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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 March 31, 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
(Address of principal executive offices)

44114-2589
(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 NO

As of April 18, 2001, there were 10,152,672 Common Shares (par value \$1.00 per share) outstanding.

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PART I—FINANCIAL INFORMATION

CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED INCOME

	(In Millions, Except Per Share Amounts) Three Months Ended March 31	
	2001	2000
<u>REVENUES</u>		
Product sales and services	\$ 20.9	\$ 25.1
Royalties and management fees	8.8	9.2
	29.7	34.3
Total Operating Revenues		
Interest income	1.1	1.0
Other income	2.4	1.0
	33.2	36.3
Total Revenues		
<u>COSTS AND EXPENSES</u>		
Cost of goods sold and operating expenses	36.0	31.1
Administrative, selling and general expenses	2.8	3.4
Pre-operating loss of Cliffs and Associates Limited	5.8	2.9
Interest expense	2.1	1.2
Other expenses	2.5	2.4
	49.2	41.0
Total Costs and Expenses		
LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(16.0)	(4.7)
INCOME TAXES (CREDIT)	(5.2)	(1.2)
	(10.8)	(3.5)
LOSS BEFORE MINORITY INTEREST		
MINORITY INTEREST	1.2	
	\$ (9.6)	\$ (3.5)
NET LOSS		
<u>NET LOSS PER COMMON SHARE</u>		
Basic	\$ (.95)	\$ (.32)
Diluted	\$ (.95)	\$ (.32)
<u>AVERAGE NUMBER OF SHARES (IN THOUSANDS)</u>		
Basic	10,104	10,663
Diluted	10,104	10,663

See notes to consolidated financial statements.

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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED FINANCIAL POSITION

	(In Millions)	
	March 31 2001	December 31 2000
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 55.5	\$ 29.9
Trade accounts receivable —net	6.4	46.3
Receivables from associated companies	17.2	18.5
Inventories		
Product	161.3	90.8
Supplies and other	21.9	22.4
	183.2	113.2
Other	30.4	40.1
	292.7	248.0
TOTAL CURRENT ASSETS		
PROPERTIES	364.0	356.9
Allowances for depreciation and depletion	(87.8)	(84.2)

TOTAL PROPERTIES	276.2	272.7
INVESTMENTS IN ASSOCIATED COMPANIES	135.2	138.4
OTHER ASSETS		
Prepaid pensions	38.2	38.1
Miscellaneous	23.6	30.6
TOTAL OTHER ASSETS	61.8	68.7
TOTAL ASSETS	\$ 765.9	\$ 727.8
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Short-term borrowings	\$ 65.0	\$
Accounts payable and accrued expenses	88.8	102.2
TOTAL CURRENT LIABILITIES	153.8	102.2
LONG-TERM DEBT	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES	65.3	71.7
OTHER LIABILITIES	57.4	58.0
MINORITY INTEREST	27.9	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	69.3	67.3
Retained income	493.1	503.7
Cost of 6,684,669 Common Shares in treasury (2000 - 6,708,539 shares)	(183.3)	(183.8)
Unearned compensation	(4.4)	(2.0)
TOTAL SHAREHOLDERS' EQUITY	391.5	402.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 765.9	\$ 727.8

See notes to consolidated financial statements.

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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
STATEMENT OF CONSOLIDATED CASH FLOWS

	(In Millions, Brackets Indicate Cash Decrease) Three Months Ended March 31	
	2001	2000
OPERATING ACTIVITIES		
Net loss	\$ (9.6)	\$ (3.5)
Depreciation and amortization:		
Consolidated	3.8	3.1
Share of associated companies	3.1	3.2
Equity loss in Cliffs and Associates Limited		2.9
Minority interest in Cliffs and Associates Limited	(1.2)	
Deferred income taxes	(1.5)	
Gain on sale of assets	(1.4)	
Other	1.1	(.6)
Total before changes in operating assets and liabilities	(5.7)	5.1
Changes in operating assets and liabilities	(31.2)	(27.9)
Net cash used by operating activities	(36.9)	(22.8)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment:		
Consolidated	(7.5)	(.8)

