UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (date of earliest event reported): January 13, 2004

Commission File
Number: 1-8944

CLEVELAND-CLIFFS INC

(Exact Name of Registrant as Specified in Charter)

Ohio	34-1464672
(State or Other Jurisdiction of Incorporation)	(IRS 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

(Former Name or Former Address, if Changed Since Last Report)

BUSINESS

Overview

Founded in 1847, we are the largest producer of high-quality iron ore pellets in North America, and sell the majority of our pellets to integrated steel companies in the United States and Canada. We operate six iron ore mines located in Michigan, Minnesota and Eastern Canada, which currently have the capacity to produce 36.9 million tons of iron ore pellets annually. Based on our percentage ownership of the mines we operate, our share of the pellet production capacity is currently 22.5 million tons annually, representing approximately 28% of total North American annual pellet capacity. We sell our share of iron ore production to integrated steel producers, generally pursuant to term supply agreements with various price adjustment provisions.

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We manufacture 13 grades of iron ore pellets, including standard, fluxed and high manganese, for a variety of applications. We have repositioned ourselves from a manager [illegible] customers and continue to seek additional investment opportunities in iron ore mines. As the North American iron ore industry restructures and consolidates to meet the raw material requirements of the consolidating steel industry, we believe we are leading this restructuring by focusing on our strategic goal to be the pre-e achieve sustainable, long-term efficient production. With a largk

- Ispat Inland Inc. (“Ispat Inland”)

  We currently have a term supply agreement with Ispat Inland under which we are its sole outside supplier of iron ore pellets through 2014.

- Weirton

  We recently entered into an interim supply agreement with Weirton that modified our current supply agreement with Weirton. The modified term supply agreement provides that we will supply Weirton with the greater of 67% of Weirton’s pellet requirements or 2.1 million net tons for the calendar years 2004 and 2005. Thereafter, the modified term supply agreement provides that we will supply all of Weirton’s pellet requirements through 2009, which term may be extended to 2012 under certain circumstances.

Our sales are influenced by seasonal factors in the first quarter of the year as shipments and sales are restricted by weather conditions on the Great Lakes. During the first quarter, we continue to produce our products, but we cannot ship those products via lake freighter until the Great Lakes are pasth

4.0 million tons of Wabush pellets to Laiwu. We made our first direct Wabush shipment to Laiwu in December 2003.

On November 26, 2003, our Tilden facility experienced a crack in a kiln riding ring that required the shutdown of that kiln in its pelletizing plant, resulting in a production loss of approximately 277,000 tons. The cause of the failure is being investigated and repair of the equipment is underway. It is believed the ring can be repaired by welding and work has begun to prepare for this specialized welding process. Repair is expected to be completed by mid-February 2004.

The production loss associated with the equipment failure at Tilden reduces Tilden's anticipated pellet production for 2003 to approximately 7.0 million tons. The impact of the outage on Tilden's 2004 pellet production is uncertain at this time, however, production schedules at the combined Empire and Tilden facilities are being evaluated to determine how to mitigate the potential impact on 2004 pellet production.

Sales in the fourth quarter of 2003 will not be impacted by the outage. Fourth quarter results will, however, be adversely affected in excess of $6.0 million due to the cost of the repair, the cost of the accelerated maintenance, and the effect of the lost production on fixed costs. See "Risk Factors — Risks Relating to Our Company — Equipment failures and other unexpected events at our facilities may lead to production curtailments or shutdowns."

Rouge, one of our significant customers, filed for chapter 11 bankruptcy protection on October 23, 2003. On December 30, 2003, the Bankruptcy Court for the District of Delaware approved the sale of substantially all of its assets to OAO Severstal, Russia's second largest steel producer, subject to a further hearing on January 21, 2004 on certain objections to the sale. Assuming such objections are overruled or resolved, the sale is expected to close by January 30, 2004. Rouge has obtained Bankruptcy Court interim approval for a $150 million debtor-in-possession credit facility, which will provide Rouge up to $35 million of incremental liquidity during the period required to complete the sale. Rouge indicated that it will continue to manufacture and ship steel products and provide uninterrupted service to its customers during the bankruptcy process.

