
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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INCOME BEFORE INCOME TAXES	27.8	11.7	33.1	18.8
INCOME TAXES (CREDITS) :				
Currently payable	8.2	3.1	9.6	5.0
Deferred	1.8	(12.3)	2.1	(12.1)
	-----	-----	-----	-----
TOTAL INCOME TAXES	10.0	(9.2)	11.7	(7.1)
	-----	-----	-----	-----
NET INCOME	\$ 17.8	\$ 20.9	\$ 21.4	\$ 25.9
	=====	=====	=====	=====
NET INCOME PER COMMON SHARE	\$ 1.52	\$ 1.75	\$ 1.82	\$ 2.16
	=====	=====	=====	=====

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See notes to i '4

EFFECT OF EXCHANGE RATE CHANGES ON CASH	0.2	(0.7)
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38.8)	(18.6)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	139.9	140.6
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 101.1	\$ 122.0
	=====	=====
Income taxes paid	\$ 9.9	\$ 7.6
Interest paid on debt obligations	\$ 2.4	\$ 3.3

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See notes to financial statements

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CLEVELAND-CLIFFS INC

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1996

NOTE A - BASIS OF PRESENTATION

The accompanying unaudited financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the financial statement footnotes and other information in the Company's 1995 Annual Report on Form 10-K. In management's opinion, the quarterly unaudited financial statements present fairly the Company's financial position and results in accordance with generally accepted accounting principles.

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

References to the "Company" mean Cleveland-Cliffs Inc and consolidated subsidiaries, unless otherwise indicated. Quarterly results are not necessarily 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 - MCLOUTH BANKRUPTCY

On September 29, 1995, McLouth Steel Products Corporation, Inc. ("McLouth"), a significant customer, petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. The Company had periodically extended credit to McLouth. At the time of the bankruptcy filing, the Company had an unreserved receivable from McLouth of \$5.0 million, secured by first liens on certain McLouth fixed assets. A \$2.7 million reserve against the receivable was recorded in September, 1995.

On March 15, 1996, McLouth announced that it had begun a shutdown of its operations and does not have adequate funds. The Company had supplied approximately 120,000 tons of pellets per month to McLouth in 1996 prior to shutdown. The Company has preserved all financial exposure from the McLouth shutdown, except the \$2.3 million unreserved receivable which is secured by first liens on property and equipment.

On June 26, 1996, the bankruptcy court approved the sale of McLouth's assets and the proceeds of the sale will be used to pay the claims of the

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Net income for the second quarter was \$17.8 million, or \$1.52 per share, and first half earnings were \$21.4 million, or \$1.82 a share. Earnings for both periods included a \$1.3 million after-tax property damage insurance recovery on a January, 1996 ore train derailment.

Second quarter 1995 earnings were \$20.9 million, or \$1.75 a share, and first half 1995 earnings were \$25.9 million, or \$2.16 a share. Earnings for both periods included income from special items: a \$12.2 million tax credit resulting from the settlement of prior years' tax issues, partly offset by a \$6.7 million after-tax increase in the reserve for environmental expenditures.

Excluding the special items in both years, second quarter 1996 earnings were \$16.5 million, or \$1.41 a share, versus \$15.4 million, or \$1.29 a share in 1995, and first half 1996 earnings were \$20.1 million, or \$1.71 a share, compared to \$20.4 million, or \$1.70 a share in 1995.

Following is a summary of results:

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		(In Millions, Except Per Share)			
		Second Quarter		First Half	
		1996	1995	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Income Before Special Items:					
Amount	\$	16.5	15.4	\$ 20.1	\$ 20.4
Per Share		1.41	1.29	1.71	1.70
Special Items:					
Amount		1.3	5.5	1.3	5.5
Per Share		.11	.46	.11	.46
Net Income:					
Amount		17.8	20.9	21.4	25.9
Per Share		1.52	1.75	1.82	2.16

</TABLE>

Earning comparisons before special items for the second quarter and first half were favorably affected by higher Australian earnings and increased North American sales volume in 1996, and unfavorably affected by higher operating costs and a higher effective income tax rate in 1996.

Earnings per share in the second quarter and first half of 1996 reflect the favorable effect of repurchasing shares under the Company's stock repurchase program.

Australian pre-tax earnings were \$5.7 million and \$9.2 million in the second quarter and first half of 1996, respectively.

Capital additions and replacements, at the six Company-managed mines in North America, are project

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(Millions)

June 30, 1996		December 31, 1995	
Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees	Obligations Effectively Serviced	Total Long-Term Obligations and Guarantees
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There were no broker non-voter non

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

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	(In Millions, Except Per Share Amounts) Six Months Ended June 30	
	1996	1995
	-----	-----
<S>	<C>	<C>
Primary and fully diluted earnings per share:		
Average shares outstanding	11.8	12.0
Net effect of dilutive stock options and performance shares based on treasury stock method using average market price	--	--
	-----	-----
Average shares and equivalents	11.8	12.0
	=====	=====
Net income applicable to average share and equivalents	\$ 21.4	\$ 25.9
	=====	=====
Income per share	\$ 1.82	\$ 2.16
	=====	=====

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