Share of associated companies	(.3)	(.6)
Equity investment and advances in Cliffs and Associates Limited		(4.1)
Proceeds from sale of assets	1.5	
Other	(.4)	
	(6.7)	(5.5)
Net cash used by investing activities		
FINANCING ACTIVITIES		
Dividends	(1.0)	(4.0)
Short-term borrowings	65.0	
Contributions by minority shareholder in Cliffs and Associates Limited	5.2	
	69.2	(4.0)
Net cash from (used by) financing activities		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25.6	(32.3)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	29.9	67.6
	\$ 55.5	\$ 35.3
CASH AND CASH EQUIVALENTS AT END OF PERIOD		

See notes to consolidated financial statements.

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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 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 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 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 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. The forward purchases are utilized to hedge against rising costs and ensure gas availability. At inception, the contracts were in quantities that were probable and 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 to be settled in

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April, 2001. At March 31, 2001, the remaining forward instruments had a notional value of \$.4 million (Company share), which approximated market value. 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.

NOTE C — ENVIRONMENTAL RESERVES

At March 31, 2001, the Company had an environmental reserve, including its share of ventures, of \$19.5 million, of which \$2.5 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 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 D — COMPREHENSIVE INCOME

	March 31 (In Millions)	
	2001	2000
Net Loss	\$ (9.6)	\$ (3.5)
Other Comprehensive Loss - Unrealized Loss on Securities		(.3)
Comprehensive Loss	\$ (9.6)	\$ (3.8)

NOTE E — 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.

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	(In Millions)				
	Iron Ore	Ferrous Metallics	Segments Total	Other	Consolidated Total
<u>March 31, 2001</u>					
Sales and services to external customers	\$ 20.9	\$	\$ 20.9	\$	\$ 20.9
Royalties and management fees	8.8		8.8		8.8
Total operating revenues	29.7		29.7		29.7
Loss before income taxes and minority interest	(5.4)	(6.0)	(11.4)	(4.6)	(16.0)
Investments in associated companies	135.2		135.2		135.2
Other identifiable assets	470.5	136.6	607.1	23.6	630.7
Total assets	605.7	136.6	742.3	23.6	765.9
<u>March 31, 2000</u>					
Sales and services to external customers	\$ 25.1	\$	\$ 25.1	\$	\$ 25.1
Royalties and management fees	9.2		9.2		9.2
Total operating revenues	34.3		34.3		34.3
Income (loss) before income taxes	3.0	(3.7)	(.7)	(4.0)	(4.7)
Equity loss*		(2.9)	(2.9)		(2.9)
Investments in associated companies	145.0	85.0	230.0		230.0
Other identifiable assets	408.1	1.8	409.9	23.4	433.3
Total assets	553.1	86.8	639.9	23.4	663.3

- 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.

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

COMPARISON OF FIRST QUARTER —2001 AND 2000

Net loss for the first quarter of 2001 was \$9.6 million, or \$.95 per share (all per share earnings are “diluted earnings per share” unless stated otherwise). In the first quarter of 2000, net loss was \$3.5 million, or \$.32 per share. First quarter results are not representative of annual results, primarily due to seasonally lower Great Lakes shipments.

