

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For fiscal year ended December 31, 1996

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

34-1464672

(STATE OR OTHER JURISDICTION
OF INCORPORATION)

(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

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class -----	Name of Each Exchange on Which Registered -----
Common Shares - par value \$1.00 per share	New York Stock Exchange and Chicago Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of the Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of March 17, 1997, the aggregate market value of the voting stock held by non-affiliates of the registrant, based on the closing price of \$41.75 per share as reported on the New York Stock Exchange - Composite Index was \$459,100,368 (excluded from this figure is the voting stock beneficially owned by the registrant's officers and directors).

The number of shares outstanding of the registrant's \$1.00 par value common stock was 11,389,541 as of March 17, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

1. Portions of registrant's 1996 Annual Report to Shareholders are filed as Exhibits 13(a) through 13(j) and are incorporated by reference into Parts I, II and IV.
 2. Portions of registrant's Proxy Statement for the Annual Meeting of Shareholders scheduled to be held May 13, 1997 are incorporated by reference into Part III.
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INTRODUCTION

Cleveland-Cliffs Inc (including its consolidated subsidiaries, the "Company") is the successor to business enterprises whose beginnings can be traced to earlier than 1850. The Company's headquarters are at 1100 Superior Avenue, Cleveland, Ohio 44114-2589, and its telephone number is (216) 694-5700.

BUSINESS

The Company owns, directly or indirectly, three major operating subsidiaries, The Cleveland-Cliffs Iron Company ("CCIC"), Cliffs Mining Company ("CMC") (formerly known as Pickands Mather & Co.), and Northshore Mining Company ("Northshore"). A fourth operating subsidiary, Pickands Mather & Co. International ("PMI"), terminated operations at the end of 1996. CCIC and CMC hold interests in various independent iron ore mining ventures ("mining ventures") and act as managing agent. The operations of Northshore and PMI are entirely owned by the Company. CCIC, CMC, Northshore, and PMI's business during 1996 was the production and sale of iron ore, principally iron ore pellets. Collectively, CCIC, CMC, Northshore, and PMI control, develop, and lease reserves to mine owners; manage and own interests in mines; sell iron ore; and provide ancillary services to the mines. The operations of each mine are independent of the other mines. Iron ore production activities are conducted in the United States, Canada and Australia. Iron ore is marketed by the subsidiaries in the United States, Canada, Europe, Asia and Australia.

For information on the iron ore business, including royalties and management fees for the years 1994-1996, see Note C in the Notes to the Company's Consolidated Financial Statements in the Company's Annual Report to Security Holders for the year ended December 31, 1996, which Note C is contained in Exhibit 13(g) and incorporated herein by reference and made a part hereof.

For information concerning operations of the Company, see material under the heading "Summary of Financial and Other Statistical Data" in the Company's Annual Report to Security Holders for the year ended December 31, 1996, which Summary of Financial and Other Statistical Data is contained in Exhibit 13(j) and incorporated herein by reference and made a part hereof.

NORTH AMERICA. CCIC owns or holds long-term leasehold interests in active North American properties containing approximately 1.45 billion tons of crude iron ore reserves. CCIC, CMC and Northshore manage six active mines in North America with a total rated annual capacity of 42.1 million tons and own equity interests in five of these mines (see Table on page 5).

CCIC, CMC and Northshore's United States properties are located on the Marquette Range of the Upper Peninsula of Michigan, which has two active open-pit mines and pellet plants, and the Mesabi Range in Minnesota, which has three active open-pit mines and pellet plants. CMC acts only in the capacity of manager at one of the Mesabi Range facilities. Two railroads, one of which is 99.5% owned by a subsidiary of the Company, link the Marquette Range with Lake Michigan at the loading port of Escanaba and with Lake Superior at the loading port of Marquette. From the Mesabi Range, pellets are transported by rail to shiploading ports at Superior, Wisconsin and Taconite Harbor, Minnesota. At Northshore, crude ore is shipped by rail from the mine to the processing facilities at Silver Bay, Minnesota, which is also the upper lakes port of shipment. In addition, in 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 Wabush Mines, concentrates are shipped by rail from the Scully Mine at Wabush to Pointe Noire, Quebec, where they

2

are pelletized for shipment via vessel to Canada, United States and Europe or shipped as concentrates for sinter feed to Europe.

CCIC leases or subleases its reserves to certain mining ventures which pay royalties to CCIC on such reserves based on the tonnage and the iron content of iron ore produced. The royalty rates on leased or subleased reserves per ton are subject to periodic adjustments based on changes in the Bureau of Labor Statistics producer price index for all commodities or on certain iron ore and steel price indices. The mining ventures, except for LTV Steel Mining Company which is wholly-owned by LTV Steel Company, include as participants CCIC or CMC and steel producers (who are "participants" either directly or through subsidiaries).

CCIC and CMC, pursuant to management agreements with the participants having operating interests in the mining ventures, manage the development, construction and operation of iron ore mines and concentrating and pelletizing plants to produce iron ore pellets for steel producers. CCIC and CMC are reimbursed by the participants of the mining ventures for substantially all expenses incurred by CCIC and CMC in operating the mines and mining ventures. In

addition, CCIC and CMC are paid management fees based on the tonnage of iron ore produced. A substantial portion of such fees is subject to escalation adjustments in a manner similar to the royalty adjustments.

With respect to the active mines in which CCIC and CMC have an equity interest, such interests range from 7.7% to 40.0% (see Table on page 5). Pursuant to certain operating agreements at each mine, each participant is generally obligated to take its share of production for its own use. CCIC and CMC's share of production is resold to steel manufacturers pursuant to multi-year contracts, usually with price escalation provisions, or one-year contracts. Pursuant to operating agreements at each mine, each participant is entitled to nominate the amount of iron ore which will be produced for its account for that year. During the year, such nomination generally may be increased (subject to capacity availability) or decreased (subject to certain minimum production levels) by a specified amount. During 1996, the North American mines operated at or near capacity levels.

On September 30, 1994, Cliffs Minnesota Minerals Company, a subsidiary of the Company, completed a stock acquisition of Cyprus Amax Minerals Company's ("Cyprus Amax") iron ore operation ("Northshore") and power plant (Silver Bay Power Company ("Silver Bay Power")) in Minnesota for \$66 million, plus net working capital of \$28 million. The principal assets acquired were 4 million annual tons of active capacity for production of standard pellets (equivalent to 3.5 million tons of flux pellet capacity), supported by a 115 megawatt power generation plant, and an estimated 1.2 billion tons of magnetite crude iron ore reserves, leased mainly from the Mesabi Trust. Additional payments to Cyprus Amax are required as a result of certain favorable expansion conditions which payments would not be material in any year. In June, 1995, a \$6 million pellet expansion project at Northshore, which involved the re-commissioning of an idled pelletizing unit, was completed. On an annualized basis, the expansion added approximately 900,000 tons of pellets, a 23% expansion of Northshore capacity. Production in 1996 was 4.3 million tons of standard and flux pellets.

In 1992, the Company purchased \$1.0 million worth of steel from LCG Funding Corporation, an entity owned by the principal owner of Sharon Steel Corporation ("Sharon"), which had filed for protection under Chapter 11 of the U.S. Bankruptcy laws, and affiliated with Castle Harlan, Inc. In connection with the transaction, LCG Funding Corporation agreed to indemnify the Company for any loss incurred upon resale of the steel. Following ultimate resale of the steel, LCG Funding Corporation and Castle Harlan, Inc. refused to honor that commitment, and in 1995, the Company filed suit against Castle Harlan, Inc. and LCG Funding Corporation in Federal District Court. During 1995, the Company, Castle Harlan, Inc. and LCG Funding Corporation settled the legal proceedings out of court and full payment of the loss was made to the Company in 1996.

3

On September 29, 1995, McLouth Steel Products Company ("McLouth") petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. At the time of the bankruptcy filing, the Company had an unreserved receivable from McLouth of \$5.0 million, secured by liens on certain McLouth fixed assets. Reserves of \$3.4 million have been recorded against the receivable. On March 15, 1996, McLouth announced that it had begun a shutdown of its operations due to inadequate funds. The Company had supplied 300,000 tons of pellets to McLouth in 1996 prior to shutdown. The Company reserved all financial exposure from the McLouth shutdown, except the remaining 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 an agreement to settle secured claims, including the Company's secured claim. Based on the terms of the agreement, the Company expects to recover the carrying value of its secured claim. Proceeds from the sale of McLouth's assets will be used primarily to satisfy administrative claims, including the Company's administrative claim. The Company's total shipments in 1996 were not affected by McLouth's bankruptcy filing or the shutdown of its operations. Although sales to McLouth in 1996 were only 300,000 tons prior to shutdown in the first quarter, compared to 1.3 million tons in all of 1995, sales of the remaining available tons in 1996 were made to other customers.

4

Following is a table of production, current defined capacity, and implied exhaustion dates for the iron ore mines managed or owned by CCIC, CMC, Northshore and PMI. The exhaustion dates are based on estimated mineral reserves and full production rates, which could be affected, among other things, by future industry conditions, geological conditions, and ongoing mine planning. Maintenance of effective production capacity or implied exhaustion dates could require increases in capital and development expenditures. Alternatively, changes in economic conditions or the expected quality of ore reserves could decrease capacity or accelerate exhaustion dates. Technological progress could

alleviate such factors or increase capacity or mine life.

<TABLE>
<CAPTION>

Name and Location	Type of Ore	Company's Current Operating Interest	Current Pellet Production			Current Annual Capacity	Operating Continuously Since	Implied Exhaustion Date (1)
			1994	1995	1996			
(Tons in Thousands) (2)								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Mining Ventures								

Michigan								

Marquette Range								
- Empire Iron Mining Partnership (3)	Magnetite	22.56%	7,306	7,910	8,084	8,000	1963	2019
- Tilden Mining Company L.C. (3)	Hematite and Magnetite	40.00% (4)	6,246	6,186	6,702	7,000 (4)	1974	2036
Minnesota								

Mesabi Range								
- Hibbing Taconite Joint Venture (5)	Magnetite	15.00%	8,355	8,615	8,120	8,270	1976	2028
- LTV Steel Mining Company (5)	Magnetite	0.00%	7,809	7,757	7,457	8,000	1957	2049
Canada								

Wabush Mines (Newfoundland and Quebec) (5) (6)								
	Specular Hematite	7.69%	4,654	5,295	5,309	6,000 (6)	1965	2042
Wholly-Owned Entities								

Minnesota								

Mesabi Range								
- Northshore Mining Company (7)	Magnetite	100.00%	865 (7)	3,791	4,252	4,800 (8)	1989	2072
Australia								

- Savage River Mines (9) (Tasmania)	Magnetite	100.00%	1,483	1,557	1,583	(9)	1967 (9)	1996 (9)
			-----	-----	-----			
TOTAL			36,718	41,111	41,507	42,070		
			=====	=====	=====	=====		

</TABLE>

- (1) Based on full production at current annual capacity without regard to economic feasibility.
- (2) Tons are long tons of 2,240 pounds.
- (3) CCIC receives royalties and management fees.
- (4) As a result of the restructuring of the Tilden Mining Company and the Tilden Magnetite Partnership into the Tilden Mining Company L.C., effective as of January 1, 1994, CCIC's entitlement ownership in the Tilden Mine increased from 33.3% to 40.0%. As a result of these arrangements, annual production capacity is targeted at a minimum of 6 million tons annually (7 million tons are initially nominated for 1997), and could be increased to 8 million tons, depending on type of ore production. The predominant ore reserves are hematite.
- (5) CMC received no royalty payments with respect to such mine, but did receive management fees.
- (6) In 1991, the mine's annual production capacity was reduced to 4.5 million tons per year and was increased to 6 million tons in 1996. For both the years 1995 and 1996, annual production was increased to 5.3 million tons and 5.7 million tons.
- (7) Acquired by the Company on September 30, 1994. Pellet production for Northshore for the three months ending December 31, 1994 was 865,000 tons. Pellet production for Northshore for the years ending 1994, 1995 and 1996 was 3,481,000 tons, 3,791,000 tons and 4,252,000 tons, respectively.
- (8) Includes 900,000 annual tons of expansion completed in June, 1995.
- (9) Savage River Mines will terminate shipments in the first quarter of 1997. (See discussion on page 6.)

With respect to the Empire Mine, CCIC owns directly approximately one-half of the remaining mineral reserves and CCIC leases the balance of the reserves from their owners; with respect to the Tilden Mine, CCIC owns all of the mineral reserves; with respect to the Hibbing Mine, Wabush Mines and Northshore Mine, all of the mineral reserves are owned by others and leased or subleased directly to those mines.

Each of the mines contains crushing, concentrating, and pelletizing facilities. The Empire Iron Mining Partnership facilities were constructed beginning in 1962 and expanded in 1966, 1974 and 1980 with a total cost of approximately \$367 million; the Tilden Mine facilities were constructed beginning in 1972, expanded in 1979 and modified in 1988 with a total cost of approximately \$523 million; the LTV Steel Mining Company facilities were constructed beginning in 1954 and expanded in 1967 with a total cost of approximately \$250 million; the Hibbing Taconite Joint Venture facilities were constructed beginning in 1973 and expanded in 1979 with a total cost of approximately \$302 million; the Northshore Mining Company facilities were constructed beginning in 1951, expanded in 1963 and significantly modified in 1979 with a total cost estimated in excess of \$500 million; the Wabush Mines facilities were constructed beginning in 1962 with a total cost of approximately \$103 million; and the Savage River Mines facilities were constructed beginning in 1965 with a total cost of approximately \$57 million. The Company believes the facilities at each site are in satisfactory condition. However, the older facilities require more capital and maintenance expenditures on an ongoing basis.

Production and Sales Information

With the acquisition and expansion of Northshore, the Company's managed capacity has increased to approximately 42.1 million tons, or 48% of total pellet capacity in North America, and the Company's annual North American pellet sales capacity increased in 1996 from 10.7 to 10.8 million tons. In 1996, the Company produced 10.4 million tons of pellets in North America for its own account.

In 1996, the Company produced 29.5 million gross tons of iron ore in the United States and Canada for participants other than the Company. The share of participants having the five largest amounts, Bethlehem Steel Corporation, Algoma, Inland Steel Company, LTV and Stelco, aggregated 26.3 million gross tons, or 89.5%. The largest such participant accounted for 32.2% of such production.

During 1996, 100% of the Company's sales of iron ore and pellets, that were produced in the United States and Canada for its own account or purchased from others, were to 13 U.S., Canadian and European iron and steel manufacturing companies.

In 1996, AK Steel, Weirton Steel Company, and WCI, directly and indirectly accounted for 15%, 12%, and 11%, respectively, of total revenues.

AUSTRALIA. PMI owns 100% of Savage River Mines, an open pit iron ore mining operation and concentrator at Savage River, Tasmania, and a pellet plant with offshore loading facilities at Port Latta, Tasmania. Production at Savage River Mines was terminated prior to year-end 1996 due to exhaustion of the economically recoverable iron ore from surface mining. Remaining inventory is expected to be shipped during the first quarter of 1997. No significant earning contribution is expected in 1997. The mine operated two years beyond the original schedule established when the Company acquired full ownership in 1990. Termination costs have been provided in the capacity rationalization reserve.

The Company's subsidiary, Pickands Mather & Co. International ("PMI"), received notice from the Tasmanian government in 1996 asserting certain environmental obligations in connection with rehabilitating the Savage River Mine site. PMI has asserted that all obligations to rehabilitate the mine and plant sites are specified in the Rehabilitation Plan agreement between the State of Tasmania and PMI, which

agreement was formalized in June, 1990 by an Act of Parliament and was a condition of PMI's acquisition of interests in the mine from Japanese steel companies. PMI has provided reserves for all environmental and other rehabilitation obligations specified in the Rehabilitation Plan.

On December 5, 1996, PMI and the State of Tasmania entered into a Deed of Arrangement whereby the assets (including \$8.7 million in cash) and all environmental and rehabilitation obligations of the Savage River Mines will be transferred to the Tasmanian government. The transfer is contingent on certain events which are anticipated to be completed in March, 1997.

RAIL TRANSPORTATION. The Company, through a wholly-owned subsidiary, owns a 99.5% stock interest in Lake Superior & Ishpeming Railroad Company. The railroad operates approximately 49 miles of track in the Upper Peninsula of Michigan, principally to haul iron ore from the Empire and Tilden Mines to Lake Superior at Marquette, Michigan, where the railroad has an ore loading dock, or to interchange points with another railroad for delivery to Lake Michigan at Escanaba, Michigan. In 1996, 86.1% of the railroad's revenues were derived from hauling iron ore and pellets and other services in connection with mining operations managed by CCIC. The railroad's rates are subject to regulation by the Surface Transportation Board of the Department of Transportation.

Other Activities and Resources

REDUCED IRON. The Company's strategy is to grow its basic iron ore business domestically and internationally and to extend its business scope to produce and supply "reduced iron ore feed" for steel and iron production. Reduced iron products contain approximately 90% iron versus 65% for traditional iron ore pellets and contain less undesirable chemical elements than most scrap steel feed. The market for reduced iron is relatively small, but is projected to increase at a greater rate than other iron ore products.

On April 15, 1996, the Company announced an international joint venture to produce and market premium quality reduced iron briquettes for the steel industry, and all definitive project agreements were signed in May, 1996. The venture's participants, through subsidiaries, are the Company, through Cliffs Reduced Iron Corporation, (46.5 percent), The LTV Corporation, (46.5 percent), and Lurgi AG of Germany, (7 percent). The Company, through Cliffs Reduced Iron Management Company, manages the \$150 million reduced iron project, located in Trinidad and Tobago, and will be responsible for sales by the venture company, Cliffs and Associates Limited. The Company's share of capital expenditures is estimated to be \$70 million, of which \$13.1 million was spent in 1996 and \$46 million is expected to be spent in 1997. No project financing will be utilized.

The plant is designed to produce at least 500,000 metric tons of briquettes per year. The product will be initially marketed in the United States. Initial construction of the facilities has begun and startup is scheduled for the fourth quarter 1998. Approximately 500 people will be employed at peak construction. The plant will employ about 75 people upon completion.

The Company is studying the feasibility of a midwestern U.S. project to produce "pig iron" from North American iron ore with coal instead of natural gas as the reductant. Markets for the product would be primarily electric furnaces and foundries.

During 1995, the Company suspended its iron carbide development activities but continues to believe that iron carbide has long-term potential. The Company is a joint holder of iron carbide process licenses in Venezuela with North Star Steel and in Australia with Mitsubishi Corporation.

OIL SHALE. Cliffs Synfuel Corp., a wholly-owned subsidiary of the Company, owns oil shale properties in the United States which contain an estimated one billion barrels of recoverable shale oil with associated conditional water rights. While commercialization of U.S. oil shale is currently uneconomical, the Company's holding costs are minimal. If oil prices rise significantly and new technology being applied to other world oil shale deposits is successful, the Company's property could have substantial value.

Cliffs Oil Shale Corp., another wholly-owned subsidiary of the Company, owns a 15% interest in a smaller Colorado oil shale property. The remaining 85% is owned by a Mobil Corporation subsidiary.

Credit Agreement and Senior Notes

In 1995 the Company entered into a new Credit Agreement ("Credit Agreement") with Chemical Bank, as Agent for a six-bank lending group, pursuant to which the Company may borrow up to \$100 million as revolving loans until March 1, 2000, which Credit Agreement replaced the April 30, 1992 credit facility scheduled to expire on April 30, 1995. In 1996, the Credit Agreement was amended to extend the expiration date by one year to March 1, 2001. Interest on borrowings will be based on various interest rates as defined in the Credit Agreement and as selected by the Company pursuant to the terms of the Credit Agreement. There were no borrowings under either of the revolving credit facilities.

In 1995, the Company placed privately with a group of institutional

lenders \$70 million 7% Senior Notes, due December 15, 2005, the proceeds of which Senior Notes were used to retire the Company's \$20 million 8.51% Senior Notes and \$50 million 8.84% Senior Notes.

COMPETITION

The iron ore mines, which the Company's subsidiaries operate in North America, Canada and Australia, produce various grades of iron ore which is marketed in the United States, Canada, Great Britain, Italy, Australia, Japan and Korea. In North America, the Company is in competition with several iron ore producers, including USS Corporation, Iron Ore Company of Canada, Quebec Cartier Mining Company, and Evtac Mining Company, as well as other major steel companies which own interests in iron ore mines and/or have excess iron ore purchase commitments. In addition, significant amounts of iron ore have, since the early 1980s, been shipped to the United States from Venezuela and Brazil in competition with iron ore produced by the Company.

Other competitive forces have in the last decade become a large factor in the iron ore business. With respect to a significant portion of steelmaking in North America, electric furnaces built by "minimills" have replaced the use of iron ore pellets with scrap metal in the steelmaking process. In addition, operators of sinter plants produce iron agglomerates which substitute for iron ore pellets. Imported steel slabs also replace the use of iron ore pellets in producing finished steel products. Imported steel produced from iron ore supplied by international competitors also effectively competes with the Company's iron ore pellets.

Competition among the sellers of iron units is predicated upon the usual competitive factors of price, availability of supply, product performance, service and cost to the consumer.

ENVIRONMENT, EMPLOYEES AND ENERGY

ENVIRONMENT. In the construction of the Company's facilities and in its operating arrangements, substantial costs have been incurred and will be incurred to avoid undue effect on the environment. The Company's commitment to environmental

8

preservation resulted in the Company's North American capital expenditures of \$3,674,000 in 1995 and \$6,072,000 in 1996. It is estimated that approximately \$6,506,000 will be spent in 1997 for environmental control facilities.

The Company received notice in 1983 from the U.S. Environmental Protection Agency ("U.S. EPA") that the Company is a potentially responsible party with respect to the Cliffs-Dow Superfund Site, located in the Upper Peninsula of the State of Michigan, which is not related to the Company's iron ore mining business. The Cliffs-Dow site was used prior to 1973 for the disposal of wastes from charcoal production by a joint venture of the Company, the Dow Chemical Company and afterward by a successor in interest, Georgia-Pacific Corporation. The Company and certain other potentially responsible parties have agreed upon allocation of the costs for investigation and remediation. The Company and other potentially responsible parties voluntarily participated in the preparation of a Remedial Investigation and Feasibility Study ("RI/FS") with respect to the Cliffs-Dow site, which concluded with the publication by the U.S. EPA of a Record of Decision dated September 27, 1989 ("ROD"), setting forth the selected remedial action plan adopted by the U.S. EPA for the Cliffs-Dow site. The Company and other potentially responsible parties have largely implemented remedial action satisfactory to the U.S. EPA at an estimated total cost of \$8 million, of which the Company's share is \$1.7 million. Upon the advice of counsel, the Company believes it has a right to continued contribution from the other potentially responsible parties for the costs of any further remedial action required at the Cliffs-Dow site. A second disposal area at the Cliffs-Dow charcoal production plant is on the list of priority sites issued by the Michigan Department of Natural Resources (now the Michigan Department of Environmental Quality). The Company and certain other potentially responsible parties have agreed upon allocation of investigation and remediation costs at this site. The Company is participating in a RI/FS of this site. That study has been completed and is being reviewed by the Michigan Department of Environmental Quality. The Company has joined with the other potentially responsible parties in an interim removal action at the site which has been completed at an estimated total cost of \$18 million, of which the Company's share is \$4.5 million. The Company has sufficient financial reserves at December 31, 1996 to provide for its expected share of the cost of the remedial actions at the above mentioned sites. (See "Legal Proceedings" for additional information concerning environmental matters).

