONS

	(In Millions, Except Per Share Amounts)			
	Three Months Ended September 30		Nine Months Ended September 30	
	2001	2000	2001	2000
REVENUES				
Product sales and services				
Iron ore products	$ 109.1	$ 134.6	$ 213.1	$ 280.2
HBI products	4.9		8.6	
Total	114.0	134.6	221.7	280.2
Royalties and management fees	12.2	15.0	31.1	39.6
Total Operating Revenues	126.2	149.6	252.8	319.8
Insurance recovery	.4	.3	.4	15.3
Interest income	.8	.7	2.8	2.1
Other income	3.4	1.9	8.0	4.0
Total Revenues	130.8	152.5	264.0	341.2
COSTS AND EXPENSES				
Cost of goods sold and operating expenses				
Iron ore products	116.5	132.8	256.7	280.2
HBI products	10.7		21.0	
Total	127.2	132.8	277.7	280.2
Administrative, selling and general expenses	3.9	5.9	11.9	14.2
Loss on long-term investment		1.1		10.2
Pre-operating loss of Cliffs and Associates Limited		3.4	5.8	9.7
Interest expense	2.8	1.2	7.4	3.7
Other expenses	.9	1.3	4.8	5.1
Total Costs and Expenses	134.8	145.7	307.6	323.1
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(4.0)	6.8	(43.6)	18.1
INCOME TAXES (CREDIT)	(1.1)	.5	(13.4)	4.3
INCOME (LOSS) BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(2.9)	6.3	(30.2)	13.8
MINORITY INTEREST	1.2		3.8	
INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(1.7)	6.3	(26.4)	13.8
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE			9.3	
NET INCOME (LOSS)	$ (1.7)	$ 6.3	$ (17.1)	$ 13.8
NET INCOME (LOSS) PER COMMON SHARE				
Basic and Diluted				
Before cumulative effect of change in accounting principle	$ (.16)	$ .60	$ (2.61)	$ 1.31
Cumulative effect on prior years of change in accounting principle			.92	
Net income (loss)	$ (.16)	$ .60	$ (1.69)	$ 1.31
AVERAGE NUMBER OF SHARES (IN THOUSANDS)				
Basic	10,139	10,352	10,120	10,501
Diluted	10,139	10,391	10,120	10,532

See notes to consolidated financial statements.

Table of Contents

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	(In Millions)	
	September 30 2001	**December 31 2000**
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 101.2	$ 29.9
Trade accounts receivable — net	28.3	46.3
Receivables from associated companies	14.1	18.5
Inventories		
Product	127.8	90.8
Supplies and other	22.8	22.4
	150.6	113.2
Other	35.4	40.1
TOTAL CURRENT ASSETS	329.6	248.0
PROPERTIES	359.6	356.9
Allowances for depreciation and depletion	(95.3)	(84.2)
TOTAL PROPERTIES	264.3	272.7
INVESTMENTS IN ASSOCIATED COMPANIES	134.9	138.4
OTHER ASSETS		
Prepaid pensions	46.4	38.1
Miscellaneous	20.1	30.6
TOTAL OTHER ASSETS	66.5	68.7
TOTAL ASSETS	$ 795.3	$ 727.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	$ 100.0	$
Accounts payable and accrued expenses	93.3	102.2
TOTAL CURRENT LIABILITIES	193.3	102.2
LONG-TERM DEBT	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES	65.6	71.7
OTHER LIABILITIES	57.4	58.0
MINORITY INTEREST	27.1	23.9
SHAREHOLDERS' EQUITY		
Preferred Stock		
Class A - 500,000 shares authorized and unissued		
Class B - 4,000,000 shares authorized and unissued		
Common Shares — par value $1 a share		
Authorized - 28,000,000 shares;		
Issued - 16,827,941 shares	16.8	16.8
Capital in excess of par value of shares	66.4	67.3
Retained income	483.5	503.7
Cost of 6,684,432 Common Shares in treasury (2000 - 6,708,539 shares)	(183.2)	(183.8)
Unearned compensation	(1.6)	(2.0)
TOTAL SHAREHOLDERS' EQUITY	381.9	402.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 795.3	$ 727.8

See notes to consolidated financial statements.

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOWS

	(In Millions, Brackets Indicate Cash Decrease) Nine Months Ended September 30	
	2001	**2000**
OPERATING ACTIVITIES		
Net income (loss)	$ (17.1)	$ 13.8
Depreciation and amortization:		
Consolidated	11.5	9.6
Share of associated companies	8.2	9.4
Loss on long-term investment		10.2
Equity loss in Cliffs and Associates Limited		9.7
Cumulative effect of change in accounting principle, net of $5.0 million tax	(9.3)	
Gain on sale of assets	(5.1)	
Minority interest in Cliffs and Associates Limited	(3.8)	
Deferred income taxes	(6.2)	(4.1)
Other	2.6	2.2
Total before changes in operating assets and liabilities	(19.2)	50.8
Changes in operating assets and liabilities	(12.8)	(24.8)
Net cash from (used by) operating activities	(32.0)	26.0
INVESTING ACTIVITIES		
Purchase of property, plant and equipment:		
Consolidated		
Cliffs and Associates Limited	(6.0)	
All other	(2.6)	(5.4)
Total	(8.6)	(5.4)
Share of associated companies	(2.1)	(4.1)
Equity investment and advances in Cliffs and Associates Limited		(11.3)
Proceeds from sale of assets	10.5	.5
Other	(.4)	
Net cash used by investing activities	(.6)	(20.3)
FINANCING ACTIVITIES		
Dividends	(3.1)	(11.9)
Short-term borrowings	100.0	
Contributions by minority shareholder in Cliffs and Associates Limited	7.0	
Repurchases of Common Shares		(11.8)
Net cash from (used by) financing activities	103.9	(23.7)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	71.3	(18.0)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29.9	67.6
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 101.2	$ 49.6

See notes to consolidated financial statements.

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2001

NOTE A — BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the financial statement footnotes and other information in the Company's 2000 Annual Report on Form 10-K. In management's opinion, the quarterly unaudited consolidated financial statements present fairly the Company's financial position, results of operations and cash flows in accordance with 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. Quarterly results historically are not representative of annual results due to seasonal and other factors. Certain prior year amounts have been reclassified to conform to current year classifications.

NOTE B — ACCOUNTING AND DISCLOSURE CHANGES

In June, 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended in June, 2000 by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities — an amendment of SFAS No. 133." These statements provide the accounting treatment for all derivatives activity and require the recognition of all derivatives as either assets or liabilities on the balance sheet and their measurement at fair value. Adoption of this standard in the first quarter of 2001 did not have a material effect on the Company's consolidated financial statements. At December 31, 2000, the Company's managed mines had in place forward contracts for the purchase of natural gas to hedge against price volatility and ensure gas availability. At inception, the contracts were in quantities that were expected to be used in the production process. However, due to an unanticipated significant reduction in usage requirements beyond the Company's control, it was necessary to sell a portion of the contracts during the first quarter resulting in the Company recognizing a $.7 million gain on the sale (included in cost of sales), and an additional fair value gain of $.2 million related to the increase in value of remaining contracts was settled in April, 2001. There were no sales made in the second or third quarters. Although circumstances beyond the Company's control required the sale of excess natural gas quantities in the first quarter, the Company's objective for entering into forward contracts is to hedge price fluctuations. Such contracts, when entered into, are in quantities expected to be used in the production process and, accordingly, are accounted for as normal purchases. At September 30, 2001, the forward instruments had a notional value of $1.7 million (Company share), with an approximate market value of $.8 million.

In July, 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS 141 prohibits the use of the pooling-of-interests method for business combinations and establishes criteria for the recognition of intangible assets separately from goodwill. This statement is effective June 30, 2001. SFAS 142 requires testing of goodwill and intangible assets with indefinite lives for impairment rather than amortizing them. This statement will be effective for fiscal years beginning after December 15, 2001. Although the Company has not yet completed its review of the impact of adopting these statements, it does not believe the statements, when adopted, will be significant to its consolidated financial statements.

In July, 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred and capitalized as part of the carrying amount of the long-lived asset. The statement will be effective for fiscal years beginning after June 15, 2002. The Company has not yet determined the effect on its consolidated financial statements of this standard when adopted.

In October, 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." The statement provides a single accounting model for long-lived assets to be disposed of. The Company has not yet determined the effect on its consolidated financial statements of implementing this statement, which is effective for fiscal years beginning after December 15, 2001.

NOTE C — CHANGE IN METHOD OF ACCOUNTING

Effective January 1, 2001, the Company changed its method of accounting for investment gains and losses on pension assets for the calculation of net periodic pension cost. Previously, the Company utilized a method that deferred and amortized realized and unrealized gains and losses over five years for most pension plans. Under the new accounting method, the market value of plan assets will reflect realized and unrealized gains and losses immediately. In management's opinion, the new method will result in improved financial reporting because the method more closely reflects the fair value of its pension assets at the date of reporting.

The cumulative effect of this accounting change related to prior years was a one-time non-cash credit of $9.3 million ($14.3 million pre-tax) recognized in net income as of January 1, 2001. The effect of the change in accounting had only a modest effect

($.1 million of income) on the third quarter and year-to-date results. The pro forma effect of this change, as if it had been made for the third quarter and first nine months ended September 30, 2000, would be to increase net income as follows:

	September 30, 2000	
	Third Quarter	Nine Months
Pro Forma (In Millions)		
Net income as reported	$ 6.3	$ 13.8
Effect of accounting change	.4	1.4
Net income	$ 6.7	$ 15.2
Per Share (Basic and Diluted)		
As reported	$ .60	$ 1.31
Effect of accounting change	.05	.13
Total	$ .65	$ 1.44

NOTE D — ENVIRONMENTAL RESERVES

At September 30, 2001, the Company had an environmental reserve, including its share of ventures, of $18.7 million, of which $3.0 million was classified as current. 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, the Summitville site in Colorado and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company’s iron ore mining operations. Reserves are based principally on Company estimates and 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. Also included in the reserve are wholly-owned active and closed mining operations, and other sites, including former operations, for which reserves are based on the Company’s estimated cost of investigation and remediation.