We sold 1.4 million tons of pellets to Rouge in 2002 and 2.1 million tons from January 2003 through October 23rd. At the time of Rouge's bankruptcy filing, we had no trade receivable exposure to Rouge; however, we have a $10 million secured loan to Rouge with a final maturity in 2007. As of December 31, 2003, the loan had a balance of $11.5 million including accrued interest. Management will continue to assess the collectability of the loan and interest. Our sales contract with Rouge provides that we will be the sole supplier of pellets to Rouge through 2012, with minimum annual obligations through 2007. At this time, we cannot assess the long-term impact of the announced sale and bankruptcy filing on our term supply agreement or loan with Rouge. It is, however, anticipated that we will continue to sell pellets to Rouge in the near-term. See "Risk Factors — Risks Relating to Our Company — Our sales, margins and profitability may be significantly affected by the bankruptcy or reorganization of our customers" and "Risk Factors — Risks Relating to Our Company — Our ability to collect payments from our customers depends on their creditworthiness."

On September 16, 2003, WCI petitioned for protection under chapter 11 of the U.S. Bankruptcy Code. At the time of the filing, we had a trade receivable exposure of $4.9 million, which was reserved against in the third quarter. WCI purchased 1.4 million tons of pellets, or 9% of total tons we sold in 2002, and has purchased 1.1 million tons, or 8% of total tons we sold in the first nine months of 2003. WCI continues to operate and purchase pellets from us. We and WCI each have the right to terminate the term supply agreement as of the end of 2004. See "Risk Factors — Risks Relating to Our Company — Our sales, margins and profitability may be significantly affected by the bankruptcy or reorganization of our customers" and "Risk Factors — Risks Relating to Our Company — Our ability to collect payments from our customers depends on their creditworthiness."

On May 19, 2003, Weirton petitioned for protection under chapter 11 of the U.S. Bankruptcy Code. Weirton purchased 2.9 million tons, or 21% of the total tons of iron ore pellets we sold in 2002, and has purchased 2.3 million tons, or 18% of total tons we sold in the first nine months of 2003. Weirton has continued to perform the obligations under its term supply agreement since the filing. That

satisfactory condition, although they require routine capital and maintenance expenditures on an ongoing basis. See "Risk Factors — Risks Relating to Our Company — Our change in strategy from a manager of iron ore mines on behalf of steel company owners to primarily a merchant of iron ore to steel company customers has made our revenues more dependent on sales of iron ore products and more susceptible to product demand and pricing fluctuations."

The Empire mine is located on the Marquette Iron Range in Michigan's Upper Peninsula. We manage the mine and have a 79% interest; Ispat Inland has a 21% interest in the mine and has the right to require us to purchase all of its interest under certain circumstances after 2007. See "Risk Factors — Risks Relating to Our Company — We rely on our joint venture partners in our mines to meet their payment obligations, and the inability of a joint venture partner to do so could significantly affect our operating costs."

On January 31, 2002, we increased our ownership of the Tilden Mine to 85% by acquiring Algoma's 45% interest in the mine and executing a term supply agreement under which we are Algoma's sole supplier of iron ore pellets for 15 years. Stelco has a 15% interest in the mine. The Tilden mine is located on the Marquette Iron Range in Michigan's Upper Peninsula. We manage the mine.

The two Michigan mines discussed above are located near each other. Our recent increase in ownership of our Michigan mines has facilitated and will continue to offer operational and cost benefits that were not achievable under the previous ownership structure. These benefits include a consolidated transportation system, more efficient employee and equipment operating schedules, reduction in redundant facilities and workforce and best practices sharing. See "Risk Factors — Risks Relating to Our Company — We rely on our joint venture partners in our mines to meet their payment obligations, and the inability of a joint venture partner to do so could significantly affect our operating costs."

The Hibbing mine is located in the center of Minnesota's Mesabi Iron Range near the cities of Hibbing and Chisholm. We manage the mine and have a 23% interest, 8% of which was acquired from Bethlehem Steel in 2002; ISG has a 62.3% interest and Stelco has a 14.7% interest in the mine. See "Risk Factors — Risks Relating to Our Company — We rely on our joint venture partners in our mines to meet their payment obligations, and the inability of a joint venture partner to do so could significantly affect our operating costs."

The Northshore mine is located in northeastern Minnesota, with mining facilities near Babbitt, Minnesota on the northeastern end of the Mesabi iron formation. Northshore's processing facilities are located in Silver Bay, Minnesota, near Lake Superior. We own 100% of the mine.