Excluding income taxes and minority interest, the loss increased by \$11.3 million. The higher pre-tax loss was primarily due to:

- Pellet sales margin was a loss of \$15.1 million in 2001 compared to a loss of \$6.0 million in 2000. Following is a summary comparison of the \$9.1 million decrease in first quarter pellet sales margin for 2001 versus 2000:

	(In Millions)			
	2001	2000	Increase (Decrease)	
			Amount	Percent
Sales (Tons)	.5	.7	(.2)	(22)%
Revenue from product sales and services	\$ 20.9	\$ 25.1	\$ (4.2)	(17)%
Cost of goods sold and operating expenses	36.0	31.1	4.9	16%
Sales margin (loss)	\$ (15.1)	\$ (6.0)	\$ (9.1)	(152)%

Higher operating costs and lower sales volume were partially offset by higher average price realization. Higher operating costs reflected production curtailments related to the idling of a small pelletizing line at the Northshore Mine and a six-week shutdown at the Hibbing Taconite Mine. Additionally, operating costs were unfavorably impacted by higher natural gas and diesel fuel prices. The decrease in sales volume was principally due to a relatively large carryover of shipments from December, 1999 into January, 2000.

- Higher loss from Cliffs and Associates Limited (“CAL”) of \$2.9 million, or \$1.7 million net of minority interest, reflecting continuation of the start-up and commissioning of the HBI joint venture in Trinidad and Tobago in the first quarter of 2001 and the increased Company ownership, 81.8 percent in 2001 versus 46.5 percent in 2000.
- Interest expense was \$.9 million higher in 2001 reflecting interest on the \$65 million borrowed on January 8, 2001 under the \$100 million revolving credit facility.

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- Other income was \$1.4 million higher in 2001 principally due to the sale of non-strategic lands in 2001.
- Other expenses reflect decreased business development expense, offset by restructuring charges of \$1.9 million related to a 25 percent reduction in corporate office staff and a 20 percent salaried workforce reduction at the Empire Mine in the first quarter of 2001. Additional restructuring charges are anticipated in 2001 related to a 15 to 20 percent salaried workforce reduction at the Hibbing Mine in April, 2001 and other organization and employment level evaluations.

CASH FLOW AND LIQUIDITY

At March 31, 2001, the Company had cash and cash equivalents of \$55.5 million compared to \$35.3 million at March 31, 2000. Since

December 31, 2000, cash and cash equivalents increased \$25.6 million, primarily due to the \$65 million of short-term borrowings under the revolving credit facility, lower receivables, \$41.2 million, and a \$13.9 million income tax refund, partially offset by higher product inventories, \$70.5 million, and lower payables and accrued expenses, \$17.3 million.

At the end of March, there were 5.7 million tons of pellets in inventory at a cost of \$161 million, an increase of 2.4 million tons or \$70 million from December 31, 2000. Pellet inventory at March 31, 2000 was 3.6 million tons or \$103 million. Cash flow from inventory liquidation is expected to be sufficient to allow repayment of the revolving credit facility by year-end.

NORTH AMERICAN IRON ORE

Production at the Company's managed mines in the first three months of 2001 was 6.9 million tons, down from 9.8 million tons in 2000. The Company's share of production was 2.8 million tons, unchanged from 2000. The 2.9 million ton decrease in total production was principally due to the permanent closure of LTV Steel Mining Company at the beginning of 2001, and production curtailments at the Northshore and Hibbing Mines. On January 9, 2001, Northshore idled its smaller pelletizing line for an estimated nine-month period to reduce full year 2001 production by approximately 700,000 tons. Hibbing operations were idled for six weeks in the first quarter. The Company's share of production in the quarter was unchanged, in spite of the curtailments at Northshore and Hibbing, due to the Company's increased ownership of the Empire Mine.

Difficult conditions in the North American steel industry have reduced the iron ore pellet requirements of the Company's customers and some of the mines' steel company partners. Additional year 2001 production curtailments are anticipated at the Company-managed U.S. mines beyond the first quarter reductions at the Northshore and Hibbing Mines in Minnesota.

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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. The Company expects Algoma to continue to meet its obligations at the Tilden Mine.

Pellet sales in the first three months were .5 million tons compared to .7 million tons in 2000. The decrease in volume was primarily due to carryover shipments from December, 1999 into 2000. While there continues to be uncertainty regarding the pellet requirements of certain customers, sales volume for 2001 is expected to approximate 11 million tons. This assumes about 3 million tons of sales to LTV Corporation after considering LTV's announcement in April, 2001 that it will close one of its blast furnaces in Cleveland by the middle of 2001. While sales projections for 2001 assumes LTV will purchase its iron ore pellet requirements from the Company, LTV has neither affirmed nor rejected its ore purchase contract with the Company. 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.