NOTE E — COMPREHENSIVE INCOME

	(In Millions)			
	Third Quarter		Nine Months	
	2001	2000	2001	2000
Net income (loss)	$(1.7)	$6.3	$(17.1)	$13.8
Other comprehensive loss — unrealized loss on securities				(1.2)
Reclassification adjustment for loss included in net income				6.4
Comprehensive income (loss)	$(1.7)	$6.3	$(17.1)	$19.0

NOTE F — SEGMENT REPORTING

The Company has two reportable segments offering different iron products and services to the steel industry. Iron Ore is the Company's dominant segment. The Ferrous Metallics segment consists of the hot briquetted iron ("HBI") project in Trinidad and Tobago and other developmental activities. "Other" includes non-reportable segments, and unallocated corporate administrative expense and other income and expense.

	(In Millions)				
	Iron Ore	Ferrous Metallics	Segments Total	Other	Consolidated Total
Third Quarter 2001					
Sales and services to external customers	$109.1	$ 4.9	$114.0	$	$114.0
Royalties and management fees	12.2		12.2		12.2
Total operating revenues	121.3	4.9	126.2		126.2
Income (loss) before income taxes, minority interest and cumulative effect adjustment	7.1	(5.9)	1.2	(5.2)	(4.0)
Investments in associated companies	134.9		134.9		134.9
Other identifiable assets	491.9	136.5	628.4	32.0	660.4
Total assets	626.8	136.5	763.3	32.0	795.3
Third Quarter 2000					
Sales and services to external customers	$134.6	$	$134.6	$	$134.6
Royalties and management fees	15.0		15.0		15.0
Total operating revenues	149.6		149.6		149.6
Income (loss) before income taxes	16.2	(4.4)	11.8	(5.0)	6.8
Equity loss*		(2.6)	(2.6)		(2.6)
Investments in associated companies	140.5	84.2	224.7		224.7
Other identifiable assets	435.6	2.6	438.2	23.2	461.4
Total assets	576.1	86.8	662.9	23.2	686.1
First Nine Months 2001					
Sales and services to external customers	$213.1	$ 8.6	$221.7	$	$221.7
Royalties and management fees	31.1		31.1		31.1
Total operating revenues	244.2	8.6	252.8		252.8
Loss before income taxes, minority interest and cumulative effect adjustment	(8.8)	(18.6)	(27.4)	(16.2)	(43.6)
First Nine Months 2000					
Sales and services to external customers	$280.2	$	$280.2	$	$280.2
Royalties and management fees	39.6		39.6		39.6
Total operating revenues	319.8		319.8		319.8
Income (loss) before income taxes	38.6	(12.5)	26.1	(8.0)	18.1
Equity loss*		(9.7)	(9.7)		(9.7)

* Included in income (loss) before income taxes. Includes equity losses from Cliffs and Associates Limited. In November 2000, the Company acquired controlling interest and subsequent results were consolidated.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

COMPARISON OF THIRD QUARTER AND FIRST NINE MONTHS — 2001 AND 2000

Net losses were $1.7 million, or $ .16 per share (all per share earnings are "diluted earnings per share" unless stated otherwise) in the third quarter, and $26.4 million, or $2.61 per share before cumulative effect, in the first nine months. In 2000, third quarter earnings were $6.3 million, or $.60 per share, and first nine months earnings were $13.8 million, or $1.31 per share.

Earnings in the first nine months of 2000 included two special items, a $9.9 million ($.1 million in the third quarter) after-tax recovery on an insurance claim related to lost 1999 sales, and a $6.6 million after-tax charge ($.2 million in the third quarter) to recognize the decrease in value of the Company's investment in publicly-traded common stock.

The following summary of results excludes the cumulative effect of the change in accounting principle:

	(In Millions, Except Per Share)			
	Third Quarter		First Nine Months	
	2001	2000	2001	2000
Income (loss) before special items	$(1.7)	$6.4	$(26.4)	$ 10.5
Special items		(.1)		3.3
Income (loss) before cumulative effect of change in accounting principle:				
Amount	$(1.7)	$6.3	$(26.4)	$ 13.8
Per Share	$(.16)	$.60	$(2.61)	$ 1.31

The pre-tax loss for third quarter 2001 was $2.8 million, an earnings decrease of $10.4 million from third quarter of 2000, excluding special items. The decrease in pre-tax earnings was mainly due to mine production curtailments, lower royalties and management fees, and lower sales volume, partially offset by a gain on sales of non- strategic assets and lower corporate expense. Included in cost of goods sold and operating expenses was approximately $10 million of costs related to production curtailments in the third quarter of 2001. Additionally, higher Cliffs and Associates Limited ("CAL") losses, and increased interest expense contributed to the earnings decrease.

Pre-tax results, excluding the cumulative effect adjustment, for the first nine months of 2001 were $52.8 million lower than the comparable 2000 period, excluding special items. The decrease in earnings was primarily due to:

- Pellet sales margin was a loss of $43.6 million in 2001 compared to breakeven in 2000, summarized as follows:

	(In Millions)			
			Increase (Decrease)	
	2001	2000	Amount	Percent
Sales (Tons)	5.7	7.8	(2.1)	(27)%
Revenue from product sales and services	$213.1	$280.2	$(67.1)	(24)%
Cost of goods sold and operating expenses	256.7	280.2	(23.5)	(8)%
Sales margin (loss)	$ (43.6)	—	$(43.6)	N/M

Higher operating costs and lower sales volume were partially offset by a modest increase in average price realization. Included in 2001 cost of goods sold and operating expenses was approximately $35 million of fixed costs related to production curtailments. Higher energy, and employment costs, primarily related to benefits, also contributed to the increase in costs.

- Royalty and management fee revenue, including amounts paid by the Company as a participant in the mining ventures, decreased $8.5 million reflecting the production curtailments.

- The loss from CAL of $18.2 million, or $14.4 million net of minority interest, in the first nine months of 2001 compared to a loss of $9.7 million in the first nine months of 2000. The increased loss of $8.5 million, or $4.7 million net of minority interest, reflected the start-up and commissioning of the HBI venture in Trinidad and Tobago in mid-March of 2001 and the increased Company ownership, 82.3 percent in 2001 versus 46.5 percent in 2000.

- Interest expense was $3.7 million higher in 2001 reflecting interest on the $100 million borrowed under the Company’s $100 million revolving credit facility.

- Other income was $4.0 million higher in 2001 principally due to the sale of non-strategic assets.

- Other expenses reflect lower business development expense in 2001, offset by 2001 restructuring charges of $2.5 million related to a 27 percent reduction in Central Service personnel in Minnesota and Michigan, a 25 percent reduction in corporate office staff, a 20 percent salaried workforce reduction at the Empire Mine in Michigan, and a 17 percent salaried workforce reduction at the Hibbing Mine in Minnesota.

CASH FLOW AND LIQUIDITY

At September 30, 2001, the Company had cash and cash equivalents of $101.2 million compared to $49.6 million at September 30, 2000. Since December 31, 2000, cash and cash equivalents increased $71.3 million, primarily due to the $100 million of short-term borrowings under the revolving credit facility, lower receivables, $22.4 million, $15.4 million income tax refund, and proceeds from sale of non-strategic assets, $10.5 million, partially offset by higher product inventories, $37.0 million, decreased cash flow from operations before changes in operating assets and liabilities, $19.2 million and lower payables and accrued expenses, $12.5 million.

At the end of September, there were 4.5 million tons of pellets in inventory at a cost of $126 million, an increase of 1.2 million tons, or $35 million, from December 31, 2000. Pellet inventory at September 30, 2000 was 2.6 million tons, or $73 million. Based on the Company's current sales outlook, the Company expects to reduce its pellet inventories to less than 3 million tons by December 31, 2001. Based on the Company's planned sales and inventory liquidation, cash flow is projected to be sufficient to permit repayment of all borrowings under the revolving credit facility by year-end.

IRON ORE

Iron ore pellet production at the Company's managed mines in the third quarter of 2001 was 6.4 million tons compared to 10.6 million tons in 2000. First nine months production was 19.8 million tons, down from 31.2 million tons in 2000. The Company's share of 2001 production of 2.2 million tons in the third quarter and 6.8 million tons in the first nine months was .8 million tons and 2.0 million tons lower than third quarter and first nine months of 2000, respectively. The 11.4 million ton decrease in total production was principally due to the permanent closure of LTV Steel Mining Company ("LTVSMC") at the beginning of 2001 and production curtailments at the other mines. Additionally, the Company has announced that production curtailments will occur at Northshore and Wabush Mines in the fourth quarter. Production schedules at all mines remain subject to change and additional production curtailments are under review. The Company's share of production for the year is expected to be about 8.4 million tons, which is significantly below the Company's production capacity of 12.8 million tons for the year. With fixed costs representing approximately one-third of total production costs, the Company's financial results for the fourth quarter will continue to be adversely impacted by costs associated with production curtailments and a net loss is expected.

On October 15, 2001, Bethlehem Steel Corporation ("Bethlehem"), a 70.3 percent participant in the Hibbing Mine and a customer of the Company, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company expects Bethlehem will continue to fund its Hibbing obligations and take iron ore from the mine. The Company did not have any trade accounts receivable from Bethlehem as of September 30, 2001. The Company sold iron to Bethlehem in October, prior to the bankruptcy filing, that will result in a fourth quarter pre-tax charge of approximately $1.0 million. It is not expected that the Bethlehem filing will have a significant effect on the Company's financial results in 2001.