Generally, various legislative bodies and federal and state agencies are continually promulgating numerous new laws and regulations affecting the Company, its customers, and its suppliers in many areas, including waste discharge and disposal; hazardous classification of materials, products, and ingredients; air and water discharges; and many other matters. Although the Company believes that its environmental policies and practices are sound and does not expect a material adverse effect of any current laws or regulations, it

cannot predict the collective adverse impact of the rapidly expanding body of laws and regulations.

EMPLOYEES. As of December 31, 1996, CCIC and CMC and the North American independent mining ventures had 5,198 employees, of which 4,282 were hourly employees. The hourly employees are represented by the United Steelworkers of America ("United Steelworkers") which have collective bargaining agreements. The United Steelworkers labor agreement at Hibbing Taconite Company, Tilden and Empire Mines expired on August 1, 1993, and the United Steelworkers struck those mines and facilities for six weeks. In 1993, a new six-year "no strike" labor agreement was entered between those Mines and the United Steelworkers covering the period to July 31, 1999, but with provisions for a limited economic reopener on August 1, 1996. During the year, the labor economic reopeners at the Hibbing Taconite, Tilden and Empire Mines were settled based on the pattern of recent steel company settlements. In 1994, a new United Steelworkers labor agreement was entered into covering employees of LTV Steel Mining Company, which agreement will expire on July 31, 1999. In 1994, a new United Steelworkers labor agreement covering Wabush was entered into, which agreement was to expire on March

9

1, 1996. A new labor agreement was completed at Wabush Mines effective March 1, 1996 and will expire March 1, 1999.

As of December 31, 1996, Northshore had 531 employees, of which 385 were hourly employees, none of whom are represented by a union.

As of December 31, 1996, Cliffs Reduced Iron Management Company had 2 salaried employees.

In addition, as of December 31, 1996, Cleveland-Cliffs Inc and its wholly-owned subsidiary, Cliffs Mining Services Company, had 280 salaried executive, managerial, administrative and technical employees.

ENERGY. Electric power supply contracts between Wisconsin Electric Power Company ("WEPCo") and the Empire and Tilden Mines, entered into in December 1987, provide that WEPCo shall furnish electric power to these Mines, within specific demand limits, pursuant to price formulas. The term of these contracts covered ten years through 1997. In return for a substantial reduction in rates, the Tilden Mine converted a portion of its firm power contract to curtailable power beginning in 1993. In January, 1996, CCIC, as managing agent for the Empire and Tilden Mines, entered into new seven-year power supply contracts with WEPCo, which included the two years remaining on the previous contracts. Various terms and conditions of the power contracts were revised to better accommodate the operation of those Mines. The new power supply contracts became effective March 1, 1996.

Electric power for Hibbing Taconite is supplied by Minnesota Power and Light under an agreement which can be terminated with four years' notice. In 1994, Minnesota Power and Light filed and was granted a power rate increase with the Minnesota Public Utility Commission's approval. A large part of the increase was negated by reason of a three year extension of Hibbing Taconite's power contract with Minnesota Power and Light. In December, 1995, a contract amendment became effective, extending the contract an additional year and lowering firm demand requirements. Electric power requirements will continue to be specified annually by the Hibbing Taconite venturers corresponding to Hibbing's operating requirements.

LTV Steel Mining Company completed reactivation of its power plant in 1992 and is currently generating the majority of its requirements, and an interchange agreement with Minnesota Power and Light provides backup power and allows sale of excess capacity to the Midwestern Area Power Pool. Effective May 1, 1995, the interchange agreement was extended to April 30, 2000 to provide additional backup power and other cost-effective services.

Silver Bay Power Company, an indirect subsidiary of the Company, provides the majority of Northshore's energy requirements, has an interchange agreement with Minnesota Power and Light for backup power and sells 40 megawatts of excess power capacity to Northern States Power Company. The contract with Northern States Power extends to the year 2011. Effective November 1, 1995, the interchange agreement was extended to October 31, 2000 to provide additional backup power and other cost-effective services.

Wabush Mines owns a portion of the Twin Falls Hydro Generation facility which provides power for Wabush's mining operations in Newfoundland. A twenty year agreement with Newfoundland Power allows an interchange of water rights in return for the power needs for Wabush's mining operations. The Wabush pelletizing operations in Quebec are served by Quebec Hydro on an annual contract.

The Company has contracts providing for the transport of natural gas

for its North American iron ore operations. Several interruptions of supply of natural gas occurred during early 1996, requiring use of alternate fuels.

10

Empire and Tilden Mines have the capability of burning natural gas, oil, or, to a lesser extent, coal. Wabush Mines has the capability of burning oil or, to a lesser extent, coal. Hibbing Taconite, Northshore and LTV Steel Mining Company have the capability of burning natural gas and oil. During 1996 the U.S. mines burned natural gas as their primary fuel due to favorable pricing. Wabush Mines used oil, supplemented with coal or coke breeze.

Any substantial interruption of operations or substantial price increase resulting from future government regulations or energy taxes, injunctive order, or fuel shortages could be materially adverse to the Company.

11

In the paper format version of this document, this page contains a map. The map is entitled, "Cleveland-Cliffs Inc and Associated Companies Location of Iron Ore Operations". The map has an outline of the United States, Canada and Tasmania (Australia). Located specifically on the map are arrows and dots representing the location of the properties described in the Table on page 5 to this report.

12

ITEM 3. LEGAL PROCEEDINGS.

Rio Tinto.

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On July 21, 1993, CCIC and Cliffs Copper Corp, a subsidiary of the Company, each received Findings of Alleged Violation and Order from the Department of Conservation and Natural Resources, Division of Environmental Protection, State of Nevada. The Findings allege that tailings materials left at the Rio Tinto Mine, located near Mountain City, Nevada, are entering State waters which the State considers to be in violation of State water quality laws. The Rio Tinto Mine was operated by Cliffs Copper Corp from 1971 to 1975 and by other companies prior to 1971. The Order requires remedial action to eliminate water quality impacts. In 1996, CCIC and other responsible parties entered into an Administrative Order on Consent (AOC) with the Nevada Division of Environmental Protection (NDEP), which provides for the completion of remedial action to occur in 1996 and 1997. CCIC and the other responsible parties have entered into a Participation Agreement to equitably share the cost of the remediation. The total projected cost of remediation is \$2,335,000 of which CCIC's share is \$525,000.

Summitville.

- - - - -

On January 12, 1993, CCIC received from the United States Environmental Protection Agency a Notice of Potential Liability at the Summitville mine site, located at Summitville, Colorado, where CCIC, as one of three joint venturers, conducted an unsuccessful copper ore exploration activity from 1966 through 1969. On June 25, 1993, CCIC received from the U.S. EPA a Notice of Potential Involvement in certain portions of the Summitville mine site. The mine site has been listed on the National Priorities List under the Comprehensive Environmental Response Compensation and Liability Act. The Company conducted no production activities at the Summitville mine site. In 1996, CCIC and one of the other venturers reached a de minimis settlement agreement with U.S. EPA, which became final in February, 1997, on payment of the \$700,000 settlement amount of which CCIC's share was \$350,000.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

EXECUTIVE OFFICERS OF THE REGISTRANT

Position with the Company
as of March 17, 1997

<TABLE>
<CAPTION>

Name ----		Age ---
<S>	<C>	<C>
M. T. Moore	Chairman, President and Chief Executive Officer	62
J. S. Brinzo	Executive Vice President-Finance	55
W. R. Calfee	Executive Vice President-Commercial	50
T. J. O'Neil	Executive Vice President-Operations	56
J. W. Sanders	Senior Vice President-Technical	54
A. S. West	Senior Vice President-Sales	60

</TABLE>

There is no family relationship between any of the executive officers of the Company, or between any of such executive officers and any of the Directors of the Company. Officers are elected to serve until successors have been elected. All of the above-named executive officers of the Company were elected effective on the effective dates listed below for each such officer.

The business experience of the persons named above for the last five years is as follows:

M. T. Moore	President and Chief Executive Officer, Company, January 1, 1987 to May 9, 1988. Chairman, President and Chief Executive Officer, Company, May 10, 1988 to date.
J. S. Brinzo	Executive Vice President-Finance, Company, September 1, 1989 to September 30, 1993. Senior Executive-Finance, Company, October 1, 1993 to September 30, 1995. Executive Vice President-Finance, Company, October 1, 1995 to date.
W. R. Calfee	Senior Executive Vice President, Company, September 1, 1989 to September 30, 1993. Senior Executive-Commercial, Company, October 1, 1993 to September 30, 1995. Executive Vice President-Commercial, Company October 1, 1995 to date.
T. J. O'Neil	Senior Vice President-Technical, Company, November 18, 1991 to September 30, 1994. Executive Vice President-CCI Operations and Technology, Company, October 1, 1994 to September 30, 1995. Executive Vice President-Operations, Company, October 1, 1995 to date.

J. W. Sanders	Senior Vice President and General Manager, Copper Range Company, June, 1991 to June, 1994. President and Chief Operating Officer, Copper Range Company, July, 1994 to September 30, 1995. Senior Vice President-Technical, Company, October 1, 1995 to date.
A. S. West	Senior Vice President-Sales, Company, July 1, 1988 to date.

PART II

ITEM 5. MARKET FOR REGISTRANTS' COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1996 contained in the material under the headings, "Common Share Price Performance and Dividends", "Investor and Corporate Information" and "Summary of Financial and Other Statistical Data", such information filed as a part hereof as Exhibits 13(h), 13(i) and 13(j), respectively.

ITEM 6. SELECTED FINANCIAL DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1996 contained in the material under the headings, "Summary of Financial and Other Statistical Data" and "Notes to Consolidated Financial Statements", such information filed as a part hereof as Exhibits 13(j) and 13(g), respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1996 contained in the material under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations", such information, filed as a part hereof as Exhibit 13(a).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The information required by this item is incorporated herein by reference and made a part hereof from that portion of the Company's Annual Report to Security Holders for the year ended December 31, 1996 contained in the material under the headings "Statement of Consolidated Financial Position", "Statement of Consolidated Income", "Statement of Consolidated Cash Flows", "Statement of Consolidated Shareholders' Equity", "Notes to Consolidated Financial Statements" and "Quarterly Results of Operations", such information filed as a part hereof as Exhibits 13(c), 13(d), 13(e), 13(f), 13(g) and 13(h), respectively.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The information regarding Directors required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 24, 1997, from the material under the heading "Election of Directors". The information regarding executive officers required by this item is set forth in Part I hereof under the heading "Executive Officers of the Registrant", which information is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 24, 1997 from the material under the headings "Executive Compensation (excluding the Compensation Committee Report on Executive Compensation)", "Pension Benefits", and the first seven paragraphs under "Agreements and Transactions".

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The information required by this Item is incorporated herein by reference and made a part hereof from the Company's Proxy Statement to Security Holders, dated March 24, 1997, from the material under the heading "Securities Ownership of Management and Certain Other Persons".

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

None.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a)

(1) and (2)-List of Financial Statements and Financial Statement Schedules.

The following consolidated financial statements of the Company, included in the Annual Report to Security Holders for the year ended December 31, 1996, are incorporated herein by reference from Item 8 and made a part hereof:

Statement of Consolidated Financial Position -
December 31, 1996 and 1995
Statement of Consolidated Income - Years ended
December 31, 1996, 1995 and 1994
Statement of Consolidated Cash Flows - Years ended
December 31, 1996, 1995 and 1994
Statement of Consolidated Shareholders' Equity - Years
ended December 31, 1996, 1995 and 1994
Notes to Consolidated Financial Statements

17

The following consolidated financial statement schedule of the Company is included herein in Item 14(d) and attached as Exhibit 99(a).

Schedule II - Valuation and Qualifying accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

(3) List of Exhibits - Refer to Exhibit Index on pages 20-26 which is incorporated herein by reference.

(b) There were no reports on Form 8-K filed during the three months ended December 31, 1996.

(c) Exhibits listed in Item 14(a)(3) above are included herein.

(d) Financial Statements and Schedule listed above in Item 14(a)(1) and (2) are incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 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

By: /s/ John E. Lenhard

John E. Lenhard,
Secretary and Assistant General Counsel

Date: March 26, 1997

18

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the

Registrant and in the capacities and on the dates indicated.

Signatures - - - - -	Title -----	Date ----
M. T. Moore	Chairman, President and Chief Executive Officer and Principal Executive Officer and Director	March 26, 1997
J. S. Brinzo	Executive Vice President- Finance and Principal Financial Officer	March 26, 1997
R. Emmet	Vice President and Controller and Principal Accounting Officer	March 26, 1997
R. S. Colman	Director	March 26, 1997
J. D. Ireland, III	Director	March 26, 1997
G. F. Joklik	Director	March 26, 1997
E. B. Jones	Director	March 26, 1997
F. R. McAllister	Director	March 26, 1997
J. C. Morley	Director	March 26, 1997
S. B. Oresman	Director	March 26, 1997
J. H. Wade	Director	March 26, 1997
A. W. Whitehouse	Director	March 26, 1997

By: /s/ John E. Lenhard

(John E. Lenhard, as Attorney-in-Fact)

Original powers of attorney authorizing Messrs. M. Thomas Moore, John S. Brinzo, Frank L. Hartman, and John E. Lenhard and each of them, to sign this Annual Report on Form 10-K and amendments thereto on behalf of the above-named officers and Directors of the Registrant have been filed with the Securities and Exchange Commission.

EXHIBIT INDEX

<TABLE>
<CAPTION>

Exhibit Number - - - - -		Pagination by Sequential Numbering System -----
<S>	<C> Articles of Incorporation and By-Laws of Cleveland-Cliffs Inc -----	<C>
3(a)	Amended Articles of Incorporation of Cleveland - Cliffs Inc (filed as Exhibit 3(a) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
3(b)	Regulations of Cleveland-Cliffs Inc (filed as Exhibit 3(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
	Instruments defining rights of security holders, including indentures -----	
4(a)	Form of Common Stock Certificate	Filed Herewith

4(b)	Rights Agreement, dated September 8, 1987, and amended and restated as of November 19, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association (successor to Ameritrust Company National Association) (filed as Exhibit 4(l) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
4(c)	Credit Agreement, dated as of March 1, 1995 among Cleveland-Cliffs Inc, the Banks named therein and Chase Manhattan Bank, as Agent (successor to Chemical Bank) (filed as Exhibit 4(o) to Form 10-K of Cleveland-Cliffs Inc, filed on March 27, 1995 and incorporated by reference)	Not Applicable
4(d)	Amendment dated as of July 19, 1996, to the Credit Agreement dated as of March 1, 1995, among Cleveland-Cliffs Inc, the banks named therein and Chase Manhattan Bank, as Agent (filed as Exhibit 4(a) to Form 10-Q of Cleveland-Cliffs Inc filed on November 13, 1996 and incorporated by reference)	Not Applicable

</TABLE>

20

<TABLE> <S>	<C>	<C>
4(e)	Note Agreement, dated as of December 15, 1995 among Cleveland-Cliffs Inc and each of the Purchasers named in Schedule I thereto (filed as Exhibit 4(n) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable

Material Contracts

10(a)	* Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan Amended and Restated, effective January 1, 1995 (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc filed on May 2, 1995 and incorporated by reference)	Not Applicable
10(b)	* The Cleveland-Cliffs Iron Company Plan for Deferred Payment of Directors' Fees, dated as of July 1, 1981, assumed by Cleveland-Cliffs Inc effective July 1, 1985 (filed as Exhibit 10(b) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(c)	* Amendment No. 1 to Cleveland-Cliffs Inc Plan for Deferred Payment of Directors' Fees, dated March 9, 1992 (filed as Exhibit 10(c) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10(d)	* Form of contingent employment agreements with certain executive officers	Filed Herewith
10(e)	* Cleveland-Cliffs Inc and Subsidiaries Management Performance Incentive Plan, dated as of January 1, 1994 (Summary Description) (filed as Exhibit 10(g) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable

</TABLE>

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

21

<TABLE> <S>	<C>	<C>
10(f)	Instrument of Assignment and Assumption dated as of July 1, 1985, by and between The Cleveland- Cliffs	

	Iron Company and Cleveland-Cliffs Inc (filed as Exhibit 10(i) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (g)	Form of indemnification agreements with directors (filed as Exhibit 10(j) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (h)	* Cleveland-Cliffs Inc 1987 Incentive Equity Plan, effective as of April 29, 1987	Filed Herewith
10 (i)	* Cleveland-Cliffs Inc 1992 Incentive Equity Plan and Form of Stock Option Agreement for Nonemployee Directors, effective as of April 14, 1992	Filed Herewith
10 (j)	* Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors effective as of July 1, 1995 (filed as Exhibit 10(a) to Form 10-Q of Cleveland-Cliffs Inc filed on November 13, 1996 and incorporated by reference)	Not Applicable
10 (k)	* Amended and Restated Trust Agreement No. 1 dated as of March 9, 1992, by and between Cleveland- Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Supplemental Retirement Benefit Plan and certain contingent employment agreements (filed as Exhibit 10(n) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (l)	* Amended and Restated Trust Agreement No. 2 dated as of March 9, 1992, by and between Cleveland- Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc and certain contingent employment agreements (filed as Exhibit 10(o) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable

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</TABLE>

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

22

<TABLE>

<S>	<C>	<C>
10 (m)	* Trust Agreement No. 4 dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Plan for Deferred Payment of Directors' Fees (filed as Exhibit 10(p) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (n)	* First Amendment to Trust Agreement No. 4 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) and Second Amendment to Trust Agreement No. 4 dated as of March 9, 1992 by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) (filed as Exhibit 10(q) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (o)	* Trust Agreement No. 5 dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (filed as Exhibit 10(r) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (p)	* First Amendment to Trust Agreement No. 5 dated as of May 12, 1989, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank),	

Second Amendment to Trust Agreement No. 5 dated as of April 9, 1991 by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) and Third Amendment to Trust Agreement No. 5 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) (filed as Exhibit 10(s) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)

Not Applicable

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</TABLE>

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

23

<TABLE>

<S>	<C>	<C>
10 (q)	* Fourth Amendment to Trust Agreement No. 5, dated November 18, 1994, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) (filed as Exhibit 10(dd) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable
10 (r)	* Amended and Restated Trust Agreement No. 6 dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to certain indemnification agreements with directors and certain officers (filed as Exhibit 10(t) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (s)	* Trust Agreement No. 7 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, as amended by First Amendment to Trust Agreement No. 7 (filed as Exhibit 10(u) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (t)	* Second Amendment to Trust Agreement No. 7, dated November 18, 1994, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) (filed as Exhibit 10(ee) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable
10 (u)	* Trust Agreement No. 8 dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. (successor trustee to Society National Bank) with respect to the Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors, as amended by First Amendment to Trust Agreement No. 8 (filed as Exhibit 10(v) to Form 10-K of Cleveland-Cliffs Inc filed on March 26, 1996 and incorporated by reference)	Not Applicable
10 (v)	Trust Agreement No. 9, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan	Filed Herewith

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</TABLE>

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

24

<TABLE>

<S>	<C>	<C>
10(w)	Trust Agreement No. 10, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and Key Trust Company of Ohio, N.A. with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan	Filed Herewith
10(x)	* Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc, effective as of February 1, 1992	Filed Herewith
10(y)	* First Amendment to Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc, dated November 18, 1994 (filed as Exhibit 10(y) to Form 10-K of Cleveland-Cliffs Inc filed on March 27, 1995 and incorporated by reference)	Not Applicable
10(z)	* Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan, Amended and Restated as of December 1, 1996	Filed Herewith
10(aa)	* Cleveland-Cliffs Inc Long-Term Performance Share Program, dated as of January 1, 1996	Filed Herewith
10(bb)	* Cleveland-Cliffs Inc Nonemployee Directors Supplemental Compensation Plan, effective as of July 1, 1995 (filed as Exhibit 10(b) to Form 10-Q of Cleveland-Cliffs Inc filed November 13, 1996 and incorporated by reference)	Not Applicable
10(cc)	* Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan effective as of July 1, 1996 (filed as Appendix A to Proxy Statement of Cleveland-Cliffs Inc filed on March 25, 1996 and incorporated by reference)	Not Applicable
10(dd)	* First Amendment to Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan, effective as of November 12, 1996	Filed Herewith
10(ee)	Stock Purchase Agreement, dated as of September 30, 1994, among Cleveland-Cliffs Inc, Cliffs Minnesota Minerals Company and Cyprus Amax Minerals Company (filed as Exhibit 2 to Form 8-K of Cleveland-Cliffs Inc filed on October 13, 1994 and incorporated by reference, and to which certain portions of which were accorded "Confidential Information" pursuant to order of the Securities and Exchange Commission, dated December 21, 1994)	Not Applicable
11	Statement re computation of per share earnings	Filed Herewith (Page 27-28)

- - - - -
</TABLE>

* Reflects management contract or other compensatory arrangement required to be filed as an Exhibit pursuant to Item 14(c) of this Report.

13	Selected portions of 1996 Annual Report to Security Holders	
13(a)	Management's Discussion and Analysis of Financial Condition and Results of Operations	Filed Herewith (Page 29-39)
13(b)	Report of Independent Auditors	Filed Herewith (Page 40)
13(c)	Statement of Consolidated Financial Position	Filed Herewith (Page 41-42)
13(d)	Statement of Consolidated Income	Filed Herewith (Page 43)

13(e)	Statement of Consolidated Cash Flows	Filed Herewith (Page 44)
13(f)	Statement of Consolidated Shareholders' Equity	Filed Herewith (Page 45)
13(g)	Notes to Consolidated Financial Statements	Filed Herewith (Page 46-63)
13(h)	Quarterly Results of Operations/Common Share Price Performance and Dividends	Filed Herewith (Page 64)
13(i)	Investor and Corporate Information	Filed Herewith (Page 65)
13(j)	Summary of Financial and Other Statistical Data	Filed Herewith (Page 66-67)
21	Subsidiaries of the registrant	Filed Herewith (Page 68-70)
23	Consent of independent auditors	Filed Herewith (Page 71)
24	Power of Attorney	Filed Herewith (Page 72)
27	Consolidated Financial Data Schedule submitted for Securities and Exchange Commission information	--
99	Additional Exhibits	
99(a)	Schedule II - Valuation and Qualifying Accounts	Filed Herewith (Page 73)

<TABLE>
<CAPTION>

<p><S></p> <p>TRANSFERABLE CU</p> <p>DEFINITIONS</p>	<p>NUMBER</p>	<p><C></p> <p>COMMON SHARES</p> <p>THIS CERTIFICATE IS</p> <p>IN NEW YORK</p> <p>CUSIP 185896 10 7</p> <p>SEE REVERSE FOR CERTAIN</p>
--	---------------	---

[GRAPHIC]

<p>INCORPORATED UNDER THE</p> <p>CERTIFICATE NUMBER</p>	<p>CLEVELAND-CLIFFS INC</p> <p>REFERENCE DATE</p>	<p>LAWS OF THE STATE OF OHIO.</p> <p>SHARES</p>
---	---	---

<p>THIS CERTIFIES THAT</p> <p>COMPANY OF NEW YORK</p> <p>TRANSFER AGENT</p> <p>REGISTRAR.</p>	<p>COUNTERSIGNED AND REGISTERED:</p> <p>FIRST CHICAGO TRUST</p> <p>AND</p> <p>BY</p> <p>Joseph F. Spadaford</p>
---	---

IS THE OWNER OF
AUTHORIZED SIGNATURE

FULLY PAID AND NON-ASSESSABLE COMMON SHARES OF THE PAR VALUE OF ONE DOLLAR EACH OF

Cleveland-Cliffs Inc, transferable on the books of the Company by the registered holder in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Articles of the Company filed in the office of the Secretary of State of Ohio (copies of which are on file with the Company and with the Transfer Agent) to which the holder by acceptance hereof assents. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

Witness the seal of the Company and the signatures of its duly authorized officers.