In 1997, we acquired Ispat Inland's interest of the Wabush mine. In August 2002, Acme Steel, a wholly-owned subsidiary of Acme Metals Incorporated, which had been under chapter 11 bankruptcy protection since 1998, rejected its interest in the Wabush mine located in Eastern Canada. As a result of these two events, we increased our ownership from 7.7% to 26.8%. The Wabush mine is located in Wabush, Labrador, Canada, and has a pellet plant in Pointe Noire, Quebec, Canada. We manage the mine and have a 26.8% interest; Stelco has a 44.6% interest; and Dofasco Inc. ("Dofasco") has a 28.6% interest in the mine. See "Risk Factors — Risks Relating to Our Company — We rely on our joint venture partners in our mines to meet their payment obligations, and the inability of a joint venture partner to do so could significantly affect our operating costs."

The United Taconite mine is located in Minnesota's Mesabi Iron Range in and around the city of Eveleth, Minnesota. We manage the mine and have a 70% interest. Laiwu has a 30% interest in the mine. See "Risk Factors — Risks Relating to Our Company — We rely on our joint venture parmte

Canada, there is an open-pit mine and concentrator at Wabush, Labrador, Newfoundland and a pellet plant and dock facility at Pointe Noire, Quebec. At the Wabush mine, concentrates are shipped by rail from the Scully mine at Wabush to Pointe Noire where they are pelletized for shipment via vessel to Canada, the United States and other international destinations or shipped as concentrates for sinter feed to Europe. See “Risk Factors — Risks Relating to Our Company — Our sales and competitive position depend on our ability to transport our products to our customers at competitive rates and in a timely manner.”

Operations

During 2002 and 2003, we produced 14.7 million tons and 18.0 million tons, respectively, for our account and 13.2 million tons and 12.1 million tons, respectively, on behalf of the steel company owners of the mines. The increase in our share of 10.2 million produced tons in 2003 compared to 2001 principally reflects increased equity positions in our managed mines.The following is a summary of total production and our share of that production:

	Total Production			
	Tons in Millions(1)			
Location and Name	**2000**	**2001**	**2002**	**2003**
Michigan (Marquette Range)				
Empire Iron Mining Partnership	7.6	5.7	3.6	5.1
Tilden Mining Company L.C.	7.2	6.4	7.9	6.9
Minnesota (Mesabi Range)				
Hibbing Taconite Company Joint Venture	8.2	6.1	7.7	8.0
Northshore Mining Company	4.3	2.8	4.2	4.8
United Taconite(2)	3.9	4.2	4.2	1.6
Canada (Newfoundland & Quebec)				
Wabush Mine Joint Venture	5.9	4.4	4.5	5.2
Total(3)	33.2(4)	25.4	27.9	30.1

(1) Tons are long tons of 2,240 pounds.

(2) Total production at United Taconite in 2000, 2001 and 2002 and 1.5 million tons in 2003 represents production of Eveleth before it was acquired by United Taconite in the fourth

Empire. The evaluation of satellite mineral resources has also been initiated for potential addition to Empire's reserve base.

(5) United Taconite purchased the mine assets out of bankruptcy on December 1, 2003 and resumed operations in late December. The previous mine owners had operated the facility since 1965. United Taconite's reserves are based on an estimate generated by the former owners dated June 2000, adjusted for production since that time. We will generate a new ore estimate for United Taconite that adheres to our ore reserve estimation policy in 2004.

(6) The 2004 ore estimate of 61 million tons for the Wabush mine is a new estimate that represents a significant reduction from the 2003 estimate. The reduced estimate is largely a reflection of increased operating costs, the impact of currency exchange rates and a reduction in maximum mining depth due to dewatering capabilities based on a recently completed hydroanalysis evaluation.

We own directly approximately one-half of the remaining ore reserves at the Empire mine, and lease the balance of the reserves from their owners. We own all of the ore reserves at the Tilden mine. The ore reserves at the Hibbing mine, Northshore mine, United Taconite mine and the Wabush mine are owned by others and leased or subleased directly to those mines. See "Risk Factors — Risks Relating to Our Company — We rely on the estimates of our recoverable reserves, and if those estimates are inaccurate, our financial condition may be adversely affected" and "Risk Factors — Risks Relating to Our Company — Equipment failures and other unexpected events at our facilities may lead to production curtailments or shut downs."