On August 26, 2001, Acme Metals Incorporated, a 15.1 percent participant in the Wabush Mines joint venture, ceased funding its cash requirements for its obligations at Wabush Mines. As a result, production will be curtailed in the fourth quarter by about .4 million tons. Acme Metals Incorporated has been operating under Chapter 11 of the U.S. Bankruptcy Code since September 28, 1998.

On April 23, 2001, Algoma Steel Inc., a 45 percent owner of Tilden Mine and a significant rail transportation customer of the Company, announced that it was initiating a financial restructuring, and as part of the process, had obtained an Order for protection under the Companies' Creditors Arrangement Act in the Ontario Superior Court of Justice. The Order protects Algoma from creditors during the restructuring process. At the time of the Order, the Company's exposure to Algoma was limited to $.7 million of transportation receivables, which was reserved. To date, Algoma has met its cash funding obligations at the Tilden Mine and for transportation subsequent to the Order.

Pellet sales in the third quarter of 2001 were 2.9 million tons compared to 3.7 million tons in 2000. Pellet sales in the first nine months of 2001 were 5.7 million tons, a decrease of 2.1 million tons from the 7.8 million tons sold in the first nine months of 2000. While there continues to be uncertainty regarding the pellet requirements of customers, sales volume for 2001 is currently expected to be between 9.0 million and 9.2 million tons. This estimate assumes LTV Corporation ("LTV") will continue to operate two blast furnaces in Cleveland and two furnaces in Chicago, and purchase from the Company about 1.4 million tons in the fourth quarter. Separately, LTV continues to meet its obligations as a 25 percent partner in the Empire Mine, but has neither affirmed nor rejected its ownership in Empire.

The Company's share of capital expenditures at the five mining ventures and supporting operations is expected to approximate $10 million in 2001, with $4.7 million having occurred through September 30, 2001.

FERROUS METALLICS

Modifications to the CAL hot briquetted iron (HBI) plant in Trinidad were completed in March. The facility produced approximately 59,000 tonnes in the third quarter and 118,000 tonnes in the first nine months of commercial grade briquettes. CAL sold 54,000 tonnes in the third quarter and 96,000 tonnes through September 30, 2001. The loss from CAL was higher than last year primarily due to the Company's increased ownership of CAL. The Company increased its CAL ownership from 46.5 percent to 82.3 percent as a result of the Company and Lurgi acquiring LTV Corporation's 46.5 percent share of CAL in November, 2000. Pricing for HBI has weakened significantly in the fourth quarter. Although improved operating performance is anticipated, a loss from CAL in the fourth quarter is expected.

CAPITALIZATION

Long-term debt of the Company consists of $70.0 million of senior unsecured notes, which bear a fixed interest rate of 7.0 percent and are scheduled to be repaid on

December 15, 2005. The Company borrowed, on January 8, 2001, $65 million, at a fixed interest rate of 6.1 percent through July 8, 2001 (4.3 percent July 9, 2001 through October 9, 2001), and on May 10, 2001, an additional $35 million, at a fixed interest rate of 4.4 percent through November 13, 2001, on its $100 million revolving credit agreement. The loan interest rates are fixed for various periods based on the LIBOR rate plus a premium. The Company is in compliance with all financial covenants and restrictions of the debt agreements.

The fair value of the Company's long-term debt (which had a carrying value of $70.0 million) at September 30, 2001, was estimated at $71.6 million based on a discounted cash flow analysis and estimates of current borrowing rates. The fair value of the outstanding debt on the revolving credit facility approximated the carrying value at September 30, 2001.

Following is a summary of common shares outstanding:

	2001	2000	1999
March 31	10,143,272	10,714,796	11,209,734
June 30	10,148,939	10,502,367	11,211,376
September 30	10,143,509	10,292,356	11,053,349
December 31		10,119,402	10,647,199

STRATEGIC INVESTMENTS

The Company is seeking additional investment opportunities, domestically and internationally, to broaden its scope as a supplier of iron units to the steel industry, including investments in iron ore mines or ferrous metallics facilities. In the normal course of business, the Company examines opportunities to increase profitability and strengthen its business position by evaluating various investment opportunities consistent with its business strategy. The Company is currently engaging in discussions with certain steel companies to acquire their ownership interests in North American iron ore mines; however, there is no certainty as to whether any transaction can be completed. In the event of any future acquisitions or joint venture opportunities, the Company may consider using available liquidity, incurring additional indebtedness, project financing, or other sources of funding to make investments.

ASSET ACQUISITION

On October 10, 2001, the Company announced that subsidiaries of the Company and Minnesota Power, a business of Allete, Inc. have reached an agreement with LTV to acquire the assets of LTVSMC in Minnesota for $25 million (Company share $12.5 million) and the assumption of environmental and certain other liabilities.

The Company will acquire all of the iron ore mining and processing facilities of LTVSMC, including its 74-mile mainline railroad and dock operation at Taconite Harbor, Minnesota on the north shore of Lake Superior. A Minnesota Power subsidiary will acquire the 225 megawatt electric generating facility at Taconite Harbor, transmission facilities, and non-mining property. Minnesota Power will make a $62.5 million payment to the Company. The Company will use the payment for its share of the purchase price and the environmental liabilities and other costs being assumed by the Company.

The Company does not intend to operate the mining assets for the production of iron ore pellets, but is investigating other options including non-ferrous metals development and providing transportation support services to other Minnesota mining operations. The Company has entered into an option agreement with Minnesota Iron Range Resources and Rehabilitation Board ("IRRRB") for the purchase by IRRRB of mining lands for future development. The purchase is expected to be finalized in the fourth quarter.

FORWARD-LOOKING STATEMENTS

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

- Displacement of iron production by North American integrated steel producers due to electric furnace production or imports of semi-finished steel or pig iron;
- Loss of major iron ore sales contracts;
- Changes in the financial condition of the Company's partners and/or customers;
- Rejection of major contracts and/or venture agreements by customers and/or participants under provisions of the U.S. Bankruptcy Code or similar statutes of other countries;
- Substantial changes in imports of steel, iron ore, or ferrous metallic products;
- Displacement of steel by competing materials;
- Unanticipated changes in the market value of steel, iron ore or ferrous metallics;
- Domestic or international economic and political conditions;
- Major equipment failure, availability, and magnitude and duration of repairs;

- Unanticipated geological conditions or ore processing changes;
- Process difficulties, including the failure of new technology to perform as anticipated;
- Availability and cost of the key components of production (e.g., labor, electric power, fuel, water);
- Weather conditions (e.g., extreme winter weather, availability of process water due to drought);
- Changes in tax laws;
- Changes in laws, regulations or enforcement practices governing remediation requirements at existing environmental sites, remediation technology advancements, the impact of inflation, the identification and financial condition of other responsible parties, and the number of sites and the extent of remediation activity;
- Changes in laws, regulations or enforcement practices governing compliance with safety, health and environmental standards at operating locations; and,
- Accounting principle or policy changes by the Financial Accounting Standards Board or the Securities and Exchange Commission.

Forward-looking statements speak as of the date they are made and may be superceded by subsequent events. The Company does not undertake any duty, except as required by law, to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

PART II — OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On September 14, 2001, pursuant to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (“VNQDC Plan”), the Company sold 15 shares of common stock, par value $1.00 per share, of Cleveland-Cliffs Inc (“Common Shares”) for cash to the Trustee of the Trust maintained under the VNQDC Plan. This sale of Common Shares was made in reliance on Rule 506 of Regulation D under the Securities Act of 1933 pursuant to an election made by a managerial employee under the VNQDC Plan. The aggregate consideration received by the Company was $241.95.

Item 6. Exhibits and Reports on Form 8-K

(a) List of Exhibits — Refer to Exhibit Index on page 17.

(b) During the quarter for which this 10-Q Report is filed, the Company filed Current Reports on Form 8-K, dated July 10 and July 11, 2001, covering information reported under *Item 9. Regulation FD Disclosure*. The Company also filed Current Reports on Form 8-K dated October 10 and October 16, 2001, covering information reported under *Item 9. Regulation FD Disclosure*. There were no financial statements filed as part of the Current Reports on Form 8-K.

SIGNATURE

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

CLEVELAND-CLIFFS INC

Date October 25, 2001

By /s/ C. B. Bezik

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

EXHIBIT INDEX

Exhibit Number	Exhibit	
10(a)	Director and Officer Indemnification Agreement, dated as of July 10, 2001, by and between Cleveland-Cliffs Inc and David H. Gunning	Filed Herewith
10(b)	Cleveland-Cliffs Inc Executive Retention Plan, effective as of January 1, 2001	Filed Herewith
18	Preferability Letter from Ernst & Young LLP, dated October 22, 2001, on accounting change	Filed Herewith
99(a)	Cleveland-Cliffs Inc News Release published on October 22, 2001, captioned Cleveland-Cliffs Comments on ITC's Imported Steel Findings	Filed Herewith
99(b)	Cleveland-Cliffs Inc News Release published on October 24, 2001, with respect to 2001 third quarter results	Filed Herewith

Exhibit 10(a)

DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

This Director and Officer Indemnification Agreement ("AGREEMENT") is made as of July 10, 2001, by and between Cleveland-Cliffs Inc, an Ohio corporation (the "COMPANY"), and David H. Gunning (the "INDEMNITEE"), a Director and an officer of the Company.

RECITALS:

A. The Indemnitee is presently serving as a Director and an officer of the Company and the Company desires the Indemnitee to continue in such capacities. The Indemnitee is willing, subject to certain conditions including without limitation the execution and performance of this Agreement by the Company, to continue serving in such capacities.