<p>/s/ John E. Lenhard</p> <p>SECRETARY</p>	<p>[CLEVELAND-CLIFFS INC CORPORATE SEAL]</p>	<p>/s/ M. Thomas Moore</p> <p>CHAIRMAN AND CHIEF</p>
---	--	--

EXECUTIVE OFFICER
</TABLE>

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulation:

TEN COM	--as tenants in common	UNIF GIFT MIN ACT--.....Custodian.....
		(Cust) (Minor)
TEN ENT	--as tenants by the entireties	under Uniform Gifts to Minors
JT TEN	--as joint tenants with right of survivorship and not as tenants in common	Act.....
		(State)

Additional abbreviations may also be used though not in the above list.

CLEVELAND-CLIFFS INC

<TABLE>
<CAPTION>
<S>

<C>

A COPY OF THE EXPRESS TERMS OF THE SHARES REPRESENTED BY THIS CERTIFICATE AND OF ALL OTHER CLASSES AND SERIES OF SHARES

WHICH CLEVELAND-CLIFFS INC IS AUTHORIZED TO ISSUE WILL BE MAILED TO ANY SHAREHOLDER WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT FROM SUCH SHAREHOLDER OF A WRITTEN REQUEST THEREFOR. SUCH REQUESTS SHOULD BE ADDRESSED TO THE SECRETARY OF CLEVELAND-CLIFFS INC, 18TH FLOOR, DIAMOND BUILDING, 1100 SUPERIOR AVENUE, CLEVELAND, OHIO 44114-2589.

FOR VALUE RECEIVED HEREBY SELL, ASSIGN AND TRANSFER UNTO
PLEASE INSERT SOCIAL SECURITY OR OTHER
SIGNATURE TO THIS
IDENTIFYING NUMBER OF ASSIGNEE
MUST CORRESPOND

NAME AS WRITTEN UPON _____
CERTIFICATE,

PARTICULAR, WITHOUT _____
ENLARGEMENT, OR
PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE.
WHATEVER.

X
NOTICE: THE
ASSIGNMENT
WITH THE
THE FACE OF THE
IN EVERY
ALTERATION OR
ANY CHANGE

_____ SHARES
REPRESENTED BY THE WITHIN CERTIFICATE, AND DO HEREBY IRREVOCABLY
CONSTITUTE AND APPOINT _____

ATTORNEY, TO TRANSFER THE SAID SHARES ON THE BOOKS OF THE WITHIN-NAMED
COMPANY, WITH FULL POWER OF SUBSTITUTION IN THE PREMISES.
DATED, _____

x

This Certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between Cleveland-Cliffs Inc and Society National Bank, dated as of September 8, 1987, amended and restated as of November 19, 1991 and as may be further amended from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal executive offices of Cleveland-Cliffs Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights will be evidenced by separate certificates and will no longer be evidenced by this Certificate. Cleveland-Cliffs Inc will mail to the holder of this Certificate a copy of the Rights Agreement without charge within five business days after receipt of a written request therefor. Under certain circumstances, Rights beneficially owned by an Acquiring Person or any Affiliate or Associate thereof (as such terms are defined in the Rights Agreement) and any subsequent holder of such Rights may become null and void.

</TABLE>

FORM OF CONTINGENT EMPLOYMENT AGREEMENT

This CONTINGENT EMPLOYMENT AGREEMENT ("Agreement"), dated as of _____ (the "Effective Date"), by and between Cleveland-Cliffs Inc, an Ohio corporation ("Cleveland-Cliffs"), and _____ who is presently _____ of Cleveland-Cliffs (the "Executive");

WITNESSETH:

WHEREAS, the Executive is a senior executive of Cleveland-Cliffs and has made and is expected to continue to make major contributions to the profitability, growth and financial strength of Cleveland-Cliffs;

WHEREAS, Cleveland-Cliffs recognizes that, as is the case for most publicly held companies, the possibility of a Change of Control (as that term is hereafter defined) exists;

WHEREAS, Cleveland-Cliffs desires to assure itself of both present and future continuity of management in the event of a Change of Control and desires to establish certain minimum compensation rights of its senior executives, including the Executive, applicable in the event of a Change of Control;

WHEREAS, Cleveland-Cliffs wishes to ensure that its senior executives are not practically disabled from discharging their duties upon a Change of Control; and

WHEREAS, this Agreement is not intended to alter materially the compensation and benefits which the Executive could reasonably expect to receive from Cleveland-Cliffs absent a Change of Control and, accordingly, although effective and binding as of the date hereof, this Agreement shall become operative only upon the occurrence of a Change of Control;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration including the Release provided for in Section 12 hereof, the receipt of which is hereby acknowledged, Cleveland-Cliffs and the Executive agree as follows:

OPERATION OF AGREEMENT; CERTAIN DEFINITIONS: This Agreement shall be effective and binding immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, this Agreement shall not become operative unless and until there shall have occurred a Change of Control. For purposes of this Agreement, a "Change of Control" shall have occurred if at any time during the Term (as that term is hereafter defined) any of the following events shall occur:

2

(1) Cleveland-Cliffs shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of Cleveland-Cliffs as the same shall have existed immediately prior to such merger or consolidation;

(2) Cleveland-Cliffs shall sell or transfer to one or more persons, corporations or entities, in a single transaction or a series of related transactions, more than one-half of the assets accounted for on the Statement of Consolidated Financial Position of Cleveland-Cliffs as "properties" or "investments in associated companies" (or such replacements for these accounts as may be adopted from time to time) unless by an affirmative vote of two-thirds of the members of the Board of Directors of Cleveland-Cliffs, the transaction or transactions are exempted from the operation of this provision based on a good faith finding that the transaction or transactions are not within the intended scope of this definition for purposes of this instrument;

(3) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934) of 30% or more of the outstanding voting securities of Cleveland-Cliffs (whether directly or indirectly); or

(4) During any period of three consecutive years, including, without limitation, the year 1991, individuals who at the beginning of any such period constitute the Board of Directors of Cleveland-Cliffs cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of Cleveland-Cliffs, of each Director first elected during any such period was

approved by a vote of at least one-third of the Directors of Cleveland-Cliffs who are Directors of Cleveland-Cliffs on the date of the beginning of any such period.

Upon the occurrence of a Change of Control at any time during the Term, this Agreement shall become immediately operative.

The period during which this Agreement shall be in effect (the "Term") shall commence as of the Effective Date hereof and shall expire as of the later of (1) the close of business on the third anniversary of the Effective Date and (2) the expiration of the Period of Employment (as that term is hereafter defined); provided, however, that (i) this Agreement may be continued in full force and effect for an additional

3

period or periods of one (1) year if Cleveland-Cliffs and the Executive mutually agree to such extension or extensions, (ii) this Agreement shall automatically renew for an additional period or periods of one (1) year if the end of the Term occurs during the period of any discussions with any party that might ultimately result in the occurrence of a Change of Control, and (iii) subject to Section 14 hereof, if, prior to a Change of Control, the Executive ceases for any reason to be an officer of Cleveland-Cliffs, thereupon the Term shall be deemed to have expired and this Agreement shall immediately terminate and be of no further effect.

The term "Industry Service" shall mean professionally related service, prior to his employment by Cleveland-Cliffs or its subsidiaries and affiliates, by the Executive as an employee within the iron and steel industry or an industry to which such Executive's position with Cleveland-Cliffs relates. The Executive shall be given credit for one year of Industry Service for every two years of service with Cleveland-Cliffs, as designated in writing by, or in minutes of the actions of, the Compensation Committee of the Board of Directors of Cleveland-Cliffs, and such years of credited Industry Service shall be defined as "Credited Years of Industry Service".

EMPLOYMENT; PERIOD OF EMPLOYMENT: Subject to the terms and conditions of this Agreement, upon the occurrence of a Change of Control, Cleveland-Cliffs shall continue the Executive in its employ and the Executive shall remain in the employ of Cleveland-Cliffs for the period set forth in Section 2(b) hereof (the "Period of Employment"), in the position and with substantially the same duties and responsibilities that he had immediately prior to the Change of Control, or to which Cleveland-Cliffs and the Executive may hereafter mutually agree in writing. Throughout the Period of Employment, the Executive shall devote substantially all of his time during normal business hours (subject to vacations, sick leave and other absences in accordance with the policies of Cleveland-Cliffs as in effect for senior executives immediately prior to the Change of Control) to the business and affairs of Cleveland-Cliffs, but nothing in this Agreement shall preclude the Executive from devoting reasonable periods of time during normal business hours to (1) serving as a director, trustee or member of or participant in any organization or business so long as such activity would not constitute Competitive Activity (as described in Section 11 hereof), (2) engaging in charitable and community activities, or (3) managing his personal investments. The business, assets, and properties of Cleveland-Cliffs, as well as the support services and facilities available to the Executive, shall not differ materially from those of Cleveland-Cliffs immediately prior to the date of the Change of Control.

4

The Period of Employment shall commence on the date of the occurrence of a Change of Control and, subject only to the provisions of Section 4 hereof, shall continue until the earlier of (1) the expiration of the third anniversary of the occurrence of the Change of Control, (2) the Executive's death, or (3) the Executive's attainment of age 65.

COMPENSATION DURING PERIOD OF EMPLOYMENT: During the Period of Employment the Executive shall receive and be entitled to the following:

an annual base salary at a rate not less than the Executive's annual fixed or base compensation (payable monthly or otherwise as in effect for senior executives of Cleveland-Cliffs immediately prior to the occurrence of a Change of Control) or such higher rate as may be determined from time to time by the Board of Directors of Cleveland-Cliffs (the "Board") or the Organization and Compensation Committee thereof (the "Committee") (which base salary at such rate is herein referred to as "Base Pay"), reduced by any disability benefits which the Executive receives under any Cleveland-Cliffs disability program;

participation, consistent with past practices, in incentive compensation

plans and arrangements of Cleveland-Cliffs in effect as of the date of the Change of Control, as the same may subsequently be modified, supplemented or replaced, including, without limitation, the Incentive Bonus Plan, the 1987 Incentive Equity Plan and the 1992 Incentive Equity Plan, without material reduction in the reward opportunities available to the Executive, and without reduction in the target bonus percentage applicable to the Executive immediately prior to the occurrence of a Change of Control (with annual amounts awarded pursuant to such plans and arrangements collectively referred to as "Incentive Pay");

participation in the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (As Amended and Restated as of January 1, 1991) ("Supplemental Retirement Plan" or "SRP"), as the same hereafter may be amended prior to a Change of Control, and modified as provided in Section 6 hereof; and

participation, consistent with past practices, in all other employee benefit plans and practices of Cleveland-Cliffs in effect as of the date of the Change of Control (including, without limitation, medical, dental, hospitalization, health and welfare plans, life, long-term disability and accident insurance programs, employee savings and investment plans, stock ownership plans, retirement plans and supplemental arrangements, and the Investment Credit Employee Stock Ownership Plan), as the same may be modified, supplemented or replaced without material reduction in total value of the benefits to Executive (collectively, "Employee Benefits").

5

TERMINATION FOLLOWING A CHANGE IN CONTROL: The Executive's employment may be terminated at will by Cleveland-Cliffs during the Period of Employment; provided, however, the death of the Executive shall not be deemed to be a termination of employment by Cleveland-Cliffs. In the event of such a termination by Cleveland-Cliffs the Executive shall not be entitled to the benefits provided by Section 5 hereof only if such termination is for "Cause", which for purposes of this Agreement shall mean that, prior to any termination pursuant to Section 4(b) hereof, the Executive shall have committed any act that is materially inimical to the best interests of Cleveland-Cliffs and that constitutes common law fraud, a felony, or other gross malfeasance of duty. The Executive shall not be deemed to have been terminated for "Cause" hereunder unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the Board then in office at a meeting of the Board called and held for such purpose (after reasonable notice to the Executive and an opportunity for the Executive, together with his counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive committed an act set forth in this Section 4(a) (2) and specifying the particulars thereof in detail. Nothing herein shall limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

During the Period of Employment the Executive shall be entitled to the benefits as provided in Section 5 hereof upon the occurrence of one or more of the following events:

Any termination by Cleveland-Cliffs of the employment of the Executive prior to the date upon which the Executive shall have attained age 65, which termination shall be for any reason other than for Cause;

The Executive's "Disability", which shall be deemed to have occurred six (6) months after the Executive shall have become totally and permanently disabled by bodily or mental injury or disease so as to be prevented thereby from engaging in any executive employment or occupation for remuneration or profit, as determined and certified to Cleveland-Cliffs and the Executive by The Cleveland Clinic (or if it is unwilling or unable to act, by one or more physicians designated for such purpose by the Cleveland Academy of Medicine or its successor organization); or

6

Termination by the Executive of his employment with Cleveland-Cliffs upon the occurrence of any of the following events:

The failure to elect, reelect or otherwise maintain the Executive in the office or position in Cleveland-Cliffs which the Executive held immediately prior to a Change of Control, or the removal of, or failure to reelect, the Executive as a Director of Cleveland-Cliffs, if the Executive shall have been a Director of Cleveland-Cliffs immediately prior to the Change of Control;

A reduction in the Executive's Base Pay received from Cleveland-Cliffs, or a reduction in the Executive's opportunities for Incentive Pay (including, but not limited to, a reduction in target bonus percentage) provided by Cleveland-Cliffs, or a reduction or termination of any benefits described in Section 3 hereof to which the Executive was

entitled immediately prior to the Change of Control, any of which is not remedied within 10 calendar days after receipt by Cleveland-Cliffs of written notice from the Executive of such change, reduction or termination, as the case may be;

A determination by the Executive made in good faith that as a result of a Change of Control and a change in circumstances thereafter significantly affecting his position, including without limitation a change in the scope of the business or other activities for which he was responsible immediately prior to the Change of Control, he has been rendered substantially unable to carry out, has been substantially hindered in the performance of, or has suffered a substantial reduction in, any of the authorities, powers, functions, responsibilities or duties attached to the position held by the Executive immediately prior to the Change of Control, which situation is not remedied within 10 calendar days after written notice to Cleveland-Cliffs from the Executive of such determination;

The liquidation, dissolution, merger, consolidation or reorganization of Cleveland-Cliffs or the transfer of all or a significant portion of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization or otherwise) to which all or a significant portion of its business and/or assets have been transferred (directly or by operation of law) shall have assumed all duties and obligations of Cleveland-Cliffs under this Agreement pursuant to Section 16 hereof;

7

The relocation of Cleveland-Cliffs' principal executive offices, or a requirement that the Executive change his principal location of work to any location which is in excess of 25 miles from the location thereof immediately prior to the Change of Control, or a requirement that the Executive travel away from his office in the course of discharging his responsibilities or duties hereunder significantly more (in terms of either consecutive days or aggregate days in any calendar year) than was required of him prior to the Change of Control without, in any case described above, the prior written consent of the Executive; or

Without limiting the generality or effect of the foregoing, any material breach of this Agreement by Cleveland-Cliffs or any successor thereto.

A termination by Cleveland-Cliffs pursuant to Section 4(a) hereof or by the Executive pursuant to Section 4(b) hereof shall not affect any rights which the Executive may have pursuant to any agreement, policy, plan, program or arrangement of Cleveland-Cliffs, which rights shall be governed by the terms thereof, subject, however, to the modifications in Section 6 hereof. If this Agreement or the employment of the Executive is terminated under circumstances in which the Executive is not entitled to any payments under Sections 3 or 5 hereof, the Executive shall have no further obligation or liability to Cleveland-Cliffs hereunder with respect to his prior or any future employment by Cleveland-Cliffs.

SEVERANCE COMPENSATION: If Cleveland-Cliffs shall terminate the Executive's employment during the Period of Employment, other than pursuant to Section 4(a) hereof, or if the Executive shall terminate his employment pursuant to Section 4(b) hereof, then in lieu of any further payments to the Executive for periods subsequent to the date of the Executive's termination of employment (the "Termination Date"), the date of which shall be the date of termination or such other date that may be specified by the Executive if the termination is pursuant to Section 4(b) hereof, Cleveland-Cliffs shall provide Severance Compensation to the Executive as described below:

Severance Pay. Within five business days after the Termination

Date:

Cleveland-Cliffs shall pay to the Executive a lump sum payment (the "Severance Payment") in an amount equal to the present value (using a discount rate prescribed for purposes of valuation computations

8

under Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") or any successor provision thereto, or if no such rate is so prescribed, a rate equal to the then applicable interest rate prescribed by the Pension Benefit Guaranty Corporation for benefit valuations in connection with non-multiemployer pension plan terminations assuming the immediate commencement of benefit payments (the "Discount Rate")) of

the amount of Base Pay that would have been paid to the Executive pursuant to Section 3(a) for the duration of the Period

of Employment if the termination had not taken place (at the rate in effect immediately prior to the Change of Control or prior to the Termination Date, whichever is higher) and, if the Termination is on account of the Executive's Disability, reduced by the amount of disability benefits that would have been paid to the Executive for the duration of the Period of Employment if the termination had not taken place; plus

the amount of Average Incentive Pay (as that term is hereinafter defined) that would have been paid to the Executive pursuant to Section 3(b) for the duration of the Period of Employment if the termination had not taken place.

For purposes of this Agreement, Average Incentive Pay for any 12 month period shall mean an amount which is the greater of (A) the average amount of Incentive Pay (as defined in Section 3(b) hereof) awarded to the Executive for the three calendar years immediately prior to the Termination Date, or (B) the amount of the most recent award of Incentive Pay.

Cleveland-Cliffs shall pay to the Executive a lump sum payment (the "SRP Payment") in an amount equal to the sum of the future pension benefits (converted to a lump sum of actuarial equivalence) which the Executive would have been entitled to receive at or after the end of the Period of Employment under the SRP, as the same may be further amended prior to a Change of Control and as modified by Section 6 hereof (assuming Base Salary at the rate in effect immediately prior to the occurrence of Change of Control and Incentive Pay equivalent to the amount of Average Incentive Pay), if the Executive had remained in the full-time employment of Cleveland-Cliffs until the end of the Period of Employment.

9

The calculation of the SRP Payment and its actuarial equivalence shall be made as of the date the Executive is terminated. The lump sum of actuarial equivalence shall be calculated as of the end of the Period of Employment using the assumptions and factors used in the SRP, and such sums shall be discounted to the date of payment using the Discount Rate.

Payment of the SRP Payment by Cleveland-Cliffs shall be deemed to be a satisfaction of all obligations of Cleveland-Cliffs to the Executive under the SRP.

Employee Benefits. For the remainder of the Period of Employment, Cleveland-Cliffs shall arrange to provide the Executive with Employee Benefits substantially similar to those which the Executive was receiving or entitled to receive immediately prior to the Termination Date as described in Section 3(d) (and if and to the extent that such benefits shall not or cannot be paid or provided under any policy, plan, program or arrangement of Cleveland-Cliffs solely due to the fact that the Executive is no longer an officer or employee of Cleveland-Cliffs, then Cleveland-Cliffs shall itself pay or provide for the payment to the Executive, his dependents and beneficiaries, such Employee Benefits). Without otherwise limiting the purposes or effect of this Section 5(b) hereof, Employee Benefits payable to the Executive pursuant to this Section 5(b) by reason of any "welfare benefit plan" of Cleveland-Cliffs (as the term "welfare benefit plan" is defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) shall be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the period beginning upon the occurrence of the Termination Date and ending upon the third anniversary of the occurrence of the Change of Control.

Stock Options and Restricted Stock. Upon the Termination Date, all Stock Options granted to the Executive pursuant to the 1979 Restricted Stock Plan, the 1987 Incentive Equity Plan, the 1992 Incentive Equity Plan, or any successor plan or similar plan, shall be vested, and the restrictions on any restricted stock awarded to the Executive under the 1979 Restricted Stock Plan, the 1987 Incentive Equity Plan, the 1992 Incentive Equity Plan, or any successor plan or similar plan, shall be released.

Method of Payment. Upon written notice given by the Executive to Cleveland-Cliffs prior to the occurrence of a Change of Control, the Executive, at his sole option, without adjustment to reflect the present value of such amounts as aforesaid, may elect to have all or any of the Severance Payment described in Section 5(a) hereof paid to him on a quarterly or monthly basis during the time remaining until the expiration of the third anniversary of the Change of Control.

10

Outplacement Counseling. Cleveland-Cliffs shall reimburse the

Executive for reasonable expenses incurred for outplacement counseling (1) which are pre-approved by the Chief Human Resources Officer of Cleveland-Cliffs, (2) which do not exceed 15% of the Executive's annual Base Pay, and (3) which are incurred by the Executive within six months following the Termination Date.

Set-off and Counterclaim. There shall be no right of set-off or counterclaim in respect of any claim, debt or obligation against any payment to or benefit for the Executive provided for in this Agreement.

Interest. Without limiting the rights of the Executive at law or in equity, if Cleveland-Cliffs fails to make any payment required to be made hereunder on a timely basis, Cleveland-Cliffs shall pay interest on the amount thereof at an annualized rate of interest equal to the then-applicable Discount Rate.

Calculation. The calculation of all payments of compensation and other benefits to be provided to Executive under this Agreement shall be made by Hewitt Associates ("Hewitt"), or such other actuarial firm selected by Cleveland-Cliffs' independent accountants and satisfactory to Executive. Cleveland-Cliffs shall provide to such actuarial firm all information requested by such actuarial firm as necessary for or helpful to it to make the calculations hereunder.

