

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 1995

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

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INCOME BEFORE INCOME TAXES	11.7	14.0	18.8	17.0
INCOME TAXES (CREDITS) :				
Currently payable	3.1	3.9	5.0	4.7
Deferred	(12.3)	(0.3)	(12.1)	(0.3)
TOTAL INCOME TAXES	(9.2)	3.6	(7.1)	4.4
NET INCOME	\$20.9	\$10.4	\$25.9	

NOTE C - INVESTMENTS IN ASSOCIATED COMPANIES

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

NOTE D - ENVIRONMENTAL MATTERS

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for defined environmental problems at active mining operations and idle and closed mining and other sites have been recognized based on specific estimates for known conditions and required investigations. Any potential insurance recoveries have not been reflected in the determination of the financial reserve.

During the first six months of 1995, the Company provided \$10.7 million of additional environmental reserves and made net payments of \$1.6 million. The additional environmental provision reflected the Company's comprehensive review of estimated restoration expense at all known sites, which occurred in the second quarter. Given the Company's experience with rising cost estimates as studies and work were completed at identified sites, it was determined that a higher reserve was prudent.

At June 30, 1995, the Company has an environmental reserve of \$21.1 million, of which \$4.7 million is 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 potential responsible party, including Cliffs-Dow and Kipling sites in Michigan, the Arrowhead Refinery site in Minnesota, the Summitville mine site in Colorado, and the Rio Tinto mine site in Nevada, all of which sites are independent of the Company's iron mining operations. The reserves are based on the Company's share of engineering study estimates prepared by outside consultants engaged by the potential responsible parties. The Company continues to evaluate the recommendations of the studies and other means for site clean-up. Significant site clean-up activities have taken place at Cliffs-Dow since late 1993. A Consent Decree has been reached among the federal and state governments and approximately 224 individuals and companies with respect to the Arrowhead site. Clean-up began in 1995 with significant funding provided by the federal and state governments. The

Consent Decree has been entered by the U.S. District Court. The Company's share of Arrowhead costs is expected to total approximately \$145,000 which includes \$31,000 of funded remediation costs and \$114,000 of incurred legal and other costs.

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

or otherwise prejudice, remedies or powers under the Note Agreement, the Notes or applicable law and shall not operate as a waiver of or otherwise prejudice any rights it may have against any other Person. Except as set forth in this Amendment, none of the terms or provisions of either the Note Agreement or the Notes shall be deemed to be modified hereby, and each of the Note Agreement and the Notes, as modified herein, shall continue in full force and effect.

4.2 Delivery of this Amendment is conditioned upon satisfaction of the terms set forth in Section 7.1 of the Note Agreement.

4.3 All headings and captions preceding the text of the several sections of this Amendment are intended solely for convenience of reference and shall not constitute a part of this Amendment, nor shall they affect its meaning, construction or effect.

4.4 This Amendment embodies the entire agreement and understanding among the Company and the Purchasers with regard to the matters set forth herein, and supersedes all prior agreements and undertakings relating to such matters.

4.5 This Amendment shall be governed by, and construed and enforced in accordance with the law of the State of Illinois.

4.6 This Amendment may be executed by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their authorized officers as of the date first written above.

CLEVELAND-CLIFFS INC

By: Cynthia B. Bezik

Its: Treasurer

PRINCIPAL MUTUAL LIFE INSURANCE COMPANY, as holder of \$25,000,000 8.51% Series A Notes and \$18,000,000 8.84% Series B Notes

By: Sarah J. Pitts

Its: Counsel

By: Austin Ramzy

Its: Assistant Director
Investment Securities

THE MINNESOTA MUTUAL LIFE INSURANCE COMPANY \$15,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland

Its: Vice President

FEDERATED LIFE INSURANCE COMPANY \$1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland

Its: Vice President

FEDERATED MUTUAL INSURANCE COMPANY \$1,000,000

By MIMLIC Asset Management Company

By: Loren A. Haugland

Its: Vice President

LIFE OF MARYLAND, INC. \$2,000,000

By MIMLIC Asset Management Company

COMPUTATION OF EARNINGS PER SHARE

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

<TABLE>
<CAPTION>

	(In Millions, Except Per Share Amounts) Six Months Ended June 30,	
	----- 1995	1994 -----
	<C>	<C>
<S>		
Primary and fully diluted earnings per share:		
Average shares outstanding	12.0	12.1
Net effect of dilutive stock options - based on treasury stock method using average market price	-	-
	-----	-----
Average shares and equivalents	12.0	12.1
	=====	=====
Net income applicable to average shares and equivalents:	\$25.9	\$12.6
	=====	=====
Income per share:	\$2.16	\$1.04
	=====	=====

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