B. In addition to the indemnification to which the Indemnitee is entitled under the Regulations of the Company (the "REGULATIONS"), the Company has obtained, at its sole expense, insurance protecting the Company and its officers and Directors, including the Indemnitee, against certain losses arising out of actual or threatened actions, suits, or proceedings to which such persons may be made or threatened to be made parties.

Accordingly, and in order to induce the Indemnitee to continue to serve in his present capacity, the Company and the Indemnitee agree as follows:

AGREEMENT:

1. CONTINUED SERVICE. The Indemnitee shall continue to serve, at the will of the Company or in accordance with a separate contract, to the extent that such a contract is in effect at the time in question, as a Director and an officer of the Company so long as he is duly elected and qualified in accordance with the Regulations or until he resigns in writing in accordance with applicable law.

2. INITIAL INDEMNITY. (a) The Company shall indemnify the Indemnitee if or when he is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Company), by reason of the fact that he is or was a Director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, member, manager or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or other enterprise, or by reason of any action alleged to have been taken or omitted in any such capacity, against any and all costs, charges, expenses (including without limitation fees and expenses of attorneys and/or others; all such costs, charges and expenses being herein jointly referred to as "EXPENSES"), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by the Indemnitee in connection therewith, including any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company, and, with respect to any criminal action or proceeding, if the Indemnitee had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not satisfy the foregoing standard of conduct to the extent applicable thereto.

(b) The Company shall indemnify the Indemnitee if or when he is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding by or in the right of the Company to procure a judgment in its favor, by reason of the fact that the Indemnitee is or was a Director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, trustee, officer, employee, member, manager or agent of another corporation, domestic or foreign, nonprofit or for profit, a limited liability company, or a partnership, joint venture, trust, or other enterprise, against any and all Expenses actually and reasonably incurred by the Indemnitee in connection with the defense or settlement thereof or any appeal of or from any judgment or decision, unless it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company, except that no indemnification pursuant to this SECTION 2(b) shall be made in respect of any action or suit in which the only liability asserted against the Indemnitee is pursuant to Section 1701.95 of the Ohio Revised Code (the "ORC").

(c) Any indemnification under SECTION 2(a) or 2(b) (unless ordered by a court) shall be made by the Company only as authorized in the specific case upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct set forth in SECTION 2(a) or 2(b). Such authorization shall be made (i) by the Board of Directors of the Company (the "BOARD") by a majority vote of a quorum consisting of Directors who were not and are not parties to or threatened with such action, suit, or proceeding, or (ii) if such a quorum of disinterested Directors is not available or if a majority of such quorum so directs, in a written opinion by independent legal counsel (designated for such purpose by the Board) which shall not be an attorney, or a firm having associated with it an attorney, who has been retained by or who has performed services for the Company, or any person to be indemnified, within the five years preceding such determination, or (iii) by the shareholders of the Company (the "SHAREHOLDERS"), or (iv) by the court in which such action, suit, or proceeding was brought.

(d) To the extent that the Indemnitee has been successful on the merits or otherwise, including without limitation the dismissal of an action without prejudice, in defense of any action, suit, or proceeding referred to in SECTION 2(a) or 2(b), or in defense of any claim, issue, or matter therein, he shall be indemnified against Expenses actually and reasonably incurred by him in connection therewith.

(e) Expenses actually and reasonably incurred by the Indemnitee in defending any such action, suit, or proceeding shall be paid by the Company as they are incurred in advance of the final disposition of such action, suit, or proceeding under the procedure set forth in SECTION 4(b) hereof.

(f) For purposes of this Agreement, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on the

Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a Director, officer, employee, or agent of the Company which imposes duties on, or involves services by, the Indemnitee with respect to an employee benefit plan, its participants or beneficiaries; references to the masculine shall include the feminine; references to the singular shall include the plural and vice versa; and with respect to conduct by Indemnitee in his capacity as a trustee, administrator or other fiduciary of any employee benefit plan of the Company, if the Indemnitee acted in good faith and in a manner he reasonably believed to be in the interest of the participants or beneficiaries of such employee benefit plan, he shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to herein.

(g) No amendment to the Amended Articles of Incorporation of the Company (the "ARTICLES"), or the Regulations shall deny, diminish, or encumber the Indemnitee's rights to indemnity pursuant to the Regulations, the Ohio Revised Code (the "ORC"), or any other applicable law as applied to any act or failure to act occurring in whole or in part prior to the date (the "EFFECTIVE DATE") upon which the amendment was approved by the Shareholders. In the event that the Company shall purport to adopt any amendment to its Articles or Regulations or take any other action, the effect of which is to deny, diminish, or encumber the Indemnitee's rights to indemnity pursuant to the Articles, the Regulations, the ORC, or any such other law, such amendment shall apply only to acts or failures to act occurring entirely after the Effective Date thereof.

3. ADDITIONAL INDEMNIFICATION. (a) Pursuant to Section 1701.13(E)(6) of the ORC, without limiting any right which the Indemnitee may have pursuant to SECTION 2 hereof or any other provision of this Agreement or the Articles, the Regulations, the ORC, any policy of insurance, or otherwise, but subject to any limitation on the maximum permissible indemnity which may exist under applicable law at the time of any request for indemnity hereunder and subject to the following provisions of this SECTION 3(a), the Company shall indemnify the Indemnitee against any amount which he is or becomes obligated to pay relating to or arising out of any claim made against him because of any act, failure to act, or neglect or breach of duty, including any actual or alleged error, misstatement, or misleading statement, which he commits, suffers, permits, or acquiesces in while acting in his capacity as a Director or an officer of the Company. The payments which the Company is obligated to make pursuant to this SECTION 3(a) shall include without limitation judgments, fines, and amounts paid in settlement and any and all Expenses actually and reasonably incurred by the Indemnitee in connection therewith including any appeal of or from any judgment or decision; provided, however, that the Company shall not be obligated under this SECTION 3(a) to make any payment in connection with any claim against the Indemnitee:

(i) to the extent of any fine or similar governmental imposition which the Company is prohibited by applicable law from paying which results from a final, nonappealable order; or

(ii) to the extent based upon or attributable to the Indemnitee having actually realized a personal gain or profit to which he was not legally entitled, including without limitation profit from the purchase and sale by the Indemnitee of equity securities of the

Company which are recoverable by the Company pursuant to Section 16(b) of the Securities Exchange Act of 1934, or profit arising from transactions in publicly traded securities of the Company which were effected by the Indemnitee in violation of Section 10(b) of the Securities Exchange Act of 1934, or Rule 10b-5 promulgated thereunder.

(b) A determination as to whether the Indemnitee shall be entitled to indemnification under this SECTION 3(a) shall be made in accordance with SECTION 4(a) hereof. Expenses incurred by the Indemnitee in defending any claim to which this SECTION 3(a) applies shall be paid by the Company as they are actually and reasonably incurred in advance of the final disposition of such claim under the procedure set forth in SECTION 4(b) hereof.

4. CERTAIN PROCEDURES RELATING TO INDEMNIFICATION. (a) For purposes of pursuing his rights to indemnification under SECTION 3(a) hereof, the Indemnitee shall (i) submit to the Board a sworn statement of request for indemnification substantially in the form of Exhibit 1 attached hereto and made a part hereof (the "INDEMNIFICATION STATEMENT") averring that he is entitled to indemnification hereunder; and (ii) present to the Company reasonable evidence of all amounts for which indemnification is requested. Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification hereunder, and the Company shall, within 60 calendar days after submission of the Indemnification Statement, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnitee, unless (i) within such 60-calendar-day period the Board shall resolve by vote of a majority of the Directors at a meeting at which a quorum is present that the Indemnitee is not entitled to indemnification under SECTION 3(a) hereof, (ii) such vote shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption), and (iii) the Indemnitee shall have received within such period notice in writing of such vote, which notice shall disclose with particularity the evidence upon which the vote is based. The foregoing notice shall be sworn to by all persons who participated in the vote and voted to deny indemnification. The provisions of this SECTION 4(a) are intended to be procedural only and shall not affect the right of Indemnitee to indemnification under SECTION 3(a) of this Agreement so long as Indemnitee follows the prescribed procedure, and any determination by the Board that Indemnitee is not entitled to indemnification and any failure to make the payments requested in the Indemnification Statement shall be subject to judicial review by any court of competent jurisdiction.

(b) For purposes of obtaining payments of Expenses in advance of final disposition pursuant to SECTION 2(e) or the last sentence of SECTION 3(b), the Indemnitee shall submit to the Company a sworn request for advancement of Expenses substantially in the form of Exhibit 2 attached hereto and made a part hereof (the "UNDERTAKING"), averring that he has reasonably incurred actual Expenses in defending an action, suit or proceeding referred to in SECTION 2(a) or 2(b) or any claim referred to in SECTION 3(a), or pursuant to SECTION 7 hereof. The Indemnitee shall execute Part A of the Undertaking by which he undertakes to: (i) repay such amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that the Indemnitee's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company; and (ii) reasonably cooperate with the Company concerning the action, suit,

proceeding or claim. In all cases, Indemnitee shall be eligible to execute Part B of the Undertaking by which he undertakes to repay such amount if it ultimately is determined that he is not entitled to be indemnified by the Company under this Agreement or otherwise. In the event that the Indemnitee is eligible to and does execute both Part A and Part B of the Undertaking, the Expenses which are paid by the Company pursuant thereto shall be required to be repaid by the Indemnitee only if he is required to do so under the terms of both

Part A and Part B of the Undertaking. Upon receipt of the Undertaking, the Company shall thereafter promptly pay such Expenses of the Indemnitee as are noticed to the Company in writing in reasonable detail arising out of the matter described in the Undertaking. No security shall be required in connection with any Undertaking.