SUPPLEMENTAL RETIREMENT PLAN. Cleveland-Cliffs hereby waives the discretionary right, at any time subsequent to the date of a Change of Control, to amend or terminate the SRP as to Executive as provided in paragraph 8 thereof or to terminate the rights of Executive or his beneficiary under the SRP in the event Executive engages in a competitive business as provided in any plan or arrangement between Cleveland-Cliffs and the Executive or applicable to the Executive, including but not limited to, the provisions of paragraph 4 of the SRP, or any similar provisions of any such plan or arrangement or other plan or arrangement supplementing or superseding the same. This Section 6 shall constitute a "Supplemental Agreement" as defined in Paragraph 1.K of the SRP. If Cleveland-Cliffs shall terminate the Executive's employment during the Period of Employment, other than pursuant to Section 4(a) hereof, or if the Executive shall terminate his employment pursuant to Section 4(b) hereof, or if, following the end of the Period of Employment, the Executive's employment is terminated for any reason, for the purposes of computing the Executive's period of continuous service and of calculating and paying his benefit under the SRP:

11

The Executive shall be credited with years of continuous service at the time of his termination of employment with Cleveland-Cliffs (by death or otherwise) equal to the greater of (1) the number of his actual years of continuous service or (2) the number of years of continuous service he would have had if he had continued his employment with Cleveland-Cliffs until the expiration of the third anniversary of the Change of Control, and had he attained the greater of (3) his actual chronological age or (4) his chronological age at the expiration of the third anniversary of the Change of Control. In addition, the Executive shall be eligible for a 30-year pension benefit based upon his years of continuous service as computed under the preceding sentence. The Executive shall be eligible to commence the 30-year pension benefit upon the earlier of (5) the date upon which the Executive would have otherwise reached 30 years of continuous service with Cleveland-Cliffs but for his termination of employment after the Change of Control, or (6) the date upon which the sum of the Executive's years of continuous service (as computed in the first sentence of this subparagraph (a)) and the Executive's Credited Years of Industry Service (as defined in Section 1(d) hereof) is equal to 30 years; and

The Executive shall be a "Participant" in the SRP, notwithstanding any limitations therein.

A copy of the SRP is attached to this Agreement as Exhibit A. The SRP is incorporated in all respects herein; provided, however, that the terms of this Agreement shall take precedence to the extent they are contrary to provisions contained in the SRP.

WELFARE BENEFIT CONTINUATION FOLLOWING TERMINATION AFTER PERIOD OF EMPLOYMENT. Following the end of the Period of Employment, and upon Executive's termination of employment with Cleveland-Cliffs, Cleveland-Cliffs shall:

Provide medical, hospital, surgical and prescription drug coverage, equivalent to that presently furnished to officers who retire after January 1, 1990 by Cleveland-Cliffs, to the Executive and his spouse for their lifetimes, and to eligible dependents of the Executive for their periods of eligibility, through insurance or otherwise;

Provide life insurance on the Executive, equivalent to that

presently furnished to officers who retire after January 1, 1990 by Cleveland-Cliffs, to the Executive during his retirement; and

Without otherwise limiting the purposes or effect of this Section 7 hereof, welfare benefits payable to the Executive or his spouse or dependents pursuant to this Section

12

7 shall be reduced to the extent comparable welfare benefits are payable pursuant to Section 5(b) hereof or are actually received by the Executive or his spouse or dependents from another employer.

LIMITATION AND INDEMNIFICATION. Notwithstanding anything in this Agreement to the contrary, Cleveland-Cliffs shall not be obligated to pay the Executive any amount of money, or provide the Executive with any benefits, which are in excess of the then maximum amount which Cleveland-Cliffs can deduct for Federal income tax purposes.

Without limiting the generality of paragraph (a) of this Section 8, if the Executive is a "disqualified individual", as defined in Section 280G(c) of the Code, the present value of payments under this Agreement made to the Executive shall not in the aggregate be greater than the excess, if any, of (1) 299% of the Executive's "base amount", as determined under Section 280G of the Code, or any successor provision thereto, over (2) the aggregate present value of all payments in the nature of compensation (other than the payments under this Agreement) to or for the Executive's benefit that are considered "contingent on a change" in ownership or control of Cleveland-Cliffs as determined under Section 280G(b) (2) of the Code, or any successor provision thereto. If the application of the preceding sentence should require a reduction in benefits, such reduction shall be implemented first, by reducing any non-cash benefits to the extent necessary, and second, by reducing any cash benefits to the extent necessary. In each case, the reductions shall be made starting with the latest payment or benefit. In no event, however, will any benefit be reduced to the extent such benefit is specifically excluded by Section 280G(b) of the Code as a "parachute payment" or as an "excess parachute payment". Any decisions regarding the requirement or implementation of such reductions shall be made by Jones, Day, Reavis & Pogue or such other tax counsel selected by Cleveland-Cliffs' independent accountants and acceptable to the Executive.

Unless otherwise prohibited by applicable law, if, notwithstanding the application of paragraph (b) of this Section 8, an amount paid to the Executive under this Agreement is subject to the excise tax imposed by Section 4999 of the Code, or any successor provision thereto, Cleveland-Cliffs shall pay to the Executive an additional amount in cash equal to the amount necessary to cause the aggregate remuneration received by the Executive under this Agreement, including such additional cash payment (net of all federal, state and local income taxes and all taxes payable as the result of the application of Section 280G and 4999 of the Code or any successor provision thereto) to be equal to the aggregate

13

remuneration the Executive would have received, excluding such additional payment (net of all federal, state and local income taxes), as if Section 280G and 4999 (and any successors thereto) had not been enacted into law.

NO MITIGATION OBLIGATION: Cleveland-Cliffs hereby acknowledges that it will be difficult, and may be impossible, for the Executive to find reasonably comparable employment following the Termination Date and that the non-competition covenant contained in Section 11 hereof will further limit the employment opportunities for the Executive. Accordingly, the parties hereto expressly agree that except as expressly provided in Sections 5(b) and 7 hereof, the Executive shall not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor shall any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise.

CONFIDENTIALITY: The Executive acknowledges that all trade secrets, customer lists, and other confidential business information are the exclusive property of Cleveland-Cliffs, and the Executive shall not at any time during the Term of this Agreement or at any time thereafter, directly or indirectly reveal or cause to be revealed to any person or entity the trade secrets, customer lists and other confidential business information obtained as a result of the Executive's employment or relationship with Cleveland-Cliffs.

COMPETITIVE ACTIVITY: For a period of twenty-four (24) months from and after any termination of employment following the occurrence of a Change of Control, the Executive shall not become an officer, director, joint venturer, employee, consultant, 5-percent or more shareholder (directly or indirectly), or promote or assist (financially or otherwise) any entity which competes in any

business in which Cleveland-Cliffs or any of its affiliates are engaged as of the date of the Change of Control. For this purpose, business is defined as the iron and steel industry.

RELEASE: Payment of the Severance Compensation set forth in Section 5 hereof is conditioned upon the Executive executing and delivering a release (the "Release") satisfactory to Cleveland-Cliffs releasing Cleveland-Cliffs, its directors, employees and affiliates from any and all claims, demands, damages, actions and/or causes of action whatsoever, which the Executive may have had on account of the termination of his employment, including, but not limited to claims of discrimination, including on the basis of sex, race, age, national origin, religion, or handicapped status (with all applicable periods during which the Executive may revoke the

14

Release or any provision thereof having expired), and any and all claims, demands and causes of action for retirement (other than under any "pension benefit plan" or under any "welfare benefit plan" of Cleveland-Cliffs (as the terms "pension benefit plan" and "welfare benefit plan" are defined in Section 3 of ERISA) other than the SRP, severance or other termination pay, and because pursuant to Section 5(a) the Executive is entitled to lump sum payments of Incentive Pay and benefits under the SRP, under the SRP and any incentive compensation plans and arrangements of Cleveland-Cliffs described in Section 3(b). Such Release shall not, however, apply to the obligations of Cleveland-Cliffs arising under this Agreement, or rights of indemnification the Executive may have under the Regulations of Cleveland-Cliffs or by contract or by statute.

LEGAL FEES AND EXPENSES: It is the intent of Cleveland-Cliffs that the Executive not be required to incur any 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 Executive hereunder. Accordingly, if it should appear to the Executive that Cleveland-Cliffs has failed to comply with any of its obligations under this Agreement or in the event that Cleveland-Cliffs or any other person takes any action to declare this Agreement void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Executive the benefits intended to be provided to the Executive hereunder, Cleveland-Cliffs irrevocably authorizes the Executive from time to time to retain counsel of his choice, at the expense of Cleveland-Cliffs as hereafter provided, to represent the Executive in connection with the initiation or defense of any such litigation or other legal action, whether by or against Cleveland-Cliffs or any Director, officer, stockholder or other person affiliated with Cleveland-Cliffs, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between Cleveland-Cliffs and such counsel, Cleveland-Cliffs irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection Cleveland-Cliffs and the Executive agree that a confidential relationship shall exist between the Executive and such counsel. Cleveland-Cliffs shall promptly pay or cause to be paid and shall be solely responsible for any and all attorneys' and related fees and expenses incurred by the Executive as a result of Cleveland-Cliffs' failure to perform this Agreement or any provision hereof or as a result of Cleveland-Cliffs or any person contesting the validity or enforceability of this Agreement or any provision hereof as aforesaid.

15

To ensure that the provisions of this Agreement can be enforced by Executive, certain trust arrangements ("Trusts") have been established between Ameritrust Company National Association, as Trustee ("Trustee"), and Cleveland-Cliffs. A Trust Agreement No. 1 ("Trust Agreement No. 1") and a Trust Agreement No. 2 ("Trust Agreement No. 2") each dated October 28, 1987, as amended and/or restated, between the Trustee and Cleveland-Cliffs, are attached as Exhibits B and C, respectively. A Trust Agreement No. 7 ("Trust Agreement No. 7") dated April 9, 1991, as amended, between the Trustee and Cleveland-Cliffs, is attached as Exhibit D. Each such Trust Agreement shall be considered a part of this Agreement and shall set forth the terms and conditions relating to payment under Trust Agreement No. 1 of compensation and other benefits pursuant to Sections 3 and 5 and pension benefits pursuant to Sections 3, 5 and 6 owed by Cleveland-Cliffs, payment from Trust Agreement No. 7 of certain pension benefits pursuant to Sections 3, 5 and 6 owed by Cleveland-Cliffs, and payment from Trust Agreement No. 2 for attorneys' fees and related fees and expenses pursuant to Section 13(a) hereof owed by Cleveland-Cliffs. Executive shall make demand on Cleveland-Cliffs for any payments due Executive pursuant to Section 13(a) hereof prior to making demand therefor on the Trustee under Trust Agreement No. 2.

Upon the earlier to occur of (1) a Change of Control or (2) a declaration by the Board that a Change of Control is imminent, Cleveland-Cliffs shall promptly to the extent it has not previously done so, and in any event within five (5) business days:

transfer to Trustee to be added to the principal of the Trust under Trust Agreement No. 1 a sum equal to (A) the present value on the date of the Change of Control (or on such fifth business day if the Board has declared a Change of Control to be imminent) of the payments to be made to Executive under the provisions of Sections 3, 5 and 6 hereof, such present value to be computed using the assumptions set forth in Section 5(a) hereof less (B) the balance in the Executive's account provided for in Section 7(b) of Trust Agreement No. 1 as of the most recent completed valuation thereof, less (C) the balance in the Executive's account provided for in Section 7(b) of Trust Agreement No. 7 as of the most recent completed valuation thereof, as certified by the Trustee under each of Trust Agreement No. 1 and Trust Agreement No. 7; provided, however, that if the Trustee under Trust Agreement No. 1 and/or Trust Agreement No. 7, respectively, does not so certify by the end of the fourth (4th) business day after the earlier of such Change of Control or declaration, then the balance of such respective account shall be deemed to be zero. Any payments of compensation, pension or other

16

benefits by the Trustee pursuant to Trust Agreement No. 1 or Trust Agreement No. 7 shall, to the extent thereof, discharge Cleveland-Cliffs' obligation to pay compensation, pension and other benefits hereunder, it being the intent of Cleveland-Cliffs that assets in such Trusts be held as security for Cleveland-Cliffs' obligation to pay compensation, pension and other benefits under this Agreement; and

transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 2 the sum of _____ (\$_____) less any principal in such Trust on such fifth business day. Any payments of Executive's attorneys' and related fees and expenses by the Trustee pursuant to Trust Agreement No. 2 shall, to the extent thereof, discharge Cleveland-Cliffs' obligation hereunder, it being the intent of Cleveland-Cliffs that assets in such Trust be held as security for Cleveland-Cliffs' obligation under Section 13(a) hereof. Executive understands and acknowledges that the entire corpus of the Trust under Trust Agreement No. 2 will be \$250,000 and that said amount will be available to discharge not only the obligations of the Cleveland-Cliffs to Executive under Section 13(a) hereof, but also similar obligations of the Cleveland-Cliffs to other executives and employees under similar provisions of other agreements and plans.

EMPLOYMENT RIGHTS: Nothing expressed or implied in this Agreement shall create any right or duty on the part of Cleveland-Cliffs or the Executive to have the Executive remain in the employment of Cleveland-Cliffs at any time prior to a Change of Control; provided, however, that any termination of employment of the Executive or the removal of the Executive from the office or position in Cleveland-Cliffs following the commencement of any discussion with a third person that ultimately results in a Change of Control shall be deemed to be a termination or removal of the Executive after a Change of Control for purposes of this Agreement. Executive expressly acknowledges that he is an employee at will, and that Cleveland-Cliffs may terminate him at any time during the Period of Employment for any reason if Cleveland-Cliffs pays the Severance Compensation provided for under Section 5 of this Agreement, and otherwise comply with its other continuing covenants in this Agreement, including without limitation, Sections 3 and 6.

WITHHOLDING OF TAXES: Cleveland-Cliffs may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.

17

SUCCESSORS AND BINDING AGREEMENT: Cleveland-Cliffs shall require any successor (including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of Cleveland-Cliffs whether by purchase, merger, consolidation, reorganization or otherwise, and such successor shall thereafter be deemed "Cleveland-Cliffs" for the purposes of this Agreement), by an agreement in form and substance satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent Cleveland-Cliffs would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of Cleveland-Cliffs and any successor to Cleveland-Cliffs but shall not otherwise be assignable, transferable or delegable by Cleveland-Cliffs.

This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees.

This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this

Agreement or any rights or obligations hereunder except as expressly provided in this Section 16. Without limiting the generality of the foregoing, the Executive's right to receive payments hereunder shall not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by his will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 16, Cleveland-Cliffs shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

The agreement of Cleveland-Cliffs to make payments and/or provide benefits hereunder shall represent an unsecured obligation of Cleveland-Cliffs.

Cleveland-Cliffs and the Executive recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained herein and, in the event of any such breach, Cleveland-Cliffs and the Executive hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of this Agreement.

NOTICE: For all purposes of this Agreement, all communications including without limitation notices, consents, requests or approvals, provided for herein shall be in writing and shall be deemed to have been duly given when delivered or five business days after having been mailed by United States

18

registered or certified mail, return receipt requested, postage prepaid, addressed to such party's address as specified below, or at such other address as such party shall specify by notice to the other. If to Cleveland-Cliffs, to:

Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, Ohio 44114

If to the Executive, to the last address shown on the records of the Employer. Notices of change of address shall be effective only upon receipt.

GOVERNING LAW: The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

VALIDITY: If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person 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.

AMENDMENT. This Agreement may be amended only by a written instrument signed by the parties hereto, which makes specific reference to this Agreement.

RIGHTS UNDER OTHER PLANS AND PROGRAMS. Anything in this Agreement to the contrary notwithstanding, no provision of this Agreement is intended, nor shall it be construed, to reduce or in any way restrict any benefit to which Executive may be entitled under any other agreement, plan or program providing benefits for Executive, including but not limited to the plans described in Sections 3 and 5 of this Agreement.

MISCELLANEOUS: No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and Cleveland-Cliffs. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

19

COUNTERPARTS: This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

CAPTIONS. The captions in this Agreement are for convenience of reference only and do not define, limit or describe the scope or intent of this Agreement or any part hereof and shall not be considered in any construction hereof.

PRIOR AGREEMENT: This Agreement supersedes the Amended and Restated

Agreement, dated _____ (the "Prior Agreement"), between Cleveland-Cliffs and the Executive, which Prior Agreement shall, without further action, be terminated as of the date hereof.

IN WITNESS WHEREOF, Cleveland-Cliffs has caused this Agreement to be executed on its behalf by its duly authorized representative and Executive has hereunto set his hand, all as of the date and year first above written.

CLEVELAND-CLIFFS INC

By _____

Name:

8266Q

Exhibits Intentionally Omitted

CLEVELAND-CLIFFS INC

1987 INCENTIVE EQUITY PLAN

SECTION 1. PURPOSE.

The 1987 Incentive Performance Plan (the "Plan"), is intended to encourage key executives and managerial employees of Cleveland-Cliffs Inc (the "Company") and its Subsidiaries or Affiliates to become owners of Stock of the Company in order to increase their interest in the Company's long-term success, to provide incentive equity opportunities which are competitive with other similarly situated corporations and to stimulate the efforts of such employees by giving suitable recognition for services which contribute materially to the Company's success.

SECTION 2. DEFINITIONS.

For purposes of the Plan, the following terms shall be defined as set forth below:

(a) "Affiliate" means any entity other than the Company and its Subsidiaries which the Board designates as an "Affiliate" for purposes of this Plan.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means a felony conviction of a participant or the failure of a participant to contest prosecution for a felony, or a participant's willful misconduct or dishonesty, any of which is directly and materially harmful to the business or reputation of the Company or any Subsidiary or Affiliate.

(d) "Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

(e) "Committee" means the Committee referred to in Section 3 of the Plan. If at any time a Committee shall not be in existence, then the functions of the Committee specified in the Plan shall be exercised by the Board.

(f) "Deferral Period" means the initial period of time during which shares of Deferred Stock awarded pursuant to Section 8 are subject to deferral limitations under Section 8(c).

(g) "Deferred Stock" means an award made pursuant to Section 8 of the right to receive Stock at the end of a specified deferral period.

(h) "Disability" means permanent and total disability as determined under the Company's long term disability program.

(i) "Disinterested Person" shall have the meaning set forth in Rule 16b-3(d)(3) as promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, or any successor definition adopted by the Commission.

(j) "Early Retirement" means retirement, with the consent for purposes of this Plan of the Committee (or any officer designated by the Committee) at or prior to the time of retirement, from active employment with the Company or any Subsidiary or Affiliate pursuant to the early retirement provisions of the applicable pension plan of such employer.

(k) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time.

(l) "Company" means Cleveland-Cliffs Inc, a corporation organized under the laws of the State of Ohio, or any successor corporation.

C-1

(m) "Elective Deferral Period" means the deferral period described in Section 8(c)(v).

(n) "Fair Market Value" means, as of any given date, the mean between the highest and lowest quoted selling price, regular way, of the Stock on the New York Stock Exchange or, if no such sale of Stock occurs on the New York Stock Exchange on such date, the fair market value of the Stock as determined by the Committee in good faith.

(o) "Incentive Stock Option" means any Stock Option intended to be and designated as an "incentive stock option" within the meaning of Section 422A of the Code.

(p) "Non-Qualified Stock Option" means any Stock Option that is not an Incentive Stock Option.

(q) "Normal Retirement" means retirement from active employment with the Company or any Subsidiary or Affiliate on or after the normal retirement date specified in the applicable pension plan of such employer.

(r) "Plan" means the Cleveland-Cliffs Inc 1987 Incentive Equity Plan, as hereinafter amended from time to time.

(s) "Restriction Period" means the period of time during which shares of Stock awarded to a participant pursuant to Sections 8(a) and (b) remain subject to the restrictions referred to in Section 8(b).

(t) "Restricted Stock" means an award of shares of stock that is subject to restrictions under Section 8.

(u) "Retirement" means Normal or Early Retirement.

(v) "Rule 16b-3" as promulgated and amended from time to time by the Securities and Exchange Commission pursuant to Section 16(b) of the Exchange Act.

(w) "Stock" means the Common Shares, par value \$1.00 per share, of the Company.

(x) "Stock Appreciation Right" means the right granted under Section 7 to surrender to the Company all or a portion of a Stock Option in exchange for a payment in cash or Stock.

(y) "Stock Option" or "Option" means any option to purchase shares of Stock granted pursuant to Section 6.

(z) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company if each of the corporations (other than the last corporation in the unbroken chain) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one of the other corporations in the chain.

In addition, the terms "Approval Date," "Change in Control," "Potential Change in Control" and "Change in Control Price" shall have meanings set forth in Section 9.

SECTION 3. ADMINISTRATION.

The Plan shall be administered by the Compensation Committee of the Board of Directors, which shall consist of not less than three Disinterested Persons who are appointed by, and serve at the pleasure of, the Board.

The Committee shall have the power and authority to grant to eligible employees Stock Options, Stock Appreciation Rights, Restricted Stock and Deferred Stock.

In particular, the Committee shall have the authority:

(i) to select the key employees of the Company, its Subsidiaries and Affiliates to whom Stock Options and other awards may from time to time be granted;

C-2

(ii) to determine whether and to what extent Stock Options, Stock Appreciation Rights, Restricted Stock and Deferred Stock are granted;

(iii) to determine the number of shares to be covered by each such award granted;

(iv) to determine the terms and conditions, not inconsistent with the terms hereof, of any award granted (including, but not limited to, the share price and any restriction or limitation on, or any vesting, acceleration or forfeiture waiver regarding, any award, based on such factors and criteria as the Committee shall determine, in its sole discretion);

(v) to determine and adjust the performance goals and measurements applicable to performance-based Deferred Stock and Restricted Stock awards to include or exclude the impact of

extraordinary or unusual items, events or circumstances and/or to reflect change in applicable tax or accounting rules and other developments;

(vi) to determine whether and under what circumstances a Stock Option may be settled in cash, Deferred Stock and/or Restricted Stock under Section 6(j); and

(vii) to determine whether, to what extent and under what circumstances Stock and other amounts payable with respect to an award shall be deferred.

The Committee shall have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Plan as it shall, from time to time, deem advisable; to interpret the terms and provisions of the Plan and any Stock Option or other award granted and any agreements relating thereto; and to otherwise supervise the administration of the Plan.

All decisions made by the Committee pursuant to the provisions hereof shall be made in the Committee's sole discretion and shall be final and binding on all persons.

SECTION 4. ELIGIBILITY.

Officers and other key employees of the Company, its Subsidiaries and its Affiliates (but excluding members of the Committee and any person who serves only as a director) who are responsible for or contribute to the management, growth and/or profitability of the business of the Company, its Subsidiaries or its Affiliates are eligible to be granted Stock Options, Stock Appreciation Rights, Restricted Stock or Deferred Stock awards.

The participants under the Plan shall be selected from time to time by the Committee, in its sole discretion, from among those eligible.

SECTION 5. STOCK SUBJECT TO PLAN.

The total number of shares of Stock reserved and available for distribution pursuant to Stock Options or other awards hereunder shall be 750,000 shares, plus an amount of shares equal to the sum of the remaining shares reserved for issuance and otherwise available for distribution under the Company's Restricted Stock Plan as of _____, 1987 (the date on which such plan is discontinued and superceded by the Plan). Such shares may consist, in whole or in part, of authorized and unissued shares or treasury shares.

Subject to Section 7(b) (iv), if any shares of Stock that have been optioned cease to be subject to a Stock Option, or if any such shares of Stock that are subject to any Restricted Stock or Deferred Stock award granted hereunder are forfeited or any such Option or other award otherwise terminates without a payment being made to the participant in the form of Stock, such shares shall again be available for distribution in connection with future awards under the Plan.

In the event of any merger, reorganization, consolidation, recapitalization, Stock dividend, or other change in corporate structure affecting the Stock, a substitution or adjustment shall be made in the aggregate number of shares reserved for issuance under the Plan, in the number and option price of shares subject to outstanding Options granted under the Plan, and in the number

C-3

of shares subject to other outstanding awards granted under the Plan as may be determined to be appropriate by the Board, provided that the number of shares subject to any award shall always be a whole number. Such adjusted option price shall also be used to determine the amount payable by the Company upon the exercise of any Stock Appreciation Right associated with any Stock Option.