Given the Company's production capacity of 12.8 million tons, and the plan to significantly reduce inventory by the end of the year, the Company currently expects to curtail its share of mine production by about 4 million tons, or roughly one-third of capacity. With fixed costs representing approximately one-third of total production costs, the Company's financial results for the balance of the year are expected to be significantly impacted by costs associated with the production curtailments.

The Company's share of capital expenditures at the five mining ventures and supporting operations is expected to approximate \$14 million in 2001, with \$2.4 million occurring through March 31, 2001.

FERROUS METALLICS

Modifications to the CAL hot briquetted iron (HBI) plant in Trinidad were completed on schedule and on budget early in March and the facility produced approximately 9,000 tons of commercial grade briquettes in March. The first quarter 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 approximately 82 percent as a result of the Company and Lurgi acquiring LTV Corporation's 46.5 percent share of CAL in November, 2000.

CAL is expected to produce about 250,000 tons of HBI in 2001. While the current pricing for HBI is weak, the Company's share of losses from CAL are expected to be somewhat lower for the full year 2001 than the \$13.3 million pre-tax loss recorded in 2000.

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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. In addition, the Company borrowed, on January 8, 2001, \$65 million on its \$100 million revolving credit agreement. The loan interest rate, based on the LIBOR rate plus a premium, is fixed at 6.1 percent through July 8, 2001. Loan

repayment timing is subject to future uncertainty, but the Company expects to repay the loan by the end of 2001 and accordingly has classified the borrowing as a current liability. The Company was in compliance with all financial covenants and restrictions of the agreements.

The fair value of the Company's long-term debt (which had a carrying value of \$70.0 million) at March 31, 2001, was estimated at \$69.0 million based on a discounted cash flow analysis and estimates of current borrowing rates. The fair value of the revolving credit debt approximated the carrying value at March 31, 2001.

Following is a summary of common shares outstanding:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
March 31	10,143,272	10,714,796	11,209,734
June 30		10,502,367	11,211,376
September 30		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. 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.

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:

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- 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.

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Forward-looking statements speak as of the date they are made and may be superseded 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.

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PART II – OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds

On February 23, 2001, pursuant to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (“VNQDC Plan”), the Company sold 1,450 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 an officer under the VNQDC Plan. The aggregate consideration received by the Company was \$24,983.50.

Item 6. Exhibits and Reports on Form 8-K

- (a) List of Exhibits —Refer to Exhibit Index on page 15.
- (b) During the quarter for which this 10-Q Report is filed, the Company filed Current Reports on Form 8-K dated December 29, 2000, January 4, 2001, January 9, 2001, January 18, 2001, January 31, 2001 and February 28, 2001, respectively, 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 April 26, 2001

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

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EXHIBIT INDEX

**Exhibit
Number**

Exhibit

99(a)

Cleveland-Cliffs Inc News Release published on April 25, 2001, with respect to first quarter 2001 results

Filed
Herewith

NEWS RELEASE

CLEVELAND CLIFFS INC
1100 SUPERIOR AVENUE
CLEVELAND, OHIO 44114-2589

CLEVELAND-CLIFFS REPORTS
FIRST QUARTER 2001 RESULTS

Cleveland, OH - April 25, 2001 - Cleveland-Cliffs Inc (NYSE:CLF) today reported a net loss of \$9.6 million, or \$.95 per diluted share, for the first quarter of 2001. In the first quarter of 2000, Cliffs recorded a net loss of \$3.5 million, or \$.32 per diluted share.