5. LIMITATION ON INDEMNITY. Notwithstanding anything contained herein to the contrary, the Company shall not be required hereby to indemnify the Indemnitee with respect to any action, suit, or proceeding that was initiated by the Indemnitee unless (i) such action, suit, or proceeding was initiated by the Indemnitee to enforce any rights to indemnification arising hereunder and such person shall have been formally adjudged to be entitled to indemnity by reason hereof, (ii) authorized by another agreement to which the Company is a party whether heretofore or hereafter entered, or (iii) otherwise ordered by the court in which the suit was brought.

6. SUBROGATION; DUPLICATION OF PAYMENTS. (a) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

(b) The Company shall not be liable under this Agreement to make any payment in connection with any claim made against Indemnitee to the extent Indemnitee has actually received payment (under any insurance policy, the Regulations or otherwise) of the amounts otherwise payable hereunder.

7. FEES AND EXPENSES OF ENFORCEMENT. It is the intent of the Company that the Indemnitee not be required to incur the expenses associated with the enforcement of his rights under this Agreement by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. Accordingly, if it should appear to the Indemnitee that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any action, suit or proceeding to deny, or to recover from, the Indemnitee the benefits intended to be provided to the Indemnitee hereunder, the Company irrevocably authorizes the Indemnitee from time to time to retain counsel of his choice, at the expense of the Company as hereafter provided, to represent the Indemnitee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, shareholder, or other person affiliated with the Company, in any jurisdiction. Regardless of the outcome thereof, the Company shall pay and be solely responsible for any and all costs, charges, and expenses, including without limitation, fees and expenses of attorneys and others, reasonably incurred by the Indemnitee pursuant to this SECTION 7.

8. MERGER OR CONSOLIDATION. In the event that the Company shall be a constituent corporation in a consolidation, merger, or other reorganization, the Company, if it shall not be the surviving, resulting, or acquiring corporation therein, shall require as a condition thereto that the surviving, resulting, or acquiring corporation agree to assume all of the obligations of the Company hereunder and to indemnify the Indemnitee to the full extent provided herein. Whether or not the Company is the resulting, surviving, or acquiring corporation in any such transaction, the Indemnitee shall also stand in the same position under this Agreement with respect to the resulting, surviving, or acquiring corporation as he would have with respect to the Company if its separate existence had continued.

9. NONEXCLUSIVITY AND SEVERABILITY. (a) The rights to indemnification provided by this Agreement shall not be exclusive of any other rights of indemnification to which the Indemnitee may be entitled under the Articles, the Regulations, the ORC or any other statute, any insurance policy, agreement, or vote of shareholders or Directors or otherwise, as to any actions or failures to act by the Indemnitee, and shall continue after he has ceased to be a Director, officer, employee, or agent of the Company or other entity for which his service gives rise to a right hereunder, and shall inure to the benefit of his heirs, executors and administrators. In the event of any payment under this Agreement, the Company shall be subrogated to the extent thereof to all rights of recovery previously vested in the Indemnitee, who shall execute all instruments and take all other actions as shall be reasonably necessary for the Company to enforce such rights.

(b) Except as provided in SECTION 9(a), the rights to indemnification provided by this Agreement are personal to Indemnitee and are non-transferable by Indemnitee, and no party other than the Indemnitee is entitled to indemnification under this Agreement.

(c) If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent (and only to the extent) necessary to make it enforceable, valid and legal.

10. SECURITY. To ensure that the Company's obligations pursuant to this Agreement can be enforced by Indemnitee, the Company may, at its option, establish a trust pursuant to which the Company's obligations pursuant to this Agreement and other similar agreements can be funded.

11. NOTICES. All notices and other communications hereunder shall be in writing and shall be personally delivered or sent by recognized overnight courier service (a) if to the Company, to the then-current principal executive offices of the Company (Attention: General Counsel) or (b) if to the Indemnitee, to the last known address of Indemnitee as reflected in the Company's records. Either party may change its address or the delivery of notices or other communications hereunder by providing notice to the other party as provided in this SECTION 12. All notices shall be effective upon actual delivery by the methods specified in this SECTION 12.

12. GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to the principles of conflict of laws thereof.

13. MODIFICATION. This Agreement and the rights and duties of the Indemnitee and the Company hereunder may be modified only by an instrument in writing signed by both parties hereto.

14. PRIOR AGREEMENT. This Agreement amends and restates the Officer Indemnification Agreement, dated as of April 16, 2001 (the "PRIOR AGREEMENT"), between the Company and the Indemnitee, which Prior Agreement shall, without further action, be superseded as of the date first above written.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

CLEVELAND-CLIFFS INC

By: /s/ John S. Brinzo

Name: John S. Brinzo
Title: Chairman and Chief Executive Officer

/s/ David H. Gunning

David H. Gunning

EXHIBIT 1

INDEMNIFICATION STATEMENT

STATE OF ___________________________________)
) SS
COUNTY OF _________________________________)

I, _______________ , being first duly sworn, do depose and say as follows:

1. This Indemnification Statement is submitted pursuant to the Director and Officer Indemnification Agreement, dated August __, 2001, between Cleveland-Cliffs Inc, an Ohio corporation (the "COMPANY"), and the undersigned.

2. I am requesting indemnification against costs, charges, expenses

(which may include fees and expenses of attorneys and/or others), judgments, fines, and amounts paid in settlement (collectively, "LIABILITIES"), which have been actually and reasonably incurred by me in connection with a claim referred to in SECTION 3(a) of the aforesaid Indemnification Agreement.

3. With respect to all matters related to any such claim, I am entitled to be indemnified as herein contemplated pursuant to the aforesaid Indemnification Agreement.

4. Without limiting any other rights which I have or may have, I am requesting indemnification against Liabilities which have or may arise out of

----

____
[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ____ day of ________________, ____.

____

[Seal]

My commission expires the ____ day of _____________, ______.

EXHIBIT 2

UNDERTAKING

STATE OF ___________________________________)
) SS
COUNTY OF __________________________________)

I, ____________________, being first duly sworn, do depose and say as follows:

1. This Undertaking is submitted pursuant to the Director and Officer Indemnification Agreement, dated August __, 2001, between Cleveland-Cliffs Inc, an Ohio corporation (the "COMPANY") and the undersigned.

2. I am requesting payment of costs, charges, and expenses which I have reasonably incurred or will reasonably incur in defending an action, suit or proceeding, referred to in SECTION 2(a) or 2(b) or any claim referred to in SECTION 3(a), or pursuant to SECTION 8, of the aforesaid Indemnification Agreement.

3. The costs, charges, and expenses for which payment is requested are, in general, all expenses related to

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4. PART A(1)

I hereby undertake to (a) repay all amounts paid pursuant hereto if it is proved by clear and convincing evidence in a court of competent jurisdiction that my action or failure to act which is the subject of the matter described herein involved an act or omission undertaken with deliberate intent to cause injury to the Company or undertaken with reckless disregard for the best interests of the Company and (b) reasonably cooperate with the Company concerning the action, suit, proceeding or claim.

____
[Signature of Indemnitee]

4. PART B

(1) The Indemnitee shall not be eligible to execute Part A of this Undertaking if, at the time of the Indemnitee's act or omission at issue, the Articles or the Regulations of the Company prohibit such advances by specific reference to the Ohio Revised Code (the "ORC") Section 1701.13(E)(5)(a), or if the only liability asserted against the Indemnitee is in an action, suit or proceeding on the Company's behalf pursuant to ORC Section 1701.95. In the event that the Indemnitee is eligible to and does execute both Part A and Part B hereof, the costs, charges and expenses which are paid by the Company pursuant hereto shall be required to be repaid by the Indemnitee only if he is required to do so under the terms of both Part A and Part B hereof.

I hereby undertake to repay all amounts paid pursuant hereto if it ultimately is determined that I am not entitled to be indemnified by the Company under the aforesaid Indemnification Agreement or otherwise.

____
[Signature of Indemnitee]

Subscribed and sworn to before me, a Notary Public in and for said County and State, this ____ day of ___________, ____.

____

[Seal]

My commission expires the _____ day of ______________, ____.

Exhibit 10(b)

CLEVELAND-CLIFFS INC
EXECUTIVE RETENTION PLAN

I. Purpose

The purpose of the Plan is to establish a retention program for designated officers and key management employees of the Company. The Plan provides incentives to such employees who continue to work for the Company and who make substantial contributions to the Company contingent upon continued employment and meeting certain corporate goals.

II. Definitions

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

"Bonus Award" means the award consisting of two components, as determined by the Committee, to be granted to a Participant based on that Participant's (i) continued employment through March 31, 2003 ("Retention Component"); and (ii) continued employment through March 31, 2004 and level of attainment during the Performance Period of his or her goals established in accordance with Articles IV and V ("Incentive Component").

"Change in Control" means

(A) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then outstanding securities of the Company entitled to vote generally in the election of directors ("Voting Stock"); provided, however, that for purposes of this Section, the following acquisitions will not constitute a Change in Control: (1) any issuance of Voting Stock of the Company directly from the Company that is approved by the Incumbent Board (as defined in Subsection (B), below), (2) any acquisition by the Company of Voting Stock of the Company, (3) any acquisition of Voting Stock of the Company by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary, or (4) any acquisition of Voting Stock of the Company by any Person pursuant to a Business Combination (as defined in Subsction (C), below) that complies with clauses (1), (2) and (3) of Subsection (C), below; or

(B) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a Director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) will be deemed to have been a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (within the meaning of Rule 14a-11 of the Exchange Act) with respect to the election or removal of Directors or other actual

or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(C) consummation of a reorganization, merger or consolidation involving the Company, a sale or other disposition of all or substantially all of the assets of the Company, or any other transaction involving the Company (each, a "Business Combination"), unless, in each case, immediately following such Business Combination, (1) all or substantially all of the individuals and entities who were the beneficial owners of Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 55% of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such Business Combination, of the Voting Stock of the Company, (2) no Person (other than the Company, such entity resulting from such Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination, and (3) at least a majority of the members of the Board of Directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(D) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Combination that complies with clauses (1), (2) and (3) of Subsection (C) above.