In the fourth quarter of 2002, we decided to abandon our 82% investment in Cliffs and Associates Limited, a hot-briquetted iron facility located in Trinidad and Tobago.

Competition

We compete with several iron ore producers in North America, including Iron Ore Company of

alleged asbestos containing materials on pipes and other parts of structures located on the property. In September 2002, we received from the EPA a proposed Consent Order limited to the removal of these areas of contaminants and reimbursement of its costs. In January 2003, we completed the sale of the plant site and property to a third party ("new owner")that agreed to assume obligations for both removal pursuant to a Consent Order with the EPA, which Consent Order was executed by the new owner, another third party and us, and remediation. The new owner, the third party and we are jointly and severally liable for the obligations imposed by the Consent Order. The new owner also agreed to indemnify us for all costs and expenses in connection with the removal action. In the third quarter 2003, the new owner, after completing a portion of the removal, experienced financial difficulties. In an effort to continue progress on the removal action, we expended approximately $0.2 million in the third quarter. We likely will be required to expend additional amounts, currently estimated at approximately $3 million, for the completion by the new owner of the removal action, which expenditures were previously provided for in our environmental reserve. See discussion under "— Environment."

See "Risk Factors — Risks Relating to Our Company — We are subject to extensive governmental regulation, which imposes, and will continue to impose, significant costs and liabilities on us, and future regulation could increase those costs and liabilities or limit our ability to produce iron ore products."

RISK FACTORS

Risks Relating to the Steel Industry

Excess global capacity and the availability of competitive substitute materials have resulted in intense competition in the steel industry, which may further reduce steel prices and decrease steel production and our customers' demand for iron ore products.

More than 95% of our revenue is derived from the North American integrated steel industry, which is highly competitive. From time to time, global overcapacity in steel manufacturing has a negative impact on North American steel sales and reduces the production of steel and consequently the demand for iron ore. Further, production of steel by North American integrated steel manufacturers may be replaced to a certain extent by production of substitute materials by other manufacturers. In the case of certain product applications, North American steel manufacturers compete with manufacturers of other materials, including plastic, aluminum, graphite composites, ceramics, glass, wood and concrete. Most of our term supply agreements for the sale of iron ore products are requirements-based or provide for flexibility of volume above a minimum level. Reduced demand for and consumption of iron ore products by North American integrated steel producers have had and may continue to have a significant negative impact on our sales, margins and profitability.

Increased imports of steel into the United States could adversely impact North American steel sales, which could adversely affect demand for our products and our sales, margins and profitability.

From time to time, global overcapacity in steel manufacturing and a weakening of certain foreign economies, particularly in Eastern Europe, Asia and Latin America, may negatively impact steel prices in those foreign economies and result in high levels of steel imports from those countries into the United States at depressed prices. Based on the American Iron and St n pos. mandint e Rnis t.nf the Uoned prices. is. NĎ Ř ö

cannot assure you that we will be able to renew or replace existing term supply contracts at the same prices or with similar profit margins when they expire. A loss of sales to our existing customers could have a substantial negative impact on our sales, margins and profitability.

We depend on a limited number of customers, and the loss of, or significant reduction in, purchases by our largest customers c l

to deliver iron ore pellets meeting quality thresholds for certain characteristics, such as chemical makeup. Failure to meet these specifications could result in economic penalties. All of these contractual provisions could adversely affect our sales, margins and profitability.

Mine closures entail substantial costs, and if we close one or more of our mines sooner than anticipated, our results of operation and financial condition may be significantly and adversely affected.

If we close any of our mines, our revenues would be reduced unless we were able to increase production at any of our other mines, which may not be possible. The closure of an open pit mine involves significant fixed closure costs, including accelerated employment legacy costs, severance-related obligations, reclamation and other environmental costs, and the costs of terminating long-term obligations, including energy contracts and equipment leases. We base our assumptions regarding the life of our mines on detailed studies we perform from time to time, but those studies and assumptions do not always prove to be accurate. We accrue for the costs of reclaiming open pits, stock piles, tailings ponds, roads and other mining support areas over the estimated mining life of our property. If we were to reduce the estimated life of any of our mines, the fixed mine closure costs would be applied to a shorter period of production, which would increase production costs per ton produced and could significantly and adversely affect our results of operations and financial condition. Further, if we were to close one or more of our mines prematurely, we would incur significant and these costs would als ions do ions if eĎelʒ decreased ore reserve estimates. If the ore reserves at Empire are insufficient to sustain our operations there, we may be required to close the mine. We have taken significant asset impairment charges relating to the Empire mine.