SECTION 6. STOCK OPTIONS.

Stock Options may be granted alone or in addition to other awards granted under the Plan. Any Stock Option granted under the Plan shall be in such form as the Committee may from time to time approve and the provisions of Stock Option awards need not be the same with respect to each optionee.

Stock Options granted under the Plan may be of two types: (i) Incentive Stock Options; and (ii) Non-Qualified Stock Options (provided that Incentive Stock Options may not be granted to employees of Affiliates). The Committee may grant to any optionee Incentive Stock Options, Non-Qualified Stock Options, or both types of Stock Options (in each case with or without Stock Appreciation Rights). To the extent that any Stock Option does not qualify as an Incentive Stock Option, it shall constitute a separate Non-Qualified Stock Option.

Anything in the Plan to the contrary notwithstanding, no term of this Plan relating to Incentive Stock Options shall be interpreted, amended or altered, nor shall any discretion or authority granted under the Plan be so

exercised, so as to disqualify the Plan under Section 422A of the Code, or, without the consent of the optionee(s) affected, to disqualify any Incentive Stock Option under such Section 422A.

Options granted under the Plan shall be subject to the following terms and conditions and shall contain such additional terms and conditions not inconsistent with the terms of the Plan, as the Committee deems appropriate:

(a) Exercise Price. The exercise price per share of Stock purchasable under a Stock Option shall be no less than the Fair Market Value on the day the Option is granted.

(b) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Incentive Stock Option shall be exercisable more than ten years after the date such Option is granted and no Non-Qualified Stock Option shall be exercisable more than ten years and one day after the date such Option is granted.

(c) Exercise of Options. Options shall become exercisable at such time or times and subject to such terms and conditions (including, without limitation, installment exercise provisions) as shall be determined by the Committee, provided, however, that, except as provided in Section 6(f) or (g) (in the case of Disability) and Section 9, unless otherwise determined by the Committee at or after grant, no Stock Option shall be exercisable prior to the first anniversary date of the granting of the option. If the Committee provides that any Stock Option is exercisable only in installments, the Committee may waive such installment exercise provisions at any time in whole or in part based on performance and/or such other factors as the Committee may determine.

(d) Method of Exercise. Options may be exercised in whole or in part by giving written notice of exercise to the Company specifying the number of shares to be purchased. Such notice shall be accompanied by payment in full of the purchase price, either by certified or bank check, or such other instrument as may be permitted in accordance with rules or procedures adopted by the Committee.

As determined by the Committee, at or after grant, payment in full or in part may also be made in the form of unrestricted Stock already owned by the optionee or, in the case of the exercise of a Non-Qualified Stock Option, Restricted Stock or Deferred Stock subject to an award hereunder (based in each case, on the Fair Market Value on the date the option is

C-4

exercised, as determined by the Committee), provided, however, that, in the case of an Incentive Stock Option, the right to make a payment in the form of already owned shares may be authorized only at the time the Option is granted.

If payment of the option exercise price of a Non-Qualified Stock Option is made in whole or in part in the form of Restricted Stock or Deferred Stock, the shares received upon the exercise of such Stock Option shall be restricted or deferred, (as the case may be, in accordance with the original terms of the Restricted Stock award or Deferred Stock award in question) equal in number to the number of shares of Restricted Stock or Deferred Stock surrendered upon the exercise of such Option.

No shares of Stock shall be transferred until full payment therefor has been made. An optionee shall generally have the rights of a shareholder with respect to shares subject to the Option only when the optionee has given written notice of exercise, has paid in full for such shares and, if requested, given the representation described in Section 12(a).

(e) Non-Transferability of Options. No Stock Option shall be transferable by the optionee otherwise than by will or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee.

At the request of an optionee, Stock purchased upon exercise of an Option may be issued or transferred into the name of the optionee and another person jointly with rights of survivorship.

(f) Termination by Death. Subject to Section 6(i), if an optionee's employment by the Company or any Subsidiary or Affiliate terminates by reason of death, any Stock Option held by such optionee may thereafter be exercised, to the extent it was exercisable at the time of death or on such accelerated basis as the Committee may determine at or after grant, by the legal representative of the estate or by the legatee of the optionee under the will of the optionee, for a period of one year (or such other period up to three years as the Committee may specify) from the date of death or until the expiration of the stated term of such Stock Option, whichever period is shorter.

(g) Termination by Reason of Disability or Retirement. Subject to

Section 6(i), if an optionee's employment by the Company or any Subsidiary or Affiliate terminates by reason of Disability or Retirement, any Stock Option held by such optionee may thereafter be exercised by the optionee, to the extent it was exercisable at the time of such termination or on such accelerated basis as the Committee may determine at or after grant, for a period of three years (or such shorter period as the Committee may specify at grant) from the date of such termination of employment or until the expiration of the stated term of such Stock Option, whichever period is the shorter, provided, however, that, if the optionee dies within such three-year period (or such shorter period), any unexercised Stock Option held by such optionee shall thereafter be exercisable, to the extent to which it was exercisable at the time of death, for a period of one year from the date of such death or until the expiration of the stated term of such Stock Option, whichever period is the shorter. In the event of termination of employment by reason of Disability or Retirement, if an Incentive Stock Option is exercised after the expiration of the exercise periods that apply for purposes of Section 422A of the Code, such Stock Option shall thereafter be treated as a Non-Qualified Stock Option.

(h) Other Termination of Employment. Unless otherwise determined by the Committee at or after grant, if an optionee's employment by the Company or any Subsidiary or Affiliate terminates for any reason other than death, Disability or Retirement, the optionee will have three months from the date of termination to exercise any and all Stock Options that are then exercisable, except that, if the termination was for Cause, any and all Options shall be immediately cancelled.

C-5

(i) Incentive Stock Option Limitations. To the extent required for "incentive stock option" status under Section 422A of the Code, the aggregate Fair Market Value (determined as of the time of grant) of the Stock with respect to which Incentive Stock Options granted after 1986 are exercisable for the first time by the optionee during any calendar year under the Plan and any other stock option plan of the Company or any Subsidiary or parent corporation (within the meaning of Section 425 of the Code) or any predecessor of any such corporation, in each case after 1986 shall not exceed \$100,000.

The Committee may provide at grant, to the extent permitted under Section 422A of the Code, that, if (i) a participant's employment with the Company or its Subsidiaries is terminated by reason of death, Disability or Retirement and (ii) the portion of any Incentive Stock Option that is otherwise exercisable during the post-termination period specified under Sections 6(f), (g) or (h), applied without regard to this Section 6(i), is greater than the portion of such Option that is exercisable as an "incentive stock option" during such post-termination period under Section 422A, such post-termination period shall automatically be extended (but not beyond the original option term) to the extent necessary to permit the optionee to exercise such Incentive Stock Option either as an Incentive Stock Option or, if exercised after the expiration of the applicable exercise periods under Section 422A(a), as a Non-Qualified Stock Option. The Committee is also authorized to provide at grant for a similar extension of the post-termination exercise period in the event of a Change in Control or a Potential Change in Control.

(j) Cashout of Option; Settlement of Spread Value in Deferred or Restricted Stock. On receipt of written notice to exercise, the Committee may, in its sole discretion, elect to cashout all or part of the portion of the Stock Option(s) to be exercised with respect to Deferred or Restricted Stock by paying the optionee an amount, in cash or Stock, equal to the excess of the Fair Market Value of the Stock over the option price (the "Spread Value") on the effective date of such cashout.

Cashouts relating to options held by optionees who are actually or potentially subject to Section 16(b) of the Exchange Act shall comply with the "window period" provisions of Rule 16b-3 referred to in Section 7(b)(ii), to the extent applicable; in addition, in the case of cashouts of Non-Qualified Stock Options held by such optionees, the Committee may determine Fair Market Value under the pricing rule set forth in Section 7(b)(ii)(B).

In addition, if the option agreement so provides at grant or is amended after grant and prior to exercise to so provide (with the optionee's consent), the Committee may require that all or part of the shares of be issued with respect to (i) the Spread Value payable in the event of a cashout of an unexercised Stock Option or (ii) the Spread Value portion of an exercised Stock Option take the form of Deferred or Restricted Stock, which shall be valued on the date of the cashout or exercise on the basis of the Fair Market Value of such Deferred or Restricted Stock determined without regard to the deferral limitations and/or forfeiture restrictions involved.

(a) Grant and Exercise. Stock Appreciation Rights may be granted in conjunction with all or part of any Stock Option granted under the Plan. In the case of a Non-Qualified Stock Option, such rights may be granted either at or after the time of the grant of such Stock Option. In the case of an Incentive Stock Option, such rights may be granted only at the time of the grant of such Stock Option.

A Stock Appreciation Right or applicable portion thereof granted with respect to a given Stock Option shall terminate and no longer be exercisable upon the termination or exercise of the related Stock Option, except that, unless otherwise determined by the Committee at the time of grant, a Stock Appreciation Right granted with respect to less than the full number of shares covered by a related Stock Option shall not be reduced until the

C-6

number of shares covered by an exercise or termination of the related Stock Option exceeds the number of shares not covered by the Stock Appreciation Right.

A Stock Appreciation Right may be exercised by an optionee, in accordance with Section 7(b), by surrendering the applicable portion of the related Stock Option in accordance with procedures established by the Committee for such purposes. Upon such exercise and surrender, the optionee shall be entitled to receive an amount determined in the manner prescribed in Section 7(b). Stock Options which have been so surrendered shall no longer be exercisable to the extent the related Stock Appreciation Rights have been exercised.

(b) Terms and Conditions. Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(i) Stock Appreciation Rights shall be exercisable only at such time or times and to the extent that the Stock Options to which they relate are exercisable, in accordance with the provisions of Section 6 and this Section 7 of the Plan, provided that a Stock Appreciation Right shall not be exercisable during the first six months of its term by any optionee except in the event of death or Disability of the optionee prior to the expiration of the six-month period.

(ii) Upon the exercise of a Stock Appreciation Right, an optionee shall be entitled to receive an amount in cash and/or shares of Stock in the aggregate equal in value to the excess of the Fair Market Value of one share of Stock over the option price per share specified in the related Stock Option multiplied by the number of shares in respect of which the Stock Appreciation Right shall have been exercised, with the Committee having the right to determine the form of payment.

(iii) Stock Appreciation Rights shall be transferable only when and to the extent that the underlying Stock Option would be transferable under Section 6(e) of the Plan.

(iv) Upon the exercise of a Stock Appreciation Right, the Stock Option or part thereof to which Stock Appreciation Right is related shall be deemed to have been exercised for the purpose of the limitation set forth in Section 3 of the Plan on the number of shares of Stock to be issued under the Plan, but only to the extent of the number of shares of Stock issued under the Stock Appreciation Right based on the value of the Stock Appreciation Right.

(v) The Committee may provide, at the time of grant, that such Stock Appreciation Right can be exercised only in the event of a Change in Control and/or a Potential Change in Control, subject to such terms and conditions as the Committee may specify at grant.

(vi) The Committee may also provide that, in the event of a Change in Control and/or a Potential Change in Control, the amount to be paid upon the exercise of a Stock Appreciation Right shall be based on the Change in Control Price, subject to such terms and conditions as the Committee may specify at grant.

SECTION 8. AWARDS OF RESTRICTED STOCK AND DEFERRED STOCK.

(a) Administration. Shares of Restricted Stock and/or Deferred Stock may be issued either alone or in addition to other awards granted under the Plan. The Committee shall determine the officers and key employees of the Company and its Subsidiaries or Affiliates to whom, and the time or times at which, such grants will be made, the number of shares to be awarded, the price (if any) to be paid under Section 8(b)(i) by the recipient of a Restricted Stock award, the time or times within which such awards may be subject to forfeiture, and all other conditions of the awards.

The Committee may condition grants of Restricted Stock and/or Deferred Stock upon the attainment of specified performance goals or such other factors or criteria as the Committee may determine.

C-7

The provisions of Restricted Stock and Deferred Stock awards need not be the same with respect to each recipient.

(b) Restrictions and Conditions Applicable to Restricted Stock Awards. Restricted Stock Awards shall be subject to the following restrictions and conditions:

(i) The purchase price for shares of Restricted Stock shall be equal to or less than their par value and may be zero.

(ii) Awards of Restricted Stock must be accepted within a period of 60 days (or such shorter periods as the Committee may specify at grant) after the award date, by executing a Restricted Stock Award Agreement and paying whatever price (if any) is required under Section 8(b)(i).

The prospective recipient of a Restricted Stock award shall not have any rights with respect to such award, unless and until such recipient has executed an agreement evidencing the award and has delivered a fully executed copy thereof of the Company, and has otherwise complied with the applicable terms and conditions of such award.

(iii) Each participant receiving a Restricted Stock award shall be issued a stock certificate in respect of such shares of Restricted Stock. Such certificate shall be registered in the name of such participant, and shall bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such award, substantially in the following form:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) of the Cleveland-Cliffs Inc 1987 Incentive Equity Plan and an Agreement entered into between the registered owner and Cleveland-Cliffs Inc. Copies of such Plan and Agreement are on file in the offices of Cleveland-Cliffs Inc, Cleveland, Ohio."

The Committee may require that the stock certificates evidencing such shares be held in custody by the Company until the restrictions thereon shall have lapsed, and that, as a condition of any Restricted Stock award, the participant shall have delivered a stock power, endorsed in blank, relating to the Stock covered by such award.

(iv) Subject to the provisions of this Plan and the applicable award agreement, during a period set by the Committee commencing with the date of such award (the "Restriction Period"), the participant shall not be permitted to sell, transfer, pledge, assign or otherwise encumber shares of Restricted Stock awarded under the Plan.

Based on service, performance and/or such other factors or criteria as the Committee may determine, the Committee may, however, at or after grant provide for the lapse of such restrictions in installments and/or may accelerate or waive such restrictions in whole or in part.

(v) Except as provided in this Section 8(b), the recipient shall have, with respect to the shares of Restricted Stock covered by any award, all of the rights of a shareholder of the Company, including the right to vote the shares, and the right to receive any dividends, provided, however, that unless otherwise determined by the Committee, any dividends on such shares shall be automatically deferred and reinvested in additional Restricted Stock subject to the same restrictions as the underlying award, to the extent shares are available under Section 3.

(vi) Except as otherwise provided in this Section 8(b) and in the applicable award agreement, upon termination of a participant's employment with the Company or any Subsidiary or Affiliate for any reason during the Restriction Period for a given award, all shares still subject to restriction shall be forfeited by the participant, provided, however, the Committee may provide for waiver of the restrictions in the event of termination of employment due to death, Disability or Retirement.

C-8

(vii) In the event of hardship or other special circumstances of a participant whose employment with the Company or any Subsidiary or Affiliate is involuntarily terminated (other than for Cause), the Committee may waive in whole or in part any or all remaining restrictions with respect to any or all of the participant's Restricted Stock, based on such factors and criteria as the Committee may deem appropriate.

(viii) If and when the Restriction Period expires without a prior forfeiture of the Restricted Stock subject to such Restriction Period, unrestricted certificates for such shares shall be delivered to the participant.

(c) Terms and Conditions Applicable to Deferred Stock Awards. Deferred Stock Awards shall be subject to the following terms and conditions:

(i) Subject to the provisions of this Plan and the applicable award agreement, Deferred Stock awards may not be sold, transferred, pledged, assigned or otherwise encumbered during the period specified by the Committee for purposes of such award (the "Deferral Period"). At the expiration of the Deferral Period (or the Elective Deferral Period defined in Section 8(c)(v), where applicable), share certificates shall be delivered to the participant, or his legal representative, in a number equal to the number of shares covered by the Deferred Stock award.

Based on service, performance and/or such other factors or criteria as the Committee may determine, the Committee may, however, at or after grant, accelerate the vesting of all or any part of any Deferred Stock award and/or waive the deferral limitations for all or any part of such award.

(ii) Unless otherwise determined by the Committee, amounts equal to any dividends that would have been payable during the Deferral Period with respect to the number of shares covered by a Deferred Stock award if such shares had been outstanding shall be automatically deferred and deemed to be reinvested in additional Deferred Stock, subject to the same deferral limitations as the underlying award.

(iii) Except to the extent otherwise provided in this Section 8(c) and in the applicable award agreement, upon termination of a participant's employment with the Company or any Subsidiary or Affiliate for any reason during the Deferral Period for a given award, the Deferred Stock covered by such award shall be forfeited by the participant, provided, however, the Committee may provide for accelerated vesting in the event of termination of employment due to death, Disability or Retirement.

(iv) In the event of hardship or other special circumstances of a participant whose employment with the Company or any Subsidiary or Affiliate is involuntarily terminated (other than for Cause), the Committee may waive in whole or in part any or all of the remaining deferral limitations imposed hereunder with respect to any or all of the participant's Deferred Stock, based on such factors and criteria as the Committee deems appropriate.

(v) A participant may elect to further defer receipt of Deferred Stock for a specified period or until a specified event (the "Elective Deferral Period"), subject in each case to the Committee's approval and to such terms as are determined by the Committee. Subject to any exceptions adopted by the Committee, such election must generally be made at least twelve months prior to completion of the Deferral Period for the Deferred Stock award in question (or for the applicable installment of such an award).

(vi) Each award shall be confirmed by, and subject to the terms of, a Deferred Stock agreement executed by the Company and the participant.

C-9

SECTION 9. CHANGE IN CONTROL PROVISIONS.

(a) Impact of Event. In the event of:

(x) a "Change in Control" as defined in Section 9(b), or

(y) a "Potential Change in Control" as defined in Section 9(c),

the Committee or the Board may provide that one or more of the following acceleration and valuation provisions shall apply:

(i) Any or all Stock Appreciation Rights outstanding for at least six months on the date that such Change in Control or Potential Change in Control is determined to have occurred and any or all Stock Options awarded under this Plan not previously exercisable and vested shall become fully exercisable and vested.

(ii) The restrictions and deferral limitations applicable to any or all Restricted Stock and Deferred Stock awards shall lapse and such shares and awards shall be fully vested.

(iii) The value of any or all outstanding Stock Options, Restricted Stock and Deferred Stock awards shall be cashed out on the basis of the "Change in Control Price" as defined in Section 9(d) as of the date such

Change in Control or such Potential Change in Control is determined to have occurred or such other date as the Committee may determine prior to the Change in Control.

(b) Definition of "Change in Control". For purposes of Section 9(a), a "Change in Control" means the happening of any of the following:

(i) A tender offer is made and consummated for the ownership of 30% or more of the outstanding voting securities of Cleveland-Cliffs Inc;

(ii) Cleveland-Cliffs Inc shall merge or consolidate with another corporation and as a result of such merger or consolidation less than 75% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of Cleveland-Cliffs Inc, other than affiliates (within the meaning of the Exchange Act as in effect on the date the Plan was first approved by the shareholders of the Company (the "Approval Date")) of any party to such merger or consolidation, as the same shall have existed immediately prior to such merger or consolidation;

(iii) Cleveland-Cliffs Inc shall sell substantially all of its assets to another corporation which is not a Subsidiary; or

(iv) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the Approval Date) of the Exchange Act, shall acquire 30% or more of the outstanding voting securities of Cleveland-Cliffs Inc (whether directly, indirectly, beneficially or of record).

For purposes hereof, ownership of voting securities shall take into account and shall include ownership as determined by applying the provisions of Rule 13d-3(d)(1)(i) (as in effect on the Approval Date) pursuant to the Exchange Act.

(c) Definition of "Potential Change in Control". For purposes of Section 9(a), a "Potential Change in Control" means the happening of any one of the following:

(i) The entering into an agreement by the Company, the consummation of which would result in a Change in Control of the Company as defined in Section 9(b); or

(ii) The acquisition of beneficial ownership, directly or indirectly, by any entity, person or group (other than the Company or a Subsidiary or any Company employee benefit plan) (including any trustee of such plan acting as such trustee) of securities of the Company representing 5% or more of the combined voting power of the Company's

C-10

outstanding securities, and the adoption by the Board of a resolution to the effect that a "Potential Change in Control" of the Company has occurred for the purposes of this Plan.

(d) Change in Control Price. For the purposes of this Section 9, "Change in Control Price" means the highest price per share paid in any transaction reported on the New York Stock Exchange Composite Index, or paid or offered in any bona fide transaction related to an actual or Potential Change in Control of the Company, at the time during the preceding sixty-day period as determined by the Committee, except that, in the case of Incentive Stock Options and Stock Appreciation Rights relating to Incentive Stock Options, such price shall be based only on transactions reported for the date as of which the Committee decides to cashout such options.

SECTION 10. AMENDMENTS AND TERMINATION.

The Board may amend, alter, or discontinue the Plan, but no amendment, alteration, or discontinuation shall be made which would impair the rights of an optionee or participant under a Stock Option, Stock Appreciation Right or Deferred Stock award theretofore granted, without the optionee's or participant's consent, or which, without the approval of the Company's stockholders, would:

(a) except as expressly provided in the Plan, increase the total number of shares reserved for purposes of the Plan;

(b) change the class of employees eligible to participate in the Plan;

(c) extend the maximum option period under Section 6(b) of the Plan; or

(d) increase materially the benefits under the Plan.

The Committee may amend the terms of any Stock Option or other award theretofore granted, prospectively or retroactively, but no such amendment shall

impair the rights of any holder without the holder's consent. The Committee may also substitute new Stock Options for previously granted Stock Options, including previously granted Stock Options having higher option prices.

Subject to the above provisions, the Board shall have authority to amend the Plan to take into account changes in applicable tax and securities laws and accounting rules, as well as other developments.

SECTION 11. UNFUNDED STATUS OF PLAN.

The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a participant or optionee by the Company, nothing contained herein shall give any such participant or optionee any rights that are greater than those of a general creditor of the Company. The Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver Stock or payments hereunder consistent with the foregoing.

SECTION 12. GENERAL PROVISIONS.

(a) The Committee may require each person purchasing shares pursuant to a Stock Option or Restricted Stock award under the Plan to represent to and agree with the Company in writing that the optionee or participant is acquiring the shares without a view to distribution thereof. The certificates for such shares may include any legend which the Committee deems appropriate to reflect any restrictions on transfer.

All certificates for shares of Stock or other securities delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the Securities and Exchange

C-11

Commission, any stock exchange upon which the Stock is then listed and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(b) Nothing contained in this Plan shall prevent the Company, a subsidiary or an Affiliate from adopting other or additional compensation arrangements for its employees.

(c) The adoption of the Plan shall not confer upon any employee of the Company or any Subsidiary or Affiliate any right to continued employment with the Company or a Subsidiary or Affiliate, as the case may be, nor shall it interfere in any way with the right of the Company or any Subsidiary or Affiliate to terminate the employment of any of its employees at any time.

(d) No later than the date as of which an amount first becomes includible in the gross income of the optionee for Federal income tax purposes with respect to any Stock Option or other award under the Plan, the participant shall pay to the Company, or make any arrangements satisfactory to the Committee regarding the payment of any Federal, state or local taxes of any kind required by law to be withheld with respect to such amount. Unless otherwise determined by the Company, withholding obligations may be settled with Stock, including Stock that is part of the award that gives rise to the withholding requirement.