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

"Committee" means the Compensation and Organization Committee of the Board. If at any time such a Committee has not been so designated, the Board of Directors will constitute the Committee.

"Company" means Cleveland-Cliffs Inc and its subsidiaries and affiliates.

"Designated Beneficiary" means the beneficiary or beneficiaries designated in accordance with Article XII hereof to receive the amount, if any, payable under the Plan upon the Participant's death.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Participant" means any officer or key executive designated by the Committee to participate in the Plan.

"Performance Period" means the period January 1, 2001 through December 31, 2003, or the portion of which the Participant is employed by the Company, during which performance is measured to determine the level of attainment of the Incentive Component of a Bonus Award.

"Plan" means the Cleveland-Cliffs Inc Executive Retention Plan.

III. Eligibility

Participants in the Plan will be selected by the Committee from those officers and key managers of the Company and its affiliates whose efforts contribute materially to the success of the Company. No employee will be a Participant unless he or she is selected by the Committee, in its sole discretion. No employee will at any time have the right to be selected as a Participant.

IV. Administration

The Committee, in its sole discretion, will determine eligibility for participation, establish the maximum award which may be earned by each Participant (which may be expressed in terms of dollar amount, percentage of salary or any other measurement), establish goals for each Participant (which may be objective or subjective, and based on Company and/or individual performance), calculate and determine each Participant's level of attainment of such goals, and calculate the Incentive Component of the Bonus Award for each Participant based upon such level of attainment.

Except as otherwise herein expressly provided, full power and authority to construe, suspend, interpret, and administer the Plan is vested in the Committee, including the power to amend or terminate the Plan as further described in Article XV. The Committee may at any time adopt such rules, regulations, policies, or practices as, in its sole discretion, it determines to be necessary or appropriate for the administration of, or the performance of its respective responsibilities under, the Plan. The Committee may at any time amend, modify, suspend, or terminate such rules, regulations, policies, or practices.

V. Bonus Awards

Bonus Awards will be earned by each Participant based upon continued employment and based upon the level of attainment of his or her goals during the Performance Period. The Committee will establish (a) the Retention Component of the Participant's Bonus Award based on the Participant's current base annual salary; and (b) the Incentive Component of the Participant's Bonus Award for the Performance Period with a threshold and target amount and goals relating to Company and/or individual performance (including continued employment) for each Participant, and will communicate such amounts and goals to each Participant during the Performance Period. As soon as practicable after the end of the Performance Period, the Committee will determine the level of attainment of the goals for each Participant and the Incentive Component of the Bonus Award to be made to each Participant.

VI. Vesting; Payment; Termination of Employment

(a) Subject to the Participant's continued employment with the Company, the Bonus Award will become payable and nonforfeitable as follows:

(i) if the Participant is employed by the Company on March 31, 2003, the Retention Component of the Bonus Award will become nonforfeitable and will be paid as soon as practicable thereafter; and

(ii) if the Participant is employed by the Company on March 31, 2004, the Incentive Component of the Bonus Award will be calculated based on performance criteria as determined in Section V and become nonforfeitable and will be paid as soon as practicable following the determination of the amount of the Incentive Component based upon such criteria.

Payment of Bonus Awards will be made in cash. Bonus Award amounts earned but not yet paid will not accrue interest.

(b) Except as otherwise provided in Article VII and Article VIII, if the Participant's employment with the Company is terminated prior to March 31, 2003 for any reason other than as a result of the Participant's death, both the Retention Component and the Incentive Component of the Bonus Award will be forfeited by the Participant without consideration. Except as otherwise provided in Article VII and Article VIII, if the Participant's employment with the Company is terminated subsequent to March 31, 2003 and prior to March 31, 2004 for any reason other than as a result of the Participant's death, the Incentive Component of the Bonus Award will be forfeited by the Participant without consideration.

(i) If the Participant's employment with the Company is terminated as a result of the Participant's death prior to March 31, 2003, both the Retention Component and the Incentive Component of the Bonus Award will be paid to the Participant's Designated Beneficiary on a pro rata basis, based on the number of months the Participant was employed by the Company commencing January 1, 2001 up to the termination of employment caused by the Participant's death.

(ii) If the Participant's employment with the Company is terminated as a result of the Participant's death subsequent to March 31, 2003 and prior to March 31, 2004, the Incentive Component of the Bonus Award will be paid to the Participant's Designated Beneficiary on a pro rata basis, based on the number of months the Participant was employed by the Company commencing January 1, 2001 up to the termination of employment caused by the Participant's death.

VII. Payment of Bonus Awards Following a Change in Control

Notwithstanding any other provision of the Plan to the contrary, in the event of a Change in Control the Bonus Award will, to the extent not then vested and not previously forfeited, immediately become fully vested and payable in full at the maximum possible amount.

VIII. Reorganization

The obligations of the Company under the Plan will be binding upon any successor corporation or organization resulting from merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company. The Company will make appropriate provision for the preservation of Participants' rights under the Plan in any agreement or plan which it may enter into or adopt to effect any such merger, consolidation, reorganization or transfer of assets.

IX. Non-Alienation of Benefits

A Participant may not assign, sell, encumber, transfer or otherwise dispose of any rights or interests under the Plan except by will or the laws of descent and distribution. Any attempted disposition in contravention of the preceding sentence will be null and void.

X. No Claim or Right to Plan Participation

No employee or other person will have any claim or right to be selected as a Participant under the Plan. Neither the Plan nor any action taken pursuant to the Plan will be construed as giving any employee any right to be retained in the employ of the Company.

XI. Taxes

The Company will deduct from all amounts paid under the Plan all federal, state, local and other taxes required by law to be withheld with respect to such payments.

XII. Designation and Change of Beneficiary

Each Participant may indicate upon notice to him or her by the Committee of his or her right to receive a Bonus Award a designation of one or more persons as the Designated Beneficiary who will be entitled to receive the amount, if any, payable under the Plan upon the death of the Participant. Such designation will be in writing to the Committee. A Participant may, from time to time, revoke or change his or her Designated Beneficiary without the consent of any prior Designated Beneficiary by filing a written designation with the Committee. The last such designation received by the Committee will be controlling; PROVIDED, HOWEVER, that no designation, or change or revocation thereof, will be effective unless received by the Committee prior to the Participant's death, and in no event will it be effective as of a date prior to such receipt.

XIII. Payments to Persons Other Than the Participant

If the Committee finds that any person to whom any amount is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his or her estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs, be paid to his or her spouse, a child, a relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee, in its sole discretion, to be a proper recipient on behalf

of such person otherwise entitled to payment. Any such payment will be a complete discharge of the liability of the Company therefor.

XIV. No Liability of Committee Members

No member of the Committee will be personally liable by reason of any contract or other instrument related to the Plan executed by such member or on his or her behalf in his or her capacity as a member of the Committee, nor for any mistake of judgment made in good faith, and the Company will indemnify and hold harmless each employee, officer, or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including legal fees, disbursements and other related charges) or liability (including any sum paid in settlement of a claim with the approval of the Board of Directors) arising out of any act or omission to act in connection with the Plan unless arising out of such person's own fraud or bad faith.

XV. Termination or Amendment of the Plan

The Committee may amend, suspend or terminate the Plan at any time; provided, however, that no such action shall adversely affect the rights of any Participant without the written consent of such Participant.

XVI. Unfunded Plan

Participants have no right, title, or interest whatsoever in or to any investments which the Company may make to aid it in meeting its obligations under the Plan. Nothing contained in the Plan, and no action taken pursuant to its provisions, will create or be construed to create a trust of any kind, or a fiduciary relationship between the Company and any Participant, Designated Beneficiary, legal representative or any other person. To the extent that any person acquires a right to receive payments from the Company under the Plan, such right will be no greater than the right of an unsecured general creditor of the Company. All payments to be made hereunder will be paid from the general funds of the Company and no special or separate fund will be established and no segregation of assets will be made to assure payment of such amounts except as expressly set forth in the Plan.

The Plan is not intended to be subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

XVII. Governing Law

The terms of the Plan and all rights thereunder will be governed by and construed in accordance with the laws of the State of Ohio, without reference to principles of conflict of laws.

XVIII. Effective Date

The Cleveland-Cliffs Inc Executive Retention Plan shall be effective as of January 1, 2001.

IN WITNESS WHEREOF, Cleveland-Cliffs Inc, pursuant to the order of its Board of Directors, has executed this Executive Retention Plan at Cleveland, Ohio, as of January 1, 2001.

CLEVELAND-CLIFFS INC

By: /s/ Randy L. Kummer

Vice President-Human Resources

EXHIBIT 18

PREFERABILITY LETTER ON ACCOUNTING CHANGE FROM ERNST & YOUNG LLP

October 22, 2001

The Board of Directors of
Cleveland-Cliffs Inc

Note C of notes to the consolidated financial statements of Cleveland-Cliffs Inc included in its Form 10-Q for the three and nine months ended September 30, 2001 describes a change in the method of accounting for investment gains and losses on pension assets for the calculation of net periodic pension cost. Previously, realized and unrealized gains and losses were deferred and amortized over five years for most pension plans. Under the new accounting method, the market value of plan assets will reflect all realized and unrealized gains and losses immediately.