John S. Brinzo, Cliffs' Chairman and Chief Executive Officer, said, "The deterioration of fundamentals in the North American steel industry is continuing to have a significant impact on our iron ore business. Our principal focus in 2001 is increasing cash flow to improve our financial condition and position the Company to take advantage of opportunities and deal with the restructuring of the North American steel industry. Financial results will be adversely impacted as we take the necessary actions to minimize year-end inventory levels in a period of excess production capacity."

First quarter results are historically not representative of annual results due to limited shipments of iron ore pellets on the Great Lakes during the winter months. The higher loss in the first quarter of 2001 was mainly due to higher mine costs, lower pellet sales volume and a greater loss from Cliffs and Associates Limited (CAL), partly offset by a higher average price realization on pellet sales. Higher operating costs were principally due to costs associated with production curtailments at the Northshore and Hibbing Mines and higher natural gas and diesel fuel prices. Pellet sales in the first quarter of 2001 were .5 million tons versus .7 million tons in 2000. The average price realization increased in 2001 primarily due to the mix of sales under various contracts. First quarter 2001 results benefited from the sale of non-strategic lands and also included a \$1.9 million pre-tax charge for restructuring activities.

OPERATIONS

Total iron ore pellet production at Cliffs-managed mines decreased to 6.9 million tons in the first quarter of 2001 from 9.8 million tons in 2000. Cliffs' share of first quarter production was 2.8 million tons, unchanged from 2000. Following is a summary of production tonnage for the first quarter of 2001 and 2000:

<TABLE>
<CAPTION>

	(Tons in Millions)			
	First Quarter 2001		First Quarter 2000	
	Total	Cliffs' Share	Total	Cliffs' Share
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Empire	1.9	.7	1.8	.4
Hibbing	1.0	.2	2.0	.3
LTV Steel Mining	--	--	1.8	--
Northshore	.9	.9	1.1	1.1
Tilden	1.7	.7	1.7	.7
Wabush	1.4	.3	1.4	.3
	---	---	---	---
Total	6.9	2.8	9.8	2.8
	===	===	===	===

</TABLE>

The 2.9 million ton decrease in total production was principally due to the permanent closure of LTV Steel Mining Company at the beginning of 2001, and production curtailments at the Northshore and Hibbing Mines. On January 9, 2001, Northshore idled its smaller pelletizing line for an estimated nine-month period to reduce full year 2001 production by approximately 700,000 tons. Hibbing operations were idled for six weeks in the first quarter. Cliffs' share of production in the quarter was unchanged despite the curtailments at Northshore and Hibbing due to the Company's increased ownership of the Empire Mine.

Modifications to the CAL hot-briquetted-iron (HBI) plant in Trinidad were completed on schedule and on budget early in March and the facility produced about nine thousand tons of commercial grade briquettes in March. The first quarter loss from CAL was higher than last year primarily due to Cliffs'

increased ownership of CAL. Cliffs increased its CAL ownership from 46.5 percent to approximately 82 percent as a result of the Company and Lurgi acquiring LTV Corporation's 46.5 percent share of CAL in November, 2000.

LIQUIDITY - -----

At March 31, 2001, Cliffs had cash and cash equivalents of \$56 million, which compared with \$30 million at the beginning of the year and \$35 million at March 31, 2000. In January 2001, the Company borrowed \$65 million under its \$100 million unsecured revolving credit facility to fund higher pellet inventories. At the end of March, there were 5.7 million tons of pellets in inventory at a cost of \$161 million, an increase of 2.4 million tons or \$70 million since December 31, 2000. Pellet inventory at March 31, 2000 was 3.6 million tons or \$103 million. Cash flow from inventory liquidation is expected to be sufficient to allow repayment of borrowings under the revolving credit facility by year-end.

OUTLOOK - -----

Difficult conditions in the North American steel industry have reduced the iron ore pellet requirements of Cliffs' customers and some of the mines' steel company partners. Production curtailments have been implemented at the Northshore and Hibbing Mines in Minnesota, and reductions at the Empire and Tilden Mines in Michigan are scheduled this summer.