The obligations of the Company under the Plan shall be conditional on such payment or arrangements, and the Company and its Subsidiaries or Affiliates shall, to the extent permitted by law, have the right to deduct any such taxes from the payment(s) otherwise due to the participant.

(e) The Committee shall establish such procedures as it deems appropriate for a participant to designate a beneficiary to whom any amounts payable in the event of the participant's death are to be paid.

(f) The Plan and all awards made and actions taken thereunder shall be governed by and construed in accordance with the laws of the State of Ohio.

SECTION 13. EFFECTIVE DATE OF PLAN.

The Plan shall be effective on the date it is approved by the stockholders of the Company. Grants made prior to such stockholder approval shall be contingent on such approval.

SECTION 14. TERM OF PLAN.

No Stock Option, Stock Appreciation Right, Restricted Stock or Deferred Stock shall be granted pursuant to the Plan on or after the tenth anniversary of the effective date of the Plan, but awards granted prior to such tenth anniversary may extend beyond that date.

C-12

CLEVELAND-CLIFFS INC

1992 INCENTIVE EQUITY PLAN

1. PURPOSE. The Cleveland-Cliffs Inc 1992 Incentive Equity Plan (the "Plan") is intended to encourage key executives and managerial employees of Cleveland-Cliffs Inc (the "Company") and its Subsidiaries to become owners of stock of the Company in order to increase their interest in the Company's long-term success, to provide incentive equity opportunities which are competitive with other similarly situated corporations and to stimulate the efforts of such employees by giving suitable recognition for services which contribute materially to the Company's success.

2. DEFINITION. For purposes of the Plan, the following terms shall be defined as set forth below:

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

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COMMITTEE" means the committee described in Section 16(a) of this Plan.

"COMMON SHARES" means (i) shares of the common stock of the Company (par value \$1 per share) and (ii) any security into which Common Shares may be converted by reason of any transaction or event of the type referred to in Section 10 of this Plan.

"DATE OF GRANT" means the date specified by the Committee on which a grant of Option Rights, Performance Shares or Performance Units or an award or sale of Restricted Shares or Deferred Shares shall become effective, which shall not be earlier than the date on which the Committee takes action with respect thereto, including the date on which an automatic grant of options to a Nonemployee Director becomes effective pursuant to Section 8 of this Plan.

"DEFERRAL PERIOD" means the period of time during which Deferred Shares are subject to deferral limitations under Section 6 of this Plan.

"DEFERRED SHARES" means an award pursuant to Section 6 of this Plan of the right to receive Common Shares at the end of a specified Deferral Period.

"EFFECTIVE DATE" means April 14, 1992.

"INCENTIVE STOCK OPTIONS" means Option Rights that are intended to qualify as "incentive stock options" under Section 422 of the Code or any successor provision.

"LESS-THAN-80 PERCENT SUBSIDIARY" means a subsidiary with respect to which the Company directly or indirectly owns or controls less than 80 percent of the total combined voting or other decisionmaking power.

"MANAGEMENT OBJECTIVES" means any performance objectives established pursuant to this Plan for Participants who have received grants of Performance Shares or Performance Units or awards of Restricted Shares.

"MARKET VALUE PER SHARE" means the fair market value of the Common Shares as determined by the Committee from time to time.

"NONEMPLOYEE DIRECTOR" means a member of the Board who is not an employee of the Company or any Subsidiary.

"OPTIONEE" means the person so designated in an agreement evidencing an outstanding Option Right.

"OPTION PRICE" means the purchase price payable upon the exercise of an Option Right.

"OPTION RIGHT" means the right to purchase Common Shares upon exercise of an option granted pursuant to Section 4 or 8 of this Plan.

"PARTICIPANT" means a person who is selected by the Committee to receive benefits under this Plan and (i) is at that time an officer, including without limitation an officer who may also be a member of the Board, or other key employee of the Company or any Subsidiary or (ii) has

agreed to commence serving in any such capacity.

"PERFORMANCE PERIOD" means, in respect of a Performance Share or Performance Unit, a period of time established pursuant to Section 7 of this Plan within which the Management Objectives relating to such Performance Share or Performance Unit are to be achieved.

"PERFORMANCE SHARE" means a bookkeeping entry that records the equivalent of one Common Share awarded pursuant to Section 7 of this Plan.

"PERFORMANCE UNIT" means a bookkeeping entry that records a unit equivalent to \$1.00 awarded pursuant to Section 7 of this Plan.

"PREDECESSOR PLAN" means the 1987 Incentive Equity Plan of the Company as heretofore adopted and as it may hereafter be amended.

"RESTRICTED SHARES" mean Common Shares awarded or sold pursuant to Section 5 of this Plan as to which neither the substantial risk of forfeiture nor the restrictions on transfer referred to in Section 5 hereof has expired.

"RULE 16b-3" means Rule 16b-3 of the Securities and Exchange Commission promulgated under Section 16 of the Securities Exchange Act of 1934, as amended (or any successor rule to the same effect), as in effect from time to time.

"SUBSIDIARY" means a corporation, partnership, joint venture, unincorporated association or other entity in which the Company has a direct or indirect ownership or other equity interest; provided, however, for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options. "Subsidiary" means any corporation in which the Company owns or controls directly or indirectly more than 50 percent of the total combined voting power represented by all classes of stock issued by such corporation at the time of such grant.

3. SHARES AVAILABLE UNDER THE PLAN. Subject to adjustment as provided in Section 10 of this Plan, the number of Common Shares issued or transferred (a) upon the exercise of Option Rights, (b) as Restricted Shares and released from substantial risks of forfeitures thereof, (c) in payment of Performance Shares or Performance Units that shall have been earned, (d) as Deferred Shares, or (e) in payment of dividend equivalents paid with respect to awards made under this Plan, shall not in the aggregate exceed 595,000 Common Shares. Such shares may be Common Shares of original issuance or Common Shares held in treasury or a combination thereof. For purposes of this Section 3, Restricted Shares, Deferred Shares and Performance Shares shall be deemed to have been issued or transferred at the earlier of the time when such shares are actually issued or transferred (and, in the case of Restricted Shares, when they are no longer subject to a substantial risk of forfeiture) or when any dividends or dividend equivalents are paid thereon.

4. OPTION RIGHTS. The Committee may from time to time authorize grants to Participants of options to purchase Common Shares upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each grant shall specify the number of Common Shares to which it pertains.

(b) Each grant shall specify an Option Price per Common Share, which shall be equal to or greater than the Market Value per Share on the Date of Grant.

(c) Each grant shall specify the form of consideration to be paid in satisfaction of the Option Price and the manner of payment of such consideration, which may include (i) cash in the form of currency or check or other cash equivalent acceptable to the Company, (ii) nonforfeitable, unrestricted Common Shares, which are already owned by the Optionee and have a value at the time of exercise that is equal to

2

the Option Price, (iii) any other legal consideration that the Committee may deem appropriate, including without limitation any form of consideration authorized under Section 4(d) below, on such basis as the Committee may determine in accordance with this Plan and (iv) any combination of the foregoing. For purposes of this Section 4, constructive delivery of shares shall be deemed equivalent to actual delivery.

(d) On or after the Date of Grant of any Option Rights other than Incentive Stock Options, the Committee may determine that payment of the Option Price may also be made in whole or in part in the form of Restricted Shares or other Common Shares that are subject to risk of forfeiture or restrictions on transfer. Unless otherwise determined by the Committee on or after the Date of Grant, whenever any Option Price is paid in whole or in part by means of any of the forms of consideration specified in this Section 4(d), the Common Shares received by the Optionee upon the exercise

of the Option Rights shall be subject to the same risks of forfeiture or restrictions on transfer as those that applied to the consideration surrendered by the Optionee; provided, however, that such risks of forfeiture and restrictions on transfer shall apply only to the same number of Common Shares received by the Optionee as applied to the forfeitable or restricted Common Shares surrendered by the Optionee.

(e) Any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker of some or all of the Common Shares to which the exercise relates.

(f) Successive grants may be made to the same Participant regardless of whether any Option Rights previously granted to such Participant remain unexercised.

(g) Each grant shall specify the period or periods of continuous employment of the Optionee by the Company or any Subsidiary that are necessary before the Option Rights or installments thereof shall become exercisable, and any grant may provide for the earlier exercise of such rights in the event of a change in control of the Company or other similar transaction or event.

(h) Option Rights granted under this Plan may be (i) options that are intended to qualify under particular provisions of the Code, including without limitation Incentive Stock Options, (ii) options that are not intended to so qualify or (iii) combinations of the foregoing.

(i) On or after the Date of Grant of any Option Rights other than Incentive Stock Options, the Committee may provide for the payment to the Optionee of dividend equivalents thereon in cash or Common Shares on a current, deferred or contingent basis, or the Committee may provide that such equivalents shall be credited against the Option Price.

(j) No Option Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

(k) Each grant shall be evidenced by an agreement, which shall be executed on behalf of the Company by any officer thereof and delivered to and accepted by the Optionee and shall contain such terms and provisions as the Committee may determine consistent with this Plan.

5. RESTRICTED SHARES. The Committee may also authorize awards or sales to Participants of Restricted Shares upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each award or sale shall constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to dividend, voting and other ownership rights, subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.

(b) Each award or sale may be made without additional consideration from the Participant or in consideration of a payment by the Participant that is less than the Market Value per Share on the Date of Grant.

(c) Each award or sale shall provide that the Restricted Shares covered thereby shall be subject to a "substantial risk of forfeiture" within the meaning of Section 83 of the Code for a period to be determined by the Committee on the Date of Grant, and any award or sale may provide for the earlier

3

termination of such period in the event of a change in control of the Company or other similar transaction or event.

(d) Each award or sale shall provide that, during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Shares shall be prohibited or restricted in the manner and to the extent prescribed by the Committee on the Date of Grant. Such restrictions may include without limitation rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Shares to a continuing substantial risk of forfeiture in the hands of any transferee.

(e) Any award or sale may be further conditioned upon the attainment of Management Objectives to be established and, if appropriate, adjusted by the Committee.

(f) Any award or sale may require that any or all dividends or other distributions paid on the Restricted Shares during the period of such restrictions be automatically sequestered and reinvested on an immediate or deferred basis in additional Common Shares, which may be subject to the same restrictions as the underlying award or such other restrictions as the Committee may determine.

(g) Each award or sale shall be evidenced by an agreement, which shall be executed on behalf of the Company by any officer thereof and delivered to and accepted by the Participant and shall contain such terms and provisions as the Committee may determine consistent with this Plan. Unless otherwise directed by the Committee, all certificates representing Restricted Shares, together with a stock power that shall be endorsed in blank by the Participant with respect to such shares, shall be held in custody by the Company until all restrictions thereon lapse.

6. DEFERRED SHARES. The Committee may also authorize awards or sales of Deferred Shares to Participants upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each award or sale shall constitute the agreement by the Company to issue or transfer Common Shares to the Participant in the future in consideration of the performance of services, subject to the fulfillment during the Deferral Period of such conditions as the Committee may specify.

(b) Each award or sale may be made without additional consideration from the Participant or in consideration of a payment by the Participant that is less than the Market Value per Share on the Date of Grant.

(c) Each award or sale shall provide that the Deferred Shares covered thereby shall be subject to a Deferral Period, which shall be fixed by the Committee on the Date of Grant, and any award or sale may provide for the earlier termination of such period in the event of a change in control of the Company or other similar transaction or event.

(d) During the Deferral Period, the Participant shall not have any right to transfer any rights under the subject award, shall not have any rights of ownership in the Deferred Shares and shall not have any right to vote such shares, but the Committee may on or after the Date of Grant authorize the payment of dividend equivalents on such shares in cash or additional Common Shares on a current, deferred or contingent basis.

(e) Each award or sale shall be evidenced by an agreement, which shall be executed on behalf of the Company by any officer thereof and delivered to and accepted by the Participant and shall contain such terms and provisions as the Committee may determine consistent with this Plan.

7. PERFORMANCE SHARES AND PERFORMANCE UNITS. The Committee may also authorize grants of Performance Shares and Performance Units, which shall become payable to the Participant upon the achievement of specified Management Objectives, upon such terms and conditions as the Committee may determine in accordance with the following provisions:

(a) Each grant shall specify the number of Performance Shares or Performance Units to which it pertains, which may be subject to adjustment to reflect changes in compensation or other factors.

4

(b) The Performance Period with respect to each Performance Share or Performance Unit shall be determined by the Committee on the Date of Grant, and may be subject to earlier termination in the event of a change in control of the Company or other similar transaction or event.

(c) Each grant shall specify the Management Objectives that are to be achieved by the Participant, which may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or the Subsidiary, division, department or function within the Company or Subsidiary in which the Participant is employed.

(d) Each grant shall specify in respect of the specified Management Objectives a minimum acceptable level of achievement below which no payment will be made and shall set forth a formula for determining the amount of any payment to be made if performance is at or above such minimum acceptable level, but falls short of full achievement of the specified Management Objectives.

(e) Each grant shall specify the time and manner of payment of Performance Shares or Performance Units that shall have been earned, and any grant may specify that any such amount may be paid by the Company in cash, Common Shares or any combination thereof and may either grant to the Participant or reserve to the Committee the right to elect among those alternatives; provided, however, that no form of consideration or manner of payment that would cause Rule 16b-3 to cease to apply to this Plan shall be permitted.

(f) Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Committee on the Date of Grant. Any grant of Performance Units may specify

that the amount payable, or the number of Common Shares issued, with respect thereto may not exceed maximums specified by the Committee on the Date of Grant.

(g) On or after the Date of Grant of Performance Shares, the Committee may provide for the payment to the Participant of dividend equivalents thereon in cash or additional Common Shares on a current, deferred or contingent basis.

(h) The Committee may adjust Management Objectives and the related minimum acceptable level of achievement if, in the sole judgment of the Committee, events or transactions have occurred after the Date of Grant that are unrelated to the performance of the Participant and result in distortion of the Management Objectives or the related minimum acceptable level of achievement.

(i) Each grant shall be evidenced by an agreement, which shall be executed on behalf of the Company by any officer thereof and delivered to and accepted by the Participant and shall state that the Performance Shares or Performance Units are subject to all of the terms and conditions of this Plan and such other terms and provisions as the Committee may determine consistent with this Plan.

8. AUTOMATIC GRANTS OF NONQUALIFIED STOCK OPTIONS TO NONEMPLOYEE DIRECTORS. Option Rights shall be automatically granted to Nonemployee Directors as follows:

(a) On the Effective Date of this Plan, an option to purchase 500 Common Shares shall be granted to each person who immediately after the annual meeting on that date is an incumbent Nonemployee Director of the Company, and an additional option to purchase 500 Common Shares shall be granted immediately after each annual meeting thereafter to each such person for so long as he continues to be a Nonemployee Director.

(b) With respect to each person who first becomes a Nonemployee Director of the Company after the Effective Date of this Plan, an option to purchase 500 Common Shares shall be granted on the date such person first becomes a Nonemployee Director, and an additional option to purchase 500 Common Shares shall be granted immediately after each annual meeting thereafter to each such person for so long as he continues to be a Nonemployee Director.

Each grant shall be evidenced by a Nonqualified Stock Option Agreement in substantially the form of Exhibit A hereto. The Option Price per share of each such option shall be the fair market value per Common Share determined on the Date of Grant. Each option shall become exercisable upon the expiration of a period of 6 months from the Date of Grant. All such grants shall become null and void if this Plan is not approved by the

5

favorable vote of the holders of a majority of the Common Shares present, or represented, and entitled to vote at a meeting of the shareholders held on or before December 31, 1992.

9. TRANSFERABILITY. (a) No Option Right or other derivative security (as that term is used in Rule 16b-3) granted or awarded under this Plan shall be transferable by a Participant other than by will or the laws of descent and distribution. Option Rights shall be exercisable during a Participant's lifetime only by the Participant or, in the event of the Participant's legal incapacity, by his guardian or legal representative acting in a fiduciary capacity on behalf of the Participant under state law and court supervision.

(b) Any grant or award made under this Plan may provide that all or any part of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or upon the termination of the Deferral Period applicable to Deferred Shares, or under a grant of Performance Shares or Performance Units, or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 5 of this Plan, shall be subject to further restrictions upon transfer.

10. ADJUSTMENTS. The Committee may make or provide for such adjustments in the (a) number of Common Shares covered by outstanding Option Rights, Deferred Shares and Performance Shares granted or awarded hereunder, (b) prices per share applicable to such Option Rights, and (c) kind of shares covered thereby, as the Committee in its sole discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of Optionees that otherwise would result from (x) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (y) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete liquidation of the Company or other distribution of assets, issuance of rights or warrants to purchase securities of the Company or (z) any other corporate transaction or event having an effect similar to any of the foregoing. In the event of any such transaction

or event, the Committee may provide in substitution for any or all outstanding grants or awards under this Plan such alternative consideration as it may in good faith determine to be equitable under the circumstances and may require in connection therewith the surrender of all awards so replaced. Moreover, the Committee may on or after the Date of Grant provide in the agreement evidencing any grant or award under this Plan that the holder of the grant or award may elect to receive an equivalent grant or award in respect of securities of the surviving entity of any merger, consolidation or other transaction or event having a similar effect, or the Committee may provide that the holder will automatically be entitled to receive such an equivalent grant or award. The Committee may also make or provide for such adjustments in the number of shares specified in Section 3 of this Plan and in the number of shares under options to be granted automatically pursuant to Section 8 of this Plan as the Committee in its sole discretion may in good faith determine to be appropriate in order to reflect any transaction or event described in this Section 10.

11. FRACTIONAL SHARES. The Company shall not be required to issue any fractional Common Shares pursuant to this Plan. The Committee may provide for the elimination of fractions or for the settlement thereof in cash.

12. WITHHOLDING TAXES. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit. The Company and any Participant or such other person may also make similar arrangements with respect to the payment of any taxes with respect to which withholding is not required.

13. PARTICIPATION BY EMPLOYEES OF A LESS-THAN-80-PERCENT SUBSIDIARY. As a condition to the effectiveness of any grant or award to be made hereunder to a Participant who is an employee of a Less-Than-80-Percent Subsidiary, regardless whether such Participant is also employed by the Company or another Subsidiary, the Committee may require the Less-Than-80-Percent Subsidiary to agree to transfer to the

6

Participant (as, if and when provided for under this Plan and any applicable agreement entered into between the Participant and the Less-Than-80-Percent Subsidiary pursuant to this Plan) the Common Shares that would otherwise be delivered by the Company upon receipt by the Less-Than-80-Percent Subsidiary of any consideration then otherwise payable by the Participant to the Company. Any such award may be evidenced by an agreement between the Participant and the Less-Than-80-Percent Subsidiary, in lieu of the Company, on terms consistent with this Plan and approved by the Committee and the Less-Than-80-Percent Subsidiary. All Common Shares so delivered by or to a Less-Than-80-Percent Subsidiary will be treated as if they had been delivered by or to the Company for purposes of Section 3 of this Plan, and all references to the Company in this Plan shall be deemed to refer to the Less-Than-80-Percent Subsidiary except with respect to the definitions of the Board and the Committee and in other cases where the context otherwise requires.

14. CERTAIN TERMINATIONS OF EMPLOYMENT, HARDSHIP AND APPROVED LEAVES OF ABSENCE. Notwithstanding any other provision of this Plan to the contrary, in the event of termination of employment by reason of death, disability, normal retirement, early retirement with the consent of the Company, leave of absence to enter public service with the consent of the Company or other leave of absence approved by the Company, or in the event of hardship or other special circumstances, of a Participant who holds an Option Right that is not immediately and fully exercisable, any Restricted Shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, any Deferred Shares as to which the Deferral Period is not complete, any Performance Shares or Performance Units that have not been fully earned, or any Common Shares that are subject to any transfer restriction pursuant to Section 9(b) of this Plan, the Committee may in its sole discretion take any action that it deems to be equitable under the circumstances or in the best interests of the Company, including without limitation waiving or modifying any limitation or requirement with respect to any award under this Plan.

15. FOREIGN EMPLOYEES. In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals, or who are employed by the Company or any Subsidiary outside of the United States of America, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose; provided, however, that no such supplements, amendments, restatements or alternative versions shall include any provisions that are inconsistent with

the terms of this Plan, as then in effect, unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

16. ADMINISTRATION OF THE PLAN. (a) This Plan shall be administered by a committee of the Board composed of not less than three members of the Board, each of whom shall be a "disinterested person" within the meaning of Rule 16b-3. A majority of the Committee shall constitute a quorum, and the acts of the members of the Committee who are present at any meeting thereof at which a quorum is present, or acts unanimously approved by the members of the Committee in writing, shall be the acts of the Committee.

(b) The interpretation and construction by the Committee of any provision of this Plan or of any agreement, notification or document evidencing the grant or award of Option Rights, Restricted Shares, Deferred Shares, Performance Shares or Performance Units, and any determination by the Committee pursuant to any provision of this Plan or any such agreement, notification or document, shall be final and conclusive. No member of the Committee shall be liable for any such action taken or determination made in good faith.

17. AMENDMENTS AND OTHER MATTERS. (a) This Plan may be amended from time to time by the Committee, but no such amendment (except as expressly authorized by this Plan) shall increase the minimum number of shares specified in Section 3 of this Plan, change the provisions of Section 8 of this Plan that specify the number of Common Shares under options to be granted automatically to Nonemployee Directors or that specify the Option Price or timing of such grants, or cause Rule 16b-3 to become inapplicable to this Plan, without the further approval of the shareholders of the Company. In no event shall

7

the provisions of Section 8 of this Plan be amended more than once every six months except to comport with changes in the Code or the regulations thereunder.

(b) With the concurrence of the affected Optionee, the Committee may cancel any agreement evidencing Option Rights or any other grant or award granted under this Plan. In the event of such cancellation, the Committee may authorize the granting or awarding of new Option Rights or other grants or awards hereunder, which may or may not cover the same number of Common Shares that had been the subject of the prior grant or award, in such manner, at such Option Price and subject to such other terms, conditions and discretions as would have been applicable under this Plan had the cancelled Option Rights or other grant or award not been granted.

(c) The Committee may condition any grant or award under this Plan upon the surrender by the Participant for cancellation of any or all option rights or restricted stock outstanding under the Predecessor Plan.

(d) This Plan shall not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary and shall not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any Participant's employment or other service at any time.

(e) (i) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify under particular provisions of the Code from so qualifying, such provision of this Plan shall be null and void with respect to such Option Right, provided, however, that such provision shall remain in effect with respect to other Option Rights, and there shall be no further effect on any provision of this Plan.

(ii) Any award that may be made pursuant to an amendment to this Plan that shall have been adopted without the approval of the

shareholders of the Company shall be null and void if it is subsequently determined that such approval was required in order for Rule 16b-3 to remain applicable to this Plan.

(f) This Plan is intended to comply with and be subject to Rule 16b-3 as in effect prior to May 1, 1991. The Committee may at any time elect that this Plan shall be subject to Rule 16b-3 as in effect on and after May 1, 1991.