There are no authoritative criteria for determining a "preferable" method of accounting for investment gains and losses based on the particular circumstances; however, we conclude that such change in the method of accounting is to an acceptable alternative method which, based on management's business judgment to make this change and for the stated reasons, is preferable in the circumstances. We have not conducted an audit in accordance with auditing standards generally accepted in the United States of any financial statements of the Company as of any date or for any period subsequent to December 31, 2000, and therefore, we do not express any opinion on any financial statements of Cleveland-Cliffs Inc subsequent to that date.

Very truly yours,

Ernst & Young LLP

Exhibit 99(a)

[CLEVELAND-CLIFFS LETTERHEAD]

NEWS RELEASE

CLEVELAND-CLIFFS COMMENTS ON ITC's IMPORTED STEEL FINDINGS

Cleveland, Oh --- October 22, 2001 --- Cleveland - Cliffs Inc (NYSE - CLF) said today that it applauds the U. S. International Trade Commission's (ITC) findings that America's steel industry has been injured in recent years by the massive surge of imported foreign steel into the U. S. market. The ITC's finding of injury on carbon steel slabs is an especially important component of today's ruling. Imports of semi-finished steel have increased dramatically over the past decade as blast furnace production of raw steel has been displaced with cheap and in some cases unfairly traded slabs.

Cliffs' Chairman and Chief Executive Officer, John Brinzo said, "We are extremely pleased with the ITC's finding that U.S. steel producers have been harmed by cheap imports of both finished and semi-finished steel at prices often below what it costs most domestic steel producers to make. Those who process imported steel slabs have a significant cost advantage over U.S. steelmakers who produce their own raw steel requirements. Not only does the practice of processing imports of steel slabs have an adverse impact on domestic pricing of finished steel products, it discourages domestic investment in iron and steel technologies, which threatens the very future of steelmaking in this country."

Brinzo said further, "If this trend of cheaply imported steel slabs were allowed to continue, blast furnace and iron ore capacity would be forced to close. The United States would become dependent on imports for its basic raw steel requirements, which would compromise its national defense capability. This would not be wise in light of today's global unrest."

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 and hold equity interests in iron ore mines in Michigan, Minnesota and Eastern Canada. Cliffs has a major iron ore reserve position in the United States and is a substantial iron ore merchant. References in this release to "Cliffs" and the "Company" include subsidiaries and affiliates as appropriate to the context.

Contact: Cleveland-Cliffs Inc

Media: Ralph Berge, 216.694.4870

Financial Community: Fred B. Rice, 800.214.0739 or 216.694.5459

EXHIBIT 99(b)

NEWS RELEASE

Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, Ohio 44114

CLEVELAND-CLIFFS REPORTS THIRD QUARTER 2001 RESULTS

Cleveland, OH -- October 24, 2001-- Cleveland-Cliffs Inc (NYSE:CLF) today reported a third quarter net loss of $1.7 million, or $.16 per diluted share. In the third quarter of 2000, Cliffs recorded net income of $6.3 million, or $.60 per diluted share.

For the first nine months of 2001, the Company reported a net loss, net of a gain related to the cumulative effect of a change in accounting for pensions, of $17.1 million, or $1.69 per diluted share. The net loss before the cumulative effect of the accounting change was $26.4 million, or $2.61 per diluted share. In the first nine months of 2000, Cliffs recorded net income of $13.8 million, or $1.31 per diluted share.

Following is a summary of results:

<TABLE>
<CAPTION>

	(IN MILLIONS, EXCEPT PER SHARE)			
	THIRD QUARTER		FIRST NINE MONTHS	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Net Income (Loss) Before Special Items and Cumulative Effect of Accounting Change	$(1.7)	$ 6.4	$(26.4)	$ 10.5
Special Items	--	(.1)	--	3.3
Net Income (Loss) Before Cumulative Effect of Accounting Change:				
Amount	(1.7)	6.3	(26.4)	13.8
Per Share	(.16)	.60	(2.61)	1.31
Cumulative Effect on Prior Years of Accounting Change:				
Amount	--	--	9.3	--
Per Share	--	--	.92	--
Net Income (Loss):				
Amount	(1.7)	6.3	(17.1)	13.8
Per Share	(.16)	.60	(1.69)	1.31

</TABLE>

The lower results in 2001 were primarily due to production curtailments, higher operating costs, an increased loss from Cliffs and Associates Limited (CAL), lower royalties and management fees, lower sales volume and higher interest expense. Fixed costs related to 2001 production curtailments, which are included in cost of goods sold and operating expenses, were approximately $10 million in the third quarter and $35 million in the first nine months. Higher energy and employee benefit costs also contributed to the increase in operating costs for the first nine months. Iron ore pellet sales in the third quarter of 2001 were 2.9 million tons compared with 3.7 million tons in 2000. Sales for the first nine months were 5.7 million tons in 2001 versus 7.8 million tons in 2000. Third quarter and nine-month 2001 results benefited from the sale of non-strategic assets, and nine-month 2001 results included a $2.8 million pre-tax charge for restructuring activities.

OPERATIONS

Iron ore pellet production at Cliffs-managed mines was 6.4 million tons in the third quarter of 2001 versus 10.6 million tons in 2000. Nine-month production was 19.8 million tons compared to 31.2 million tons in 2000. The decrease in third quarter and nine-month production in 2001 was principally due to the permanent closure of LTV Steel Mining Company at the beginning of 2001 and production curtailments. Cliffs' share of production in the third quarter was 2.2 million tons versus 3.0 million tons in 2000, and nine-month production was 6.8 million tons versus 8.8 million tons in 2000. Following is a summary of production tonnages by mine for the first nine months of 2001 and 2000:

<TABLE>
<CAPTION>

	(GROSS TONS IN MILLIONS)			
	TOTAL		CLIFFS' SHARE	
	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
Empire	4.6	5.7	1.3	1.3
Hibbing	4.0	6.2	.1	.9
LTV Steel Mining	--	5.8	--	--
Northshore	2.6	3.2	2.6	3.2
Tilden	4.5	5.8	1.8	2.4
Wabush	4.1	4.5	1.0	1.0
Total	19.8	31.2	6.8	8.8

</TABLE>

The CAL hot-briquetted iron (HBI) plant in Trinidad continues to make progress during the ramp-up of operations that started in mid-March. Following is a summary of production and sales tonnages for the third quarter and first nine months:

	(METRIC TONS IN THOUSANDS)	
	THIRD QUARTER	FIRST NINE MONTHS
PRODUCTION	59	118
SALES	54	96

ACCOUNTING CHANGE

In the third quarter, Cliffs changed its method of accounting for investment gains and losses on pension assets for the calculation of net periodic pension cost. Previously, the Company utilized a method that deferred and amortized realized and unrealized gains and losses over five years in most plans. Under the new accounting method, the market value of plan assets will reflect realized and unrealized gains and losses immediately. This method of accounting, which is consistent with the practices of many other companies with significant pension assets, will result in improved reporting as the method more closely reflects the fair value of its pension assets at the date of reporting.

The cumulative effect of the accounting change on prior years results was a $14.3 million pre-tax credit to income ($9.3 million after-tax). This credit was retroactively recognized in the first quarter of 2001. The accounting change reduced pension expense in the third quarter and first nine months of 2001 by $.1 million.

SPECIAL ITEMS IN 2000

Cliffs recorded an after-tax recovery on a business interruption insurance claim of $.1 million in the third quarter and $9.9 million in the first nine months, and an after-tax charge to recognize the decrease in the market value of LTV Corporation shares then owned by the Company of $.2 million in the third quarter and $6.6 million in the first nine months.

LIQUIDITY

At September 30, 2001, Cliffs had cash and cash equivalents of $101.2 million with $100 million borrowed under the Company's unsecured revolving credit facility. At the end of September, there were 4.5 million tons of pellets in inventory at a cost of $126 million. Pellet inventory at September 30, 2000 was 2.6 million tons, or $73 million. Based on the Company's current sales outlook, cash flow from inventory liquidation is projected to be sufficient to permit repayment of all borrowings under the revolving credit facility by year-end; however, normal seasonal working capital requirements will require borrowing under this facility early in 2002.

OUTLOOK

Cliffs' pellet sales in the fourth quarter are projected to range between 3.3 and 3.5 million tons. This would result in full year sales of 9.0 to 9.2 million tons, an 8 to 10 percent decline from the previous projection of 10.0 million tons. The current sales projection assumes LTV Corporation operates its two blast furnaces in Cleveland and two furnaces in Chicago for the remainder of the year. Fourth quarter sales to LTV are projected to be about 1.4 million tons, or about 40 percent of fourth quarter sales. LTV continues to meet its obligations as a 25

percent partner in the Empire Mine, but has neither affirmed nor rejected its ownership in Empire.

The five mines managed by Cliffs are scheduled to produce 6.9 million tons in the fourth quarter, and 26.1 million tons for the full year. Cliffs' share of scheduled production is 1.6 million tons in the fourth quarter, and 8.4 million tons for the full year. The Northshore Mine is taking an eight-week shutdown and the Wabush Mine, a seven-week shutdown, and additional fourth quarter curtailments are being evaluated. Production schedules at all mines for the remainder of 2001 continue to be subject to change.

Bethlehem Steel Corporation, a 70.3 percent owner of the Hibbing Mine, filed for protection under Chapter 11 of the U. S. Bankruptcy Code on October 15. It is expected that Bethlehem will continue to fund its Hibbing obligations and take iron ore from the mine.

Acme Metals Incorporated, a 15.1 percent owner of the Wabush Mine, stopped funding its share of the mine cash requirements in August. This action was largely responsible for the production curtailment at Wabush. Acme has been operating in Chapter 11 since September 1998.