While there continues to be uncertainty regarding the pellet requirements of certain customers, Cliffs' pellet sales for the full year 2001 are currently expected to approximate 11 million tons. This assumes about three million tons of sales to LTV Corporation after considering LTV's recent announcement that it will close one of its blast furnaces in Cleveland by the middle of 2001. While Cliffs' sales projection for 2001 assumes LTV will purchase its iron ore pellet requirements from the Company, LTV has neither affirmed nor rejected its ore purchase contract with Cliffs. 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.

On April 23, 2001, Algoma Steel Inc., a 45 percent owner of the Tilden Mine, 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. The Company expects Algoma to continue to meet its obligations at the Tilden Mine.

Given Cliffs' production capacity of 12.8 million tons, and the plan to significantly reduce inventory by the end of the year, the Company currently expects to curtail its share of mine production by about 4 million tons, or roughly one-third of capacity. With fixed costs representing approximately one-third of total production costs, Cliffs' financial results for the balance of the year will be significantly impacted by costs associated with the production curtailments.

Brinzo said, "Cliffs is taking decisive actions to reduce its cost structure, strengthen its competitiveness and ensure that the Company remains well positioned during this very challenging period." To partially mitigate the adverse impact of production curtailments, the Company has intensified its cost reduction efforts, including the following:

- A 20 percent salaried workforce reduction at the Empire Mine in January.
- A 25 percent reduction in the Cleveland Office staff in early March.
- A 15 to 20 percent salaried workforce reduction at the Hibbing Mine in April.
- Employment levels and organizational structure are being evaluated at other locations.
- Outsourcing of various support services is being implemented.
- We are working with suppliers of purchased materials and equipment to further reduce prices.
- Continuous improvement and employee involvement efforts as part of our ForCE 21 initiative are beginning to show benefits in operating efficiencies and maintenance costs.
- All mine operations are taking actions to minimize energy costs. The adverse impact of high energy costs, which penalized Cliffs' operating earnings by \$14 million in 2000, is continuing in 2001.

The successful startup of the CAL plant in March was encouraging for the owners and employees of CAL. CAL is expected to produce about 250,000 tons of HBI in 2001. While the current pricing for HBI is weak, Circal (TM) briquettes have excellent market potential. Cliffs' losses from CAL are expected to be somewhat lower for the full year 2001 than the \$13.3 million pre-tax loss recorded in 2000.

Brinzo concluded, "While we cannot control the marketplace for iron ore and other ferrous metallics products, we can minimize adverse impacts by producing the highest quality products at the lowest possible cost. I am confident that Cliffs will successfully meet the challenges and take advantage of the opportunities that are ahead in 2001."

* * *

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, including the failure of new technology to perform as anticipated; 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 on Cliffs' web site. The information contained in this document speaks as of the date of this news release and may be superseded by subsequent events.

Cliffs will host its first quarter 2001 earnings conference call tomorrow, April 26, at 10:00 a.m. Eastern Time. The call will be broadcast live on Cliffs' web site at <http://www.cleveland-cliffs.com>. A replay of the call will be available on the website for 30 days.

Contacts

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

<TABLE>
 <CAPTION>

(In Millions Except Per Share Amounts)	Three Months Ended March 31,	
-----	2001	2000
<S>	<C>	<C>
REVENUES		
Product sales and services	\$ 20.9	\$ 25.1
Royalties and management fees	8.8	9.2
	-----	-----
Total Operating Revenues	29.7	34.3