8

EXHIBIT A

NONQUALIFIED STOCK OPTION AGREEMENT
FOR
NONEMPLOYEE DIRECTORS

, Optionee

Cleveland-Cliffs Inc (the "Company") pursuant to its 1992 Incentive Equity Plan (the "Plan") has this day granted to you, the above-mentioned optionee, a nonqualified option to purchase 500 shares of the Company's common stock, par value \$1 per share ("Common Shares") at the price of \$ per share, and agrees to cause certificates for any shares purchased hereunder to be delivered to the Optionee upon payment of the purchase price in full, all subject, however, to the terms and conditions hereinafter set forth.

1. (A) This option (until terminated as hereafter provided) shall become exercisable upon the expiration of a period of 6 months from the date of this Agreement during which the Optionee shall have continuously served as a Director of the Company. To the extent exercisable, this option shall be exercisable in whole at any time or in part from time to time.

(B) If the Optionee should die or become permanently and totally disabled while a Director of the Company, the option covered by this Agreement shall become immediately exercisable in full.

2. The option price shall be payable (a) in cash or by check acceptable to the Company, (b) by actual or constructive transfer to the Company of nonforfeitable, unrestricted Common Shares already owned by the Optionee for more than six (6) months prior to the date of exercise and having a value at the time of exercise equal to the option price, or (c) by a combination of such methods of payment.

3. This option shall terminate on the earliest of the following dates:

(A) Three months after the date on which the Optionee ceases to be a Director of the Company (during which period the option shall be exercisable only to the extent exercisable on the date of termination in accordance with the provisions of paragraph 1(A) hereof), unless he or she ceases to be a Director of the Company by reason of death or permanent disability (in which case this option shall be immediately exercisable in full pursuant to paragraph 1(B));

(B) One year after the death or permanent disability of the Optionee if the Optionee dies or becomes permanently disabled while a Director of the Company (in which case this option shall be immediately exercisable in full pursuant to paragraph 1(B)); and

(C) Ten years from the date on which this option was granted.

4. This option is not transferable by the Optionee otherwise than by will or the laws of descent and distribution, and is exercisable, during the lifetime of the Optionee, only by him or her or by his or her guardian or legal representative.

5. This option shall not be exercisable if such exercise would involve a violation of any applicable Federal or state securities law, and the Company hereby agrees to make reasonable efforts to comply with such securities laws. If the Ohio Securities Act shall be applicable to this option, it shall not be exercisable unless under said Act at the time of exercise the Common Shares or other securities purchasable hereunder are exempt, are the subject matter of an exempt transaction, are registered by description or by qualification, or at such time are the subject matter of a transaction which has been registered by description.

6. The Committee of the Board described in Section 16(a) of the Plan (the "Committee") shall make such adjustments in the number or kind of Common Shares or other securities covered by this option as the Committee in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of the Optionee that otherwise would result from (i) any stock dividend, stock split, combination of shares,

recapitalization or other change in the capital structure of the Company, or (ii) any merger, consolidation, spin-off, spin-out, split-off, split-up, reorganization, partial or complete

A-1

liquidation of the Company or other distribution of assets, issuance of rights or warrants to purchase securities of the Company, or (iii) any other corporate transaction or event having an effect similar to any of the foregoing.

7. Upon any change in control of the Company, the option granted to the Optionee in this agreement shall become immediately exercisable in full. For purposes of this grant, the term "change in control" shall mean the occurrence of any in the following events:

(A) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(B) The Company shall sell or transfer to one or more persons, corporations or entities, in a single transaction or a series of related transactions, more than one-half of the assets accounted for on the Statement of Consolidated Financial Position of the Company as "properties" or "investments in associated companies" (or such replacements for these accounts as may be adopted from time to time) unless by an affirmative vote of two-thirds of the members of the Board of Directors of the Company, the transaction or transactions are exempted from the operation of this provision based on a good faith finding that the transaction or transactions are not within the intended scope of this definition for purposes of this instrument;

(C) A person, within the meaning of Section 3(a) (9) or of Section 13(d) (3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(D) During any period of three consecutive years, including, without limitation, the year 1991, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

8. This grant of an option to purchase Common Shares is made pursuant to the Plan, a copy of which is attached hereto. This award is subject to all of the terms and provisions of the Plan, which are incorporated herein by reference.

Dated this day of 199 .

CLEVELAND-CLIFFS INC

By: _____
Name:
Title:

Accepted and agreed to:

Date: _____

A-2

[TRUST FOR NONEMPLOYEE DIRECTORS' SUPPLEMENTAL
COMPENSATION PLAN]

TRUST AGREEMENT NO. 9

Between

CLEVELAND-CLIFFS INC

and

KEY TRUST COMPANY OF OHIO, N.A.

November 20, 1996

TABLE OF CONTENTS

	Page

I. TRUST FUND.....	2
II. PAYMENTS TO TRUST BENEFICIARIES.....	6
III. THE TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS TO A TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT.....	8
IV. PAYMENTS TO COMPANY.....	10
V. INVESTMENT OF TRUST FUND.....	12
VI. INCOME OF THE TRUST.....	13
VII. ACCOUNTING BY TRUSTEE.....	13
VIII. RESPONSIBILITY AND INDEMNIFICATION OF TRUSTEE.....	15
IX. AMENDMENTS, ETC., TO PLAN AND EXHIBITS.....	20
X. REPLACEMENT OF TRUSTEE.....	22
XI. AMENDMENT OR TERMINATION OF AGREEMENT.....	23
XII. GENERAL PROVISIONS.....	24
XIII. NOTICES.....	26

TRUST AGREEMENT NO. 9

This Trust Agreement ("Agreement") made as of the ____ day of
November, 1996 by and between Cleveland-Cliffs Inc, an Ohio corporation
("Company"), and Key Trust Company of Ohio, N.A., an Ohio corporation
("Trustee").

WITNESSETH:

WHEREAS, certain benefits are or may become payable to the
nonemployee directors of the Company listed (from time to time as provided in

Sections 1.6 and 9.2 hereof) on Exhibit A hereto ("Directors") under the provisions of the Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan, effective July 1, 1995 ("Effective Date") as the same have been or in the future may be amended or restated, or any successor thereto ("Plan"), a copy of which is appended to this Agreement as Exhibit B;

WHEREAS, the Plan provides for the payment, following retirement from the Board of Directors ("Board") of the Company of post-retirement income to Directors who commence service on or after the Effective Date, and their beneficiaries, if applicable, as provided in the Plan, and the Company wishes to assure the payment to the Directors and to their beneficiaries (the Directors and their respective beneficiaries are collectively referred to as the "Trust Beneficiaries") of amounts due under the Plan (the amounts so payable are collectively referred to as the "Benefits");

WHEREAS, the Company wishes to establish a trust ("Trust") and to transfer to the Trust assets which shall be held subject

to the claims of the creditors of the Company to the extent set forth in Article III until (i) paid in full to all Trust Beneficiaries as Benefits in such manner and as specified in this Agreement unless the Company is Insolvent (as that term is defined below) at the time that such Benefits become payable or (ii) otherwise disposed of pursuant to the terms of this Agreement; and

WHEREAS, the Company shall be considered "Insolvent" for purposes of this Agreement at such time as the Company (i) is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, as amended from time to time, or (ii) is unable to pay its debts as they become due.

NOW, THEREFORE, the Company and the Trustee establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

I. TRUST FUND

1.1 Subject to the claims of creditors to the extent set forth in Article III, the Company shall deposit with the Trustee in trust One Hundred Dollars (\$100), which shall become the principal of this Trust, to be held, administered and disposed of by the Trustee as provided in this Agreement.

1.2 This Trust shall be irrevocable.

1.3 In the event that a Change in Control has occurred, the Chief Executive Officer of the Company ("CEO") or the Secretary of the Company shall notify the Trustee promptly. The Trustee shall be entitled to rely upon such notice as to whether and when

2

a Change in Control has occurred and shall not be required to make any independent verification of a Change in Control.

1.4 The principal of the Trust and any earnings shall be held in trust separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes set forth in this Agreement. No Trust Beneficiary shall have any preferred claim on, or any beneficial ownership interest in, any assets of the Trust prior to the time that such assets are paid to a Trust Beneficiary as Benefits. Any rights created under the Plan and this Agreement shall be mere unsecured contractual rights of Trust Beneficiaries with respect to the Company. The obligation of the Trustee to pay Benefits pursuant to this Agreement constitutes merely an unfunded and unsecured promise to pay such benefits.

1.5 (a) The Company may at any time or from time to time make additional deposits of cash or other property as may be acceptable to the Trustee in the Trust, or make provision for cash or other property as may be acceptable to the Trustee to be transferred to the Trust, such as by means of a letter of credit or otherwise, to augment the principal to be held, administered and disposed of by the Trustee, but no payment of all or any portion of the principal of the Trust or earnings shall be made to the Company or any other person or entity on behalf of the Company except as expressly provided in this

Agreement.

(b) Within 10 days following the occurrence of a Potential Change in Control (as that term is defined in this Section 1.5), the Company shall make a contribution to the Trust

3

that is sufficient, taking into account the assets of the Trust prior to such contribution, to provide for the payment of all Benefits at the Threshold Percentage (as defined in Section 4.1 hereof) equal to 140%, and any other amounts payable or reimbursable pursuant to the terms of this Agreement.

(c) Within 30 days after the end of any calendar year ending after a Change of Control, the Company shall make a contribution to the Trust that is sufficient, taking into account the assets of the Trust prior to such contribution, to provide for the payment of all Benefits at the Threshold Percentage (as defined in Section 4.1 hereof) equal to 140%, and any other amounts payable or reimbursable pursuant to the terms of this Agreement.

(d) A "Potential Change in Control" means the occurrence of any of the following events:

(i) The Company enters into a letter of intent, agreement in principle or other agreement, the consummation of which would constitute a Change in Control; or

(ii) any person (including the Company) makes a public announcement (including, without limitation, an announcement made by filing a Schedule 13D or Schedule 14D-1 (or any successor schedule, form, report or item), each as promulgated pursuant to the Securities Exchange Act of 1934 (the "Exchange Act")) stating a present intention to take actions that, if consummated, would constitute a Change in Control.

1.6 Not later than the date of any Change of Control, the Company shall (a) specify the nature, amounts and timing of

4

the Benefits to which each Trust Beneficiary may become entitled, subject to Article IX, in an exhibit ("Exhibit C") which shall become a part of this Agreement and be incorporated by this reference, (b) provide any corresponding revisions to Exhibits A and B that may be required and (c) provide the Trustee with copies of the Plan and any amendments thereto.

1.7 The Trust is intended to be a grantor trust, within the meaning of section 671 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision, and shall be construed accordingly. The purpose of the Trust is to assure that the Company's obligations to the Trust Beneficiaries pursuant to the Plan are fulfilled. The Trust is neither intended nor designed to qualify under section 401(a) of the Code or to be subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

1.8 As used in this Agreement, the term "Change in Control" shall mean the occurrence of any of the following events:

(a) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(b) The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer

5

less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such sale or transfer;

(c) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(d) During any period of three consecutive years, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each director first elected during any such period was approved by a vote of at least one-third of the directors of the Company who are directors of the Company on the date of the beginning of any such period.

II. PAYMENTS TO TRUST BENEFICIARIES

2.1 Provided that the Company is not Insolvent and commencing with the earlier to occur of (a) appropriate notice to the Trustee by the Company, or (b) the date on which the Trustee has been notified in accordance with Section 1.3 that a Change of Control has occurred, the Trustee shall make payments of Benefits to each Trust Beneficiary from the assets of the

6

Trust in compliance and conformity with the terms of the Plan and in accordance with Exhibit C, and subject to Article IX.

2.2 The Trustee shall continue to pay Benefits to the Trust Beneficiaries until the assets of the Trust are depleted, subject to Section 11.2. If any current payment by the Trustee under the terms of this Agreement would deplete the assets of the Trust below the amount necessary to provide adequately for Benefits known to the Trustee to be payable in the future, the Trustee shall nevertheless make the current payment when due. If, after application of the preceding sentence, amounts in the Trust are not sufficient to provide for full payment of the Benefits to which any Trust Beneficiary is entitled as provided in this Agreement, the Company shall make the balance of each such payment directly to the Trust Beneficiary as it becomes due.

2.3 The Company may make payments of Benefits directly to each or any Trust Beneficiary. The Company shall notify the Trustee of its decision to pay Benefits directly at least 3 days prior to the time amounts are due to be paid to a Trust Beneficiary.

2.4 Nothing in this Agreement shall in any way diminish any rights of any Trust Beneficiary to pursue such Trust Beneficiary's rights as a general creditor of the Company with respect to Benefits or otherwise, and the rights of each Trust Beneficiary under the Plan shall in no way be affected or diminished by any provision of this Agreement or action taken pursuant to this Agreement, except that any payment actually received by any Trust Beneficiary shall reduce dollar-per-dollar

7

amounts otherwise due to such Trust Beneficiary pursuant to the Plan.

2.5 The Trustee shall withhold from any payment to a Trust Beneficiary the amount required by law to be so withheld under federal, state and local tax withholding requirements, and shall pay over to the appropriate

government authority the amounts withheld.

III. THE TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS TO
A TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT

3.1 At all times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of creditors of the Company as set forth in this Section 3.1. The Board of Directors of the Company ("Board") and the CEO shall have the duty to inform the Trustee in writing if either the Board or the CEO believes that the Company is Insolvent. If the Trustee receives a notice in writing from the Board or the CEO stating that the Company is Insolvent or if a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall independently determine within 30 days after receipt of such notice whether the Company is Insolvent. In making this determination, the Trustee may engage the outside accountants of the Company to render an opinion as to the solvency of the Company and shall be fully protected under Section 8.7 in relying upon the advice of such accountants. In addition, the Company shall provide the Trustee or its agents, including the outside accountants of the Company, with any information reasonably requested, and otherwise cooperate with the Company or its agents

8

in making the determination. Pending such determination, or if the Trustee has actual knowledge or has determined that the Company is Insolvent, the Trustee shall discontinue or refrain from making payments to any Trust Beneficiary and hold the Trust assets for the benefit of the general creditors of the Company. The Trustee shall pay any undistributed principal and income in the Trust to the extent necessary to satisfy the claims of the creditors of the Company as a court of competent jurisdiction may direct. If the Trustee has discontinued or refrained from making payments to any Trust Beneficiary pursuant to this Section 3.1, the Trustee shall pay or resume payments to such Trust Beneficiary in accordance with this Agreement if the Trustee has determined that the Company is not Insolvent, or is no longer Insolvent (if the Trustee initially determined the Company to be Insolvent), or pursuant to the order of a court of competent jurisdiction. Unless the Trustee has actual knowledge of Insolvency, or has received notice from the Board, the CEO or a person claiming to be a creditor of the Company alleging that the Company is Insolvent, the Trustee shall have no duty to inquire as to whether the Company is Insolvent and may rely on information concerning the Insolvency of the Company that has been furnished to the Trustee by any creditor of the Company or by any person (other than an employee or director of the Company) acting with apparent or actual authority with respect to the Company.

3.2. If the Trustee is precluded from paying Benefits from the Trust assets pursuant to Section 3.1 and such prohibition is

9

subsequently removed, the Trustee shall pay the aggregate amount of all Benefits that would have been paid to the Trust Beneficiaries in accordance with this Agreement during the period of such prohibition, less the aggregate amount of Benefits otherwise paid to any Trust Beneficiary by the Company during any such period, together with interest on the delayed amount determined at a rate equal to the rate actually earned (including, without limitation, market appreciation or depreciation, plus receipt of interest and dividends) during such period with respect to the assets of the Trust corresponding to such net amount delayed.

IV. PAYMENTS TO COMPANY

4.1 Except to the extent expressly contemplated by this Article IV, the Company shall have no right or power to direct the Trustee to return any of the Trust assets to the Company before all payments of Benefits have been made to all Trust Beneficiaries as provided in this Agreement. From time to time, if and when requested by the Company to do so and/or in order to comply with Section 7.2 hereof, the Trustee shall engage the services of Hewitt Associates or such other independent actuary as may be mutually satisfactory to the Company and to the Trustee to determine the maximum actuarial present values

of the future Benefits that could become payable under the Plan with respect to each Director. The Trustee shall determine the fair market values of the Trust assets allocated to the account of each Director pursuant to Section 7.2 hereof. The Company shall pay the fees of such independent actuary and of any appraiser engaged

10

by the Trustee to value any property held in the Trust. The independent actuary shall make its calculations based upon the assumptions that (i) the annual retainer payable to each active Director shall increase by 10% per year, and (ii) each Director shall commence payments from the Plan at an age at which the actuarial present value of the Director's future Benefits are at a maximum. In addition, the independent actuary shall use the 1983 Group Annuity Mortality Table, an interest rate of 8%, Gross National Product Price Deflator increases of 4%, with such other assumptions as are recommended by such actuary and approved by the Company and, after the date of a Change of Control, a majority of the Directors (subject to the provision of Section 10.2 hereof). For purposes of this Agreement, (A) the "Fully Funded" amount with respect to the account of a Director maintained pursuant to Section 7.2 hereof shall be equal to the "Threshold Percentage," as defined below, multiplied by the maximum actuarial present value of the future Benefits that could become payable under the Plan with respect to the Director, and (B) the "Account Excess" with respect to such account shall be equal to the excess, if any, of the fair market value of the assets held in the Trust allocated to a Director's account over the respective Fully Funded amount. Unless otherwise provided, prior to a Change of Control the Threshold Percentage shall be equal to 110%, and following a Change of Control the Threshold Percentage shall be equal to 140%. The Trustee shall allocate any Account Excess in accordance with Section 7.2 hereof. Thereafter, upon the request of the Company, the Trustee shall

11

pay to the Company the excess, if any, of the aggregate account balances over the aggregate Fully Funded amounts computed upon the basis of a Threshold Percentage equal to 140%.

V. INVESTMENT OF TRUST FUND

5.1 Prior to a Change of Control, the Trustee shall invest and reinvest the assets of the Trust as the Company shall prescribe in writing from time to time.

5.2 On or after the date of a Change of Control, or in the absence of the instructions from the Company specified in Section 5.1, the provisions of this Section 5.2 shall apply to the investment of the Trust assets. The investment objective of the Trustee shall be to preserve the principal of the Trust while obtaining a reasonable total rate of return, measurement of which shall include, without limitation, market appreciation or depreciation plus receipt of interest and dividends. The Trustee shall be mindful, in the course of its management of the Trust, of the liquidity demands on the Trust.

5.3 The Trustee shall have the sole power to invest the assets of the Trust, in accordance with the provisions of Sections 5.1 and 5.2. The Trustee shall not be liable for any failure to maximize income on such portion of the Trust assets as may be from time to time invested or reinvested as set forth above, nor for any loss of principal or income due to the liquidation of any investment that the Trustee, in its sole discretion, believes necessary to make payments or to reimburse expenses under the terms of this Agreement. The Trustee shall have the right to invest assets of the Trust for short-term

12

investment periods, pending distribution, or long-term investment of such assets, as the Trustee may deem proper in the circumstances.

5.4 In no event may the Trustee invest in securities (including stock or rights to acquire stock) or obligations issued by Company, other than a de minimis amount held in common investment vehicles in which the Trustee invests.

VI. INCOME OF THE TRUST

6.1 During the continuance of this Trust, all net income of the Trust shall be retained in the Trust.

VII. ACCOUNTING BY TRUSTEE

7.1 The Trustee shall maintain such books, records and accounts as may be necessary for the proper administration of the Trust assets, including such specific records as shall be agreed upon in writing by the Company and the Trustee. Within 60 days following the close of each calendar year that includes or commences after the date of this Trust until the termination of this Trust or the removal or resignation of the Trustee (and within 60 days after the date of such termination, removal or resignation), the Trustee shall render to the Company an accounting with respect to the Trust assets as of the end of the then most recent calendar year (and as of the date of such termination, removal or resignation, as the case may be). The Trustee shall furnish to the Company on a quarterly basis (or as the Company shall direct from time to time) and in a timely manner such information regarding the Trust as the Company shall require for purposes of preparing its statements of financial

13

condition. The Trustee shall at all times maintain separate bookkeeping accounts for each Director as prescribed in Section 7.2 hereof, and, upon the written request of a Director, shall provide to the Director an annual statement of the Director's account. Upon the written request of the Company or, on or after the date of a Change of Control, a Director, the Trustee shall deliver to the Company or the Director, as the case may be, a written report setting forth the amount held in the Trust and a record of the deposits made to the Trust by the Company.

Unless the Company or any Director shall have filed with the Trustee written exception or objection to any such statement and account within 90 days after receipt thereof, the Company and the Directors shall be deemed to have approved such statement and account, and in such case, the Trustee shall be forever released and discharged with respect to all matters and things reported in such statement and account as though it had been settled by a decree of a court of competent jurisdiction in an action or proceeding to which the Company and the Directors were parties.

7.2 The Trustee shall maintain a separate account for each Director. The Trustee shall credit or debit each Director's account as appropriate to reflect such Director's allocable portion of the Trust assets, as such Trust assets may be adjusted from time to time pursuant to the terms of this Agreement. Except as provided in this Section 7.2, all allocations shall be made in proportion to the balances of the separate accounts of the Directors. Prior to the date of a Change of Control, all

14

deposits of principal pursuant to Section 1.1 and 1.5 hereof shall be allocated as directed by the Company. On or after such date, deposits of principal shall be allocated as an Account Excess in accordance with this Section 7.2. Income, expense, gain or loss on assets allocated to the separate accounts of the Directors shall be allocated separately to such accounts by the Trustee in proportion to the balances of the separate accounts of the Directors. Prior to the date of a Change of Control, at the request of the Company the Trustee shall determine the amount of all Account Excesses. On or after the date of a Change of Control, the Trustee shall determine annually the amount of all Account

Excesses. The Trustee shall allocate the aggregate amount of the Account Excesses to any accounts that are not Fully Funded, as defined in Section 4.1 hereof, in proportion to the differences between the respective Fully Funded amount and account balance, insofar as possible until all accounts are Fully Funded. Any remaining aggregate Account Excess shall be allocated to all the accounts in proportion to the respective Fully Funded amounts.

7.3 Nothing in this Article VII shall preclude the commingling of Trust assets for investment.

VIII. RESPONSIBILITY AND INDEMNIFICATION OF TRUSTEE

8.1 The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee.

15

8.2 In addition to and without limiting any other provision of this Agreement, on or after the date of a Change of Control, the Trustee shall, in its sole discretion, based upon the information furnished to it by the Company and/or the Directors and any additional information that it may reasonably request, (a) make all decisions regarding whether a Trust Beneficiary is eligible for the payment of Benefits, the nature, amount and timing of such benefits, and any other decisions pertinent to the exercise of the Trustee's duties and responsibilities under this Agreement, and (b) exercise any power or discretion granted pursuant to the Plan to the Board, any committee of the Board, or to any other committee, entity or person. On or before the date of a Change in Control, the Company shall furnish the Trustee with calculations and supporting schedules showing in detail the payments required under the Agreement in the event of the termination of each of the Director's service with the Company immediately following the Change in Control. The Trustee shall determine amounts due under this Agreement in a manner consistent with these calculations and supporting schedules. In connection with the exercise of the duties, responsibilities, power and discretion of the Trustee under this Agreement, the Trustee may employ legal counsel to aid its determinations and shall be fully protected under Section 8.7 in relying upon the advice of counsel in making such determinations.