If we were to close the Empire mine, we would incur significant mine closure costs, employment legacy costs, severance-related obligations, reclamation and other environmental costs and the costs of terminating long-term obligations, including energy contracts and equipment leases. A closure of the Empire mine sooner than we anticipate could materially and adversely affect our results of operations and financial condition.

We rely on the estimates of our recoverable reserves, and if those estimates are inaccurate, our financial condition may be adversely affected.

We regularly evaluate our economic iron ore reserves based on expectations of revenues and costs and update them as required in accordance with Industry Guide 7 promulgated by the Securities and Exchange Commission. There are numerous uncertainties inherent in estimating quantities of reserves of our mines, many of which have been in operation for several decades, including many factors beyond our control. Estimates of reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions concerning future prices for iron ore, assumptions regarding future industry conditions and operating costs, severance and excise taxes, development costs and costs of extraction and reclamation costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of reserves attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net cash flows expected therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Estimated reserves could be affected by future industry conditions, geological conditions and ongoing mine planning. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and if such variances are material, our sales and profitability could be adversely affected. For example, based on revised economic mine planning studies that we completed in the fourth quarter of 2002, we reduced the ore reserves at the Empire mine from 116 million tons to 69 million tons due to increasing mining and processing costs. Based on the 2004 planning study, we further significantly reduced the ore reserve estimate to 29 million tons. The reduction is due to the inability to develop cost-effective mine plans to produce cost-effective combinations of production volume, ore quality and stripping requirements with the 2003 reserve base.

customers. An inability to increase prices or pass along increased costs could adversely affect our margins and profitability.

Our sales, margins and profita

mines and has made our revenues, earnings and profit margins more dependent on sales of iron ore products and more susceptible to product demand and pricing fluctuations.

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Energy Company is the sole supplier of electric power to our Tilden and Empire mines; and our Northshore mine is largely dependent on its wholly owned power facility for its electrical supply. A significant interruption in service from our energy suppliers due to terrorism or any other cause can result in substantial losses that may not be fully covered by our business interruption insurance. For example, in May 2003, we incurred approximately $11.1 million in fixed costs relating to lost production when our Empire and Tilden mines were idled for approximately five weeks due to loss of power stemming from the failure of a dam in the Upper Peninsula of Michigan. One natural gas pipeline serves all of our Minnesota and Michigan mines, and a pipeline failure may idle those operations. Any substantial unmitigated interruption of our business due to these conditions could materially adversely affect our sales, margins and profitability.

Equipment failures and other unexpected events at our facilities may lead to production curtailments or shutdowns.

Interruptions in production capabilities will inevitably increase our production costs and reduce our profitability. We do not have meaningful excess capacity for current production demands, and we are not able to quickly increase production at one mine to offset an interruption in production at another mine. In addition to equipment failures, our facilities are also subject to the risk of loss due to

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contracts with electrical suppliers, we are exposed to fluctuations in energy t

FORWARD-LOOKING STATEMENTS

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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, hereunto duly authorized.

CLEVELAND-CLIFFS INC

By: /s/ George W. Hawk
Name: George W. Hawk
Title: Assistant Secretary

Date: January 13, 2004

EXHIBITS

Exhibit Number	Exhibit Document
99(a)	Cleveland-Cliffs Inc published a News Release on January 13, 2004, “Cleveland-Cliffs Reports Provides Guidance on Fourth Quarter Results.”

Exhibit 99(a)

NEWS RELEASE

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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.

The Company’s projected fourth quarter results are estimates. Actual results may differ as a result of the completion of the Company’s accounting process, changes in accounting treatment for the acquisition of the Eveleth Mine assets, changes in the trading prices for our common shares, and completion of the year-end audit.

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 most recent Annual Report 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’ website. The information contained in this document speaks as of the date of this news release and may be superseded by subsequent events.

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