Earlier this week, the CAL plant in Trinidad was taken down for two weeks to complete scheduled maintenance and equipment modifications. Full year production is currently expected to approximate 180,000 metric tons. The product quality and market acceptance of CIRCAL(TM) briquettes has been good, and the challenge now is to complete the ramp-up of the plant. Price realization has weakened significantly in the fourth quarter.

On October 10, Cliffs and Minnesota Power announced an agreement to acquire the assets of LTV Steel Mining Company from LTV Corporation. Completion of the purchase transaction is expected in the fourth quarter.

John S. Brinzo, Cliffs' Chairman and Chief Executive Officer, said, "We currently expect to report a loss in the fourth quarter that will exceed the third quarter loss. Pellet sales are projected to be greater than the third quarter, but the fixed costs associated with fourth quarter production curtailments at the Northshore and Wabush Mines will more than offset the favorable impact of the higher sales.

The results we have reported thus far in 2001 and expect to report in the fourth quarter are unacceptable and require major changes in the way Cliffs operates its iron ore business. While we expect business conditions will continue to be extremely difficult in 2002, we are committed to improving our financial results.

To be world class competitive, the cost and quality of our iron ore products must meet or beat the competition and we are aggressively pursuing changes that will lead to the accomplishment of that objective. Some of the changes we are working on will likely involve ownership changes at the four mine

partnerships we manage. These partnerships, owned by Cliffs and various steel companies, have provided a very successful model for many years, but the priorities of our steel company partners have changed. Most of our partners need their capital to conduct their steel business. They can no longer afford to own and make investments in iron ore.

We firmly believe that Cliffs has a unique opportunity to become a bigger, more powerful force in a consolidating industry by acquiring the interests of some steel company partners. We are also evaluating the acquisition of mines not currently managed by the Company. Cliffs will be a leader in remaking the iron ore business in the United States."

* * * * * * * * * * * * * * * * * * *

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 and hold equity interests in five iron ore mines in Michigan, Minnesota and Eastern Canada. Cliffs has a major iron ore reserve position in the United States and is a substantial iron ore merchant. References in this news release to "Cliffs" and "Company" include subsidiaries and affiliates as appropriate in the context.

This news release contains predictive statements that are intended to be made as "forward-looking" within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties.

Actual results may differ materially from such statements for a variety of factors; such as displacement of iron production by North American integrated steel producers due to electric furnace production or imports of semi-finished steel or pig iron; changes in the financial condition of the Company's partners and/or customers; rejection of major contracts and/or venture agreements by customers and/or participants under provisions of the U.S. Bankruptcy Code or similar statutes in other countries; changes in imports of steel, iron ore, or ferrous metallic products; changes due to the ability of Cliffs and Associates Limited to forecast revenue rates, costs and production levels; domestic or international economic and political conditions; major equipment failure, availability and magnitude and duration of repairs; process difficulties; and availability and cost of key components of production (e.g., labor, electric power, fuel, water).

Reference is made to the detailed explanation of the many factors and risks that may cause such predictive statements to turn out differently, as set forth in the Company's Annual Report for 2000 and Reports on Form 10-K and 10-Q and previous news releases filed with the Securities and Exchange Commission, which are available publicly on Cliffs' web site. The information contained in this document speaks as of the date of this news release and may be superceded by subsequent events.

Cliffs will host a conference call on third quarter 2001 results tomorrow, October 25, at 10:00 a.m. EDT. The call will be broadcast live on Cliffs' website at http://www.cleveland-cliffs.com. A replay of the call will be available on the website for 30 days.

Contacts:

Media: Ralph S. Berge, (216) 694-4870
Financial Community: Fred B. Rice, (800) 214-0739 or (216) 694-5459

News releases and other information on the Company are available on the Internet at http://www.cleveland-cliffs.com

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED OPERATIONS

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In Millions Except Per Share Amounts)	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
REVENUES				
Product sales and services				
Iron ore products	$ 109.1	$ 134.6	$ 213.1	$ 280.2
HBI products	4.9		8.6	
Total	114.0	134.6	221.7	280.2
Royalties and management fees	12.2	15.0	31.1	39.6

Total Operating Revenues	126.2	149.6	252.8	319.8
Insurance recovery	.4	.3	.4	15.3
Interest income	.8	.7	2.8	2.1
Other income	3.4	1.9	8.0	4.0
TOTAL REVENUES	130.8	152.5	264.0	341.2
COSTS AND EXPENSES				
Cost of goods sold and operating expenses				
Iron ore products	116.5	132.8	256.7	280.2
HBI products	10.7		21.0	
Total	127.2	132.8	277.7	280.2
Administrative, selling and general expenses	3.9	5.9	11.9	14.2
Loss on long-term investment		1.1		10.2
Pre-operating loss in Cliffs and Associates Limited		3.4	5.8	9.7
Interest expense	2.8	1.2	7.4	3.7
Other expenses	.9	1.3	4.8	5.1
TOTAL COSTS AND EXPENSES	134.8	145.7	307.6	323.1
INCOME (LOSS) BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(4.0)	6.8	(43.6)	18.1
INCOME TAXES (CREDIT)	(1.1)	.5	(13.4)	4.3
INCOME (LOSS) BEFORE MINORITY INTEREST AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(2.9)	6.3	(30.2)	13.8
MINORITY INTEREST	1.2		3.8	
INCOME (LOSS) BEFORE CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE	(1.7)	6.3	(26.4)	13.8
CUMULATIVE EFFECT ON PRIOR YEARS OF CHANGE IN ACCOUNTING PRINCIPLE			9.3	
NET INCOME (LOSS)	$ (1.7)	$ 6.3	$ (17.1)	$ 13.8
NET INCOME (LOSS) PER COMMON SHARE				
Basic and Diluted				
Before cumulative effect of change in accounting principle	$ (.16)	$ .60	$ (2.61)	$ 1.31
Cumulative effect on prior years of change in accounting principle			.92	
Net income (loss)	$ (.16)	$ .60	$ (1.69)	$ 1.31
AVERAGE NUMBER OF SHARES				
Basic	10.1	10.4	10.1	10.5

Diluted	10.1	10.4	10.1	10.5

</TABLE>

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED CASH FLOWS

<TABLE>
<CAPTION>

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In Millions, Brackets Indicate Decrease in Cash)	2001	2000	2001	2000
<S>	<C>	<C>	<C>	<C>
OPERATING ACTIVITIES				
Net income (loss)	$ (1.7)	$ 6.3	$ (17.1)	$ 13.8
Depreciation and amortization:				
Consolidated	3.7	3.3	11.5	9.6
Share of associated companies	2.7	3.2	8.2	9.4
Loss on long-term investment		1.1		10.2
Equity loss in Cliffs and Associates Limited		3.4		9.7
Cumulative effect of change in accounting principle, net of $5.0 million tax			(9.3)	
Gain on sale of assets	(2.6)		(5.1)	
Minority interest in Cliffs and Associates Limited	(1.2)		(3.8)	
Deferred income taxes	(.2)	(.9)	(6.2)	(4.1)
Other	1.3	(.4)	2.6	2.2
Total before changes in operating assets and liabilities	2.0	16.0	(19.2)	50.8
Changes in operating assets and liabilities	37.8	28.0	(12.8)	(24.8)
Net cash from (used by) operating activities	39.8	44.0	(32.0)	26.0
INVESTING ACTIVITIES				
Purchase of property, plant and equipment:				
Consolidated:				
Cliffs and Associates Limited	(.5)		(6.0)	
All other		(2.7)	(2.6)	(5.4)
Total	(.5)	(2.7)	(8.6)	(5.4)
Share of associated companies	(1.2)	(1.7)	(2.1)	(4.1)
Equity investment and advances in Cliffs and Associates Limited		(3.8)		(11.3)
Proceeds from sale of assets	7.8	.5	10.5	.5
Other	.3		(.4)	
Net cash from (used by) investing activities	6.4	(7.7)	(.6)	(20.3)
FINANCING ACTIVITIES				
Dividends	(1.0)	(3.9)	(3.1)	(11.9)

Short-term borrowings			100.0	
Contributions by minority shareholder in Cliffs and Associates Limited	.5		7.0	
Repurchases of Common Shares		(6.3)		(11.8)
Net cash from (used by) financing activities	(.5)	(10.2)	103.9	(23.7)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 45.7	$ 26.1	$ 71.3	$ (18.0)

</TABLE>

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<TABLE>
<CAPTION>

	(In Millions)		
	Sept. 30, 2001	Dec. 31, 2000	Sept. 30, 2000
ASSETS			
<S>	<C>	<C>	<C>
CURRENT ASSETS			
Cash and cash equivalents	$ 101.2	$ 29.9	$ 49.6
Trade accounts receivable - net	28.3	46.3	52.2
Receivables from associated companies	14.1	18.5	19.6
Inventories			
Product	127.8	90.8	72.5
Supplies and other	22.8	22.4	16.1
	150.6	113.2	88.6
Other	35.4	40.1	21.1
TOTAL CURRENT ASSETS	329.6	248.0	231.1
PROPERTIES - NET	264.3	272.7	150.1
INVESTMENTS IN ASSOCIATED COMPANIES	134.9	138.4	224.7
OTHER ASSETS	66.5	68.7	80.2
TOTAL ASSETS	$ 795.3	$ 727.8	$ 686.1
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term borrowings	$ 100.0	$	$
Accounts payable and accrued expenses	93.3	102.2	85.5
TOTAL CURRENT LIABILITIES	193.3	102.2	85.5
LONG-TERM DEBT	70.0	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES	65.6	71.7	67.1
OTHER LIABILITIES	57.4	58.0	58.8
MINORITY INTEREST	27.1	23.9	
SHAREHOLDERS' EQUITY	381.9	402.0	404.7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 795.3	$ 727.8	$ 686.1

</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.