Interest income	1.1	1.0
Other income	2.4	1.0
	-----	-----
TOTAL REVENUES	33.2	36.3
COSTS AND EXPENSES		
Cost of goods sold and operating expenses	36.0	31.1
Administrative, selling and general expenses	2.8	3.4
Pre-operating loss in Cliffs and Associates Limited	5.8	2.9
Interest expense	2.1	1.2
Other expenses	2.5	2.4
	-----	-----
TOTAL COSTS AND EXPENSES	49.2	41.0
	-----	-----
LOSS BEFORE INCOME TAXES AND MINORITY INTEREST	(16.0)	(4.7)
INCOME TAXES (CREDIT)	(5.2)	(1.2)
	-----	-----
LOSS BEFORE MINORITY INTEREST	(10.8)	(3.5)
MINORITY INTEREST	1.2	
	-----	-----
NET LOSS	\$ (9.6)	\$ (3.5)
	=====	=====
NET INCOME (LOSS) PER COMMON SHARE		
Basic	\$ (.95)	\$ (.32)
Diluted	\$ (.95)	\$ (.32)
AVERAGE NUMBER OF SHARES		
Basic	10.1	10.7
Diluted	10.1	10.7

</TABLE>

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED CASH FLOWS

<TABLE>

<CAPTION>

(In Millions, Brackets Indicate Decrease in Cash)	Three Months Ended March 31,	
	2001	2000
	-----	-----
<S>	<C>	<C>
OPERATING ACTIVITIES		
Net loss	\$ (9.6)	\$ (3.5)
Depreciation and amortization:		
Consolidated	3.8	3.1
Share of associated companies	3.1	3.2
Equity loss in Cliffs and Associates Limited		2.9
Minority interest in Cliffs and Associates Limited	(1.2)	
Deferred income taxes	(1.5)	
Gain on sale of assets	(1.4)	
Other	1.1	(.6)
	-----	-----
Total before changes in operating assets and liabilities	(5.7)	5.1
Changes in operating assets and liabilities	(31.2)	(27.9)
	-----	-----
Net cash used by operating activities	(36.9)	(22.8)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment:		
Consolidated	(7.5)	(.8)
Share of associated companies	(.3)	(.6)
Equity investment and advances in Cliffs and Associates Limited		(4.1)
Proceeds from sale of assets	1.5	
Other	(.4)	
	-----	-----
Net cash used by investing activities	(6.7)	(5.5)
FINANCING ACTIVITIES		
Dividends	(1.0)	(4.0)
Short-term borrowings	65.0	
Contributions by minority shareholder in Cliffs and Associates Limited	5.2	
	-----	-----
Net cash from (used by) financing activities	69.2	(4.0)
	-----	-----

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 25.6 =====	\$ (32.3) =====
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</TABLE>

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<TABLE>
<CAPTION>

	(In Millions)		
	Mar. 31, 2001 -----	Dec. 31, 2000 -----	Mar. 31, 2000 -----
<S>	<C>	<C>	<C>
ASSETS -----			
CURRENT ASSETS			
Cash and cash equivalents	\$ 55.5	\$ 29.9	\$ 35.3
Trade accounts receivable - net	6.4	46.3	22.2
Receivables from associated companies	17.2	18.5	15.5
Inventories	183.2	113.2	117.7
Other	30.4	40.1	16.4
	-----	-----	-----
TOTAL CURRENT ASSETS	292.7	248.0	207.1
PROPERTIES - NET	276.2	272.7	151.6
INVESTMENTS IN ASSOCIATED COMPANIES	135.2	138.4	230.0
OTHER ASSETS	61.8	68.7	74.6
	-----	-----	-----
TOTAL ASSETS	\$765.9 =====	\$727.8 =====	\$663.3 =====
LIABILITIES AND SHAREHOLDERS' EQUITY -----			
CURRENT LIABILITIES			
Short-term borrowings	\$ 65.0	\$	\$
Accounts payable and accrued expenses	88.8	102.2	65.6
	-----	-----	-----
TOTAL CURRENT LIABILITIES	153.8	102.2	65.6
LONG-TERM DEBT	70.0	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES	65.3	71.7	67.5
OTHER LIABILITIES	57.4	58.0	60.5
MINORITY INTEREST	27.9	23.9	
SHAREHOLDERS' EQUITY	391.5	402.0	399.7
	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$765.9 =====	\$727.8 =====	\$663.3 =====

</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.