8.3 If all or any part of the Trust assets are at any time attached, garnished, or levied upon by any court order, or in case the payment, assignment, transfer, conveyance or delivery of

16

any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by a court affecting such property or any part of such property, then and in any of such events the Trustee shall be authorized, in its sole discretion, to rely upon and comply with any such order, judgment or decree, and it shall not be liable to the Company or any Trust Beneficiary by reason of such compliance even though such order, judgment or decree subsequently may be reversed, modified, annulled, set aside or vacated.

8.4 The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to anyone for any action taken pursuant to a direction, request, or approval given by the Company or any Director or other Trust Beneficiary contemplated by and complying with the terms of this Agreement. The Trustee shall discharge its responsibility for the investment, management and control of the Trust assets solely in the interest of the Trust Beneficiaries and for the exclusive purpose of assuring that, to the extent of available Trust assets, and in accordance with the terms of this Agreement, all payments of Benefits are made when due to the Trust Beneficiaries.

8.5 The Trustee may consult with legal counsel (who shall not be counsel for the Company) to be selected by it.

8.6 The Trustee shall be reimbursed by the Company for its reasonable expenses incurred in connection with the performance of its duties (including, but not limited to, the fees and expenses of counsel, accountants and others incurred pursuant to Section 8.5 or 8.11) and shall be paid reasonable fees for the performance of such duties in the manner provided by Section 8.7.

8.7 The Company agrees to indemnify and hold harmless the Trustee from and against any and all damages, losses, claims or expenses as incurred (including expenses of investigation and fees and disbursements of counsel to the Trustee and any taxes imposed on the Trust assets or income of the Trust) arising out of or in connection with the performance by the Trustee of its duties, other than such damages, losses, claims or expenses arising out of the Trustee's gross negligence or willful misconduct. The Trustee shall not be required to undertake or to defend any litigation arising in connection with this Agreement unless it be first indemnified by the Company against its prospective costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses), and the Company agrees to indemnify the Trustee and be primarily liable for such costs, expenses, and liabilities. Any amount payable to the Trustee under Section 8.6 or this Section 8.7 shall be paid by the Company promptly upon demand by the Trustee or, in the event that the Company fails to make such payment within 30 days of such demand, from the Trust assets. In the event that payment is made to the Trustee from the Trust assets, the Trustee shall promptly notify the Company in writing of the amount of such payment. The

Company agrees that, upon receipt of such notice, it will deliver to the Trustee to be held in the Trust an amount in cash equal to any payments made from the Trust assets to the Trustee pursuant to Section 8.6 or this Section 8.7. The failure of the Company to transfer any such amount shall not in any way impair the Trustee's right to indemnification, reimbursement and payment pursuant to Section 8.6 or this Section 8.7.

8.8 The Trustee may vote any stock or other securities and exercise any right appurtenant to any stock, other securities or other property it holds, either in person or by general or limited proxy, power of attorney or other instrument.

8.9 The Trustee may hold securities in bearer form and may register securities and other property held in the Trust fund in its own name or in the name of a nominee, combine certificates representing securities with certificates of the same issue held by the Trustee in other fiduciary capacities, and deposit, or arrange for deposit of, property with any depository; provided that the books and records of the Trustee shall at all times show that all such securities are part of the assets of the Trust.

8.10 The Trustee may exercise all rights appurtenant to any letter of credit made payable to the Trustee of the Trust for the benefit of the Trust in accordance with the terms of such letter of credit.

8.11 The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals, who may be agents, accountants, actuaries, investment advisors, financial consultants, or otherwise act in a

professional capacity, as the case may be, for the Company or with respect to the Plan, to assist the Trustee in performing any of its duties.

8.12 The Trustee shall have, without exclusion, all powers

conferred on trustees by applicable law unless expressly provided otherwise in this Agreement.

8.13 Notwithstanding any other provision of this Agreement, in the event of the termination of the Trust, or the resignation or discharge of the Trustee, the Trustee shall have the right to a settlement of its accounts in accordance with the procedures set forth in Section 7.1, which may be made, at the option of the Trustee, either (a) by a judicial settlement in a court of competent jurisdiction, or (b) by agreement of settlement, release and indemnity from the Company to the Trustee.

IX. AMENDMENTS, ETC., TO PLAN AND EXHIBITS

9.1 On or after the date of a Change of Control, the provisions of this Section 9.1 shall apply.

9.1.1 Not later than 45 calendar days after the end of each calendar year and at such other time as may in the judgment of the Company be appropriate in view of a change in circumstances, the Company and each Director shall agree upon and furnish any amendment to Exhibit C (but only with respect to such Director's Benefits) as shall be required to reflect:

(a) any required change in the amounts of Benefits as a result of any change in such Director's retainer (or otherwise) during the prior calendar year, or

20

(b) any amendment, restatement or other change in or to the Plan (Exhibit B), or agreements to amendments to such Exhibit B and Exhibit C shall be furnished to the Trustee by the Company or the Directors and thereafter be deemed to be a part of this Agreement; provided, however, that in the event of the failure of the Company and any Director to reach such agreement, the provisions of Section 9.1.2 shall control.

9.1.2 The Company shall, and any Trust Beneficiary may, promptly furnish the Trustee true and correct copies of any amendment, restatement or successor to the Plan. Upon written notification to the Trustee by the Company or any Director of the failure of the Company and such Director to agree as provided in Section 9.1.1, the Trustee shall, to the extent necessary in the sole judgment of the Trustee, (a) recompute the amount payable as set forth in Exhibit C to any Trust Beneficiary, and (b) notify the Company and the Director in writing of its computations. In making these determinations, the Trustee may employ legal counsel and shall be fully protected under Section 8.7 in relying upon the advice of counsel in relying on such determinations. Thereafter, this Agreement and all Exhibits shall be amended to the extent of such Trustee determinations without further action; provided, however, that the failure of the Company to furnish any such amendment, restatement, successor or compensation information shall in no way diminish the rights of any Trust Beneficiary.

9.2 Amendments to Exhibit A (and directly corresponding amendments to Exhibit B) that modify one or more lists of

21

Directors shall be made only in accordance with Section 1.6. No amendment to Exhibit A (and no amendment to Exhibit B that would delete a Director may be made on or after the date on which a Change of Control occurs, except in accordance with Article XI.

X. REPLACEMENT OF TRUSTEE

10.1 The Trustee may resign and be discharged from its duties after providing not less than 90 days' notice in writing to the Company. On or after the date of a Change of Control, the Trustee shall also provide notice of its resignation to all of the Directors. Prior to the date of a Change of Control, the Trustee may be removed at any time upon notice in writing by the Company. On or after such date, removal shall also require the agreement of the Directors. Prior to the date of a Change of Control, a replacement or successor

trustee shall be appointed by the Company. On or after such date, appointment shall also require the agreement of the Directors. No such removal or resignation shall become effective until the effectiveness of the acceptance of the Trust by a successor trustee designated in accordance with this Article X. If, after making reasonable efforts to appoint a successor trustee, the Trustee has been unable to do so, the Trustee shall petition a court of competent jurisdiction to appoint a successor trustee. Upon the acceptance of the Trust by a successor trustee, the Trustee shall release all of the moneys and other property in the Trust to its successor, who after such time shall for all purposes of this Agreement be considered to be the "Trustee." In the event of its removal or resignation, the Trustee shall duly file with the

22

Company and, after a Change of Control, all of the Directors, a written statement or statements of accounts and proceedings as provided in Section 7.1 for the period since the last previous accounting of the Trust.

10.2 For purposes of Section 10.1 and Section 11.2, a Director shall not participate if all payments of Benefits then currently due or payable in the future have been made to such Director.

XI. AMENDMENT OR TERMINATION OF AGREEMENT

11.1 This Agreement may be amended at any time and to any extent by a written instrument executed by the Trustee and the Company; provided, however, that no amendment shall have the effect of altering Section 11.2.

11.2 The Trust shall terminate on or after a Change of Control upon the earliest to occur of (i) a joint determination by the Trustee and the Directors made on or after the fifth anniversary of the date of a Change of Control that no Trust Beneficiary is or will be entitled to any further payment of Benefits or (ii) such time as the Trustee shall have received consents from all of the Directors to the termination of this Agreement. Notwithstanding the previous sentence, if payments under the Plan with respect to any Trust Beneficiary are the subject of litigation or arbitration, the Trust shall not terminate and the funds held in the Trust with respect to such Trust Beneficiary shall continue to be held by the Trustee until the final resolution of such litigation or arbitration. The Trustee may assume that the Plan is not the subject of such

23

litigation or arbitration unless the Trustee receives written notice from a Trust Beneficiary or the Company with respect to such litigation or arbitration. The Trustee may rely upon written notice from a Trust Beneficiary as to the final resolution of such litigation or arbitration.

11.3 Upon a termination of the Trust as provided in Section 11.2, any assets remaining in the Trust, less all payments, expenses, taxes and other charges under this Agreement as of such date of termination, shall be returned to the Company.

XII. GENERAL PROVISIONS

12.1 The Company shall, at any time and from time to time, upon the reasonable request of the Trustee, provide information, execute and deliver such further instruments and do such further acts as may be necessary or proper to effectuate the purposes of this Trust.

12.2 Each Exhibit referred to in this Agreement shall become a part of this Agreement and is expressly incorporated by reference.

12.3 This Agreement sets forth the entire understanding of the parties with respect to its subject matter and supersedes any and all prior agreements, arrangements and understandings. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives.

12.4 This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

24

12.5 In the event that any provision of this Agreement or the application of any provision to any person or circumstances shall be determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each provision of this Agreement shall be valid and enforced to the maximum extent permitted by law.

12.6 (a) The preamble to this Agreement shall be considered a part of the agreement of the parties as if set forth in a section of this Agreement.

(b) The headings and table of contents contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

12.7 The right of any Trust Beneficiary to any benefit or to any payment may not be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process except as required by law. Any attempt by any Trust Beneficiary to anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void. The Trust assets shall not in any manner be subject to the debts, contracts, liabilities, engagements or torts of any Trust Beneficiary.

12.8 Any dispute between the Directors and the Company or the Trustee as to the interpretation or application of the

25

provisions of this Agreement and amounts payable may, at the election of any party to such dispute (or, if more than one Director is such a party, at the election of two-thirds of such Directors), be determined by binding arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. All fees and expenses of such arbitration shall be paid by the Trustee and considered an expense of the Trust under Section 8.7.

12.9 Each Director is an intended beneficiary under this Trust, and as an intended beneficiary shall be entitled to enforce all terms and provisions with the same force and effect as if such person had been a party to the Agreement.

12.10 The Trustee shall be permitted to withhold from any payment due to a Director the amount required by law to be so withheld under federal, state and local withholding requirements or otherwise, and shall pay over to the appropriate government authority the amounts so withheld. The Trustee may rely on reasonable instructions from the Company as to any required withholding and shall be fully protected under Section 8.7 in relying on such instructions.

12.11 Notwithstanding any other provision, the parties' respective rights and obligations under Section 12.9 shall survive any termination or expiration of this Agreement.

XIII. NOTICES

13.1 For all purposes of this Agreement, any communication, including without limitation, any notice, consent, report, demand

26

or waiver required or permitted to be given shall be in writing and, unless otherwise provided in this Agreement, shall be deemed to have been duly given when hand delivered or dispatched by telegram or electronic facsimile transfer (confirmed in writing by mail simultaneously dispatched), or two business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or one business day after having been dispatched by a nationally recognized overnight courier service to the appropriate party at the address specified below:

IF TO THE COMPANY, TO: Cleveland-Cliffs Inc
1100 Superior Avenue
Cleveland, Ohio 44114
Attention: Secretary

IF TO THE TRUSTEE, TO: Key Trust Company of Ohio, N.A.
127 Public Square
Cleveland, Ohio 44114-1306
Attention:

IF TO A DIRECTOR, TO: the address of such Director as
listed next to such Director's
name on Exhibit A,

provided, however, that if any party or such party's successors shall have designated a different address by notice to the other parties, then to the last address so designated.

IN WITNESS WHEREOF, the Company and the Trustee caused this Agreement to be executed on its behalf as of the date first above written.

Attested CLEVELAND-CLIFFS INC

By: /s/ J.E. Lenhard By: /s/ R.F. Novak

Its: Secretary Its: Vice President

27

Attested Key Trust Company of Ohio, N.A.

By: /s/ Kathryn L. Kaesberg By: /s/ Kelley Clark

Its: Vice President Its: Vice President

28

EXHIBIT A

11/20/96

CLEVELAND-CLIFFS INC

NONEMPLOYEE DIRECTORS' SUPPLEMENTAL COMPENSATION PLAN PARTICIPANTS

Ronald C. Cambre
Newmont Mining Corporation
1700 Lincoln Street, Suite 2800
Denver, CO 80203

Francis R. McAllister
ASARCO Incorporated
1150 North 7th Avenue
Tucson, AZ 85705

John C. Morley
30195 Chagrin Boulevard
Suite 210N
Pepper Pike, OH 44124

EXHIBIT B

CLEVELAND-CLIFFS INC
NONEMPLOYEE DIRECTORS' SUPPLEMENTAL COMPENSATION PLAN

WHEREAS, the Board of Directors of Cleveland-Cliffs Inc (the "Board of Directors") has determined that the "Participants" (as defined in Section 2.1) have, individually and collectively, made and may continue to make an essential contribution to the profitability, growth, financial strength and overall guidance of Cleveland-Cliffs Inc (the "Company") and

WHEREAS, the Company desires to provide an incentive to attract and maintain the highest quality of individuals to serve as directors (the "Directors");

NOW, THEREFORE, by approval of the Board of Directors of the Company, the Company hereby establishes the CLEVELAND-CLIFFS INC NONEMPLOYEE DIRECTORS' SUPPLEMENTAL COMPENSATION PLAN (the "Plan") to be effective as of July 1, 1995, which Plan shall contain the following terms and conditions:

ARTICLE I

ESTABLISHMENT OF THE PLAN

1.1 THE PLAN. The Company, intending that the Participants and Directors shall rely thereon, hereby establishes the Plan.

1.2 AMENDMENT, SUSPENSION OR TERMINATION OF PLAN. The Company shall not amend, suspend or terminate the Plan or any provision hereof, including without limitation this Section 1.2, without the prior approval of a majority of the Directors present at a meeting of the Board of Directors at which a "quorum" (as defined in the Regulations of the Company) is present. Anything contained in the Plan to the contrary notwithstanding, and notwithstanding any amendment, suspension or termination (hereinafter collectively referred to in this Section 1.2 as an "Amendment") of the Plan, no right under the Plan of any person who was a

Participant or a Director immediately prior to any Amendment shall in any way be amended, modified, compromised, terminated or suspended without the prior written consent of such person. Without such consent, the rights under the Plan of a Participant and Director withholding such consent shall be as set forth in the Plan in the form that the Plan existed on the date such person's rights under the Plan vested, as set forth in Section 2.2 (as such Section 2.2 may be amended by any Amendment consented to by such person).

ARTICLE II

PARTICIPANTS

2.1 PARTICIPANTS. Each Director who has never been an employee or officer of the Company and who first serves as a Director on or after July 1, 1995 (an "Outside Director") shall become a Participant in the Plan upon the completion of five years of continuous service as a Director.

2.2 VESTING. The rights under the Plan of all persons who are Directors and who first serve as such on or after July 1, 1995 shall vest immediately upon their election as Directors; PROVIDED, HOWEVER, that the right of any Director to receive any benefits pursuant to Article III of the Plan shall be subject to the qualification of such Director as a Participant hereunder and to such Director's satisfaction of the requirements of Article III with respect to benefit entitlement.

2.3 PARTICIPATION UPON CHANGE OF CONTROL. Anything contained herein to the contrary notwithstanding, in the event of a "Change of Control" (as hereinafter defined), each Outside Director shall become a Participant in the Plan. A "Change of Control" shall mean the occurrence of any of the following events:

(a) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(b) The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same have existed immediately prior to such sale or transfer;

(c) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on July 1, 1995) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(d) During any period of three consecutive years, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

ARTICLE III

POST-RETIREMENT INCOME

3.1 POST-RETIREMENT INCOME. Commencing upon a Participant's retirement from the Board of Directors (i) with at least five years of continuous service as a Director, or (ii) after a Change of Control (hereinafter collectively referred to as the Participant's "Commencement Date"), the Company will pay quarterly to the Participant an amount equal to Fifty Percent (50%) of the stated quarterly Board of Directors retainer fee for service as an Outside Director which is in effect on the Participant's retirement; PROVIDED, HOWEVER, that such amount shall only be payable to a Participant during his "Payment Period" (as defined in Section 3.2); PROVIDED FURTHER, that payment of such amount shall not commence prior to the Participant's 65th birthday, except in the case of disability of the Participant; and, PROVIDED FURTHER, that if a Participant's Commencement Date is on account of an event described in clause (ii) of this Section 3.1, such amount shall be reduced for any Participant with fewer than five years of continuous service as an Outside Director by Twenty Percent (20%) for each full year of continuous service less than five that such Participant has served as an Outside Director. For purposes of this Section 3.1, when determining the amount of an Outside Director's stated quarterly Board of Directors retainer fee, such retainer fee shall be deemed to include the stock component (if any, and whether restricted or unrestricted) of such fee. The duration of post-retirement income payments described in this Section 3.1 shall be as more fully described in Section 3.2. For purposes of this Section 3.1, the term "retirement" of an Outside Director shall be deemed to include; (i) the failure of the stockholders of the Company to re-elect such Outside Director; PROVIDED, HOWEVER, that the right of any Director to receive benefits pursuant to the provisions of this Article III shall be subject to the Director's satisfaction of the applicable requirements of Article III with respect to benefit entitlement, and (ii) following a Change of

Control, resignation or the failure of the stockholders of the Company to re-elect such Outside Director.

3.2 FORM OF PAYMENT. Post-retirement income payable pursuant to Section 3.1 shall be paid to the Participant for a period equal to his years of continuous service on the Board of Directors (the "Payment Period"). Such post-retirement income shall be paid in cash to the Participant in equal quarterly installments, each installment to be paid in advance on the first day of each quarter, beginning with the quarter that begins on the first day of the January, April, July or October coinciding with or next following such Participant's Commencement Date. In the event a Participant who is married on his Commencement Date dies during his Payment Period and prior to the distribution of all post-retirement income to which he is entitled hereunder, the remaining post-retirement income installment payments shall be paid to his

"Surviving Spouse" (as hereinafter defined) for the remainder of the Payment Period or, if earlier, until the death of such Surviving Spouse. For purposes of this Section 3.2, "Surviving Spouse" means the person to whom a Participant is legally married on his Commencement Date. In the event a Participant who is not married on his Commencement Date dies during his Payment Period and prior to the distribution of all post-retirement income to which he is entitled hereunder, the last payment made hereunder shall be the payment made to the Participant for the quarter during which his death occurs.

-5-

ARTICLE IV

GENERAL PROVISIONS

4.1 SUCCESSORS AND BINDING AGREEMENTS.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business and/or assets of the Company expressly to assume and agree to perform hereunder the Plan in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. The Plan shall be binding upon and inure to the benefit of the Company and any successor of or to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by sale, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed to be the "Company" for purposes of this Plan), but shall not otherwise be assignable or delegatable by the Company.

(b) The Plan shall inure to the benefit of and be enforceable by each of the Participants or Directors and his respective personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees.

(c) Neither the Company nor any Participant or Director hereunder shall assign, transfer or delegate the Plan or any rights or obligations hereunder, except as expressly provided in Section 4.1(a). Without limiting the generality of the foregoing, no right or interest under the Plan of a Participant or Director (or of any person claiming under or through any of them) shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Director or designated beneficiary. If any Participant or Director or designated beneficiary shall attempt to or shall transfer, assign,

-6-

alienate, anticipate, sell, pledge or otherwise encumber his benefits hereunder or any part thereof, or if by reason of his bankruptcy or other event occurring at any time such benefits would devolve upon anyone else or would not be enjoyed by him, then the Company, acting through the Board Affairs Committee of the Board of Directors, in its discretion, may terminate his interest in any such benefit to the extent the Company considers it necessary or advisable in order to prevent or limit the effects of such occurrence. Such termination shall be affected by filing a written "termination declaration" with the Plan's records and by making reasonable efforts to deliver a copy of such "termination declaration" to the Participant or Director or designated beneficiary (the "Terminated Participant") whose interest is adversely affected.

As long as the Terminated Participant is alive, any benefits affected by the termination shall be retained by the Company and, in the Company's sole and absolute judgment, may be paid to or expended for the benefit of the Terminated Participant, his spouse, his children or any other person or persons in fact dependent upon him in such a manner as the Company shall deem proper. Upon the death of the Terminated Participant, all benefits withheld from him and not paid to others in accordance with the preceding sentence shall be paid to the Terminated Participant's then living descendants, including adopted children, per stirpes, or, if there are none then living, to his estate.

4.2 NOTICES. For all purposes of this Plan, all communications provided for herein shall be in writing and shall be deemed to have been duly given when delivered on five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company (to the attention of the Secretary of the Company) at

its principal executive office and to a Participant at his principal residence, or to such other address as any party may have furnished to the other in writing and

-7-

in accordance herewith, except that notices of change of address shall be effective only upon receipt.

4.3 FORFEITURE OF POST-RETIREMENT INCOME. No post-retirement income shall be paid to any Participant or Surviving Spouse hereunder unless the Participant agrees (i) to be available to the Company in an unpaid advisory capacity on and after his Commencement Date, and (ii) not to engage in any activity adverse to the interests of the Company. In the event the Participant breaches such agreement, no further payments to the Participant or his Surviving Spouse shall be made hereunder. Anything contained herein to the contrary notwithstanding, the provisions of this Section 4.3 shall not apply in the event of a Change of Control.

4.4 GOVERNING LAW. The validity, interpretation, construction and performance of this Plan shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

4.5 SEVERABILITY. Each Section, subsection and lesser section of the Plan constitutes a separate and distinct undertaking, covenant and/or provision hereof. Whenever possible, each provision of the Plan shall be interpreted in such manner as to be effective and valid under applicable law. In the event that any provision of the Plan shall finally be determined to be unlawful, such provision shall be deemed severed from the Plan, but every other provision of the Plan shall remain in full force and effect, and in substitution for any such provision held unlawful, there shall be substituted a provision of similar import reflecting the original intention of the parties hereto to the extent permissible under law.

4.6 WITHHOLDING OF TAXES. The Company may withhold from any amounts payable under the Plan all federal, state, city and other taxes as shall be legally required.

-8-

4.7 GENDER AND NUMBER. As used in the Plan, the singular shall include the plural and the masculine shall include the feminine, and vice versa, all as required by the context.

* * *

IN WITNESS WHEREOF, this Plan has been duly adopted by the Company as of July 1, 1995.

CLEVELAND-CLIFFS INC

By /s/ M. T. Moore

Chairman and Chief Executive Officer

[TRUST FOR NONEMPLOYEE DIRECTORS' COMPENSATION PLAN]

TRUST AGREEMENT NO. 10

Between

CLEVELAND-CLIFFS INC

and

KEY TRUST COMPANY OF OHIO, N.A.

November 20, 1996

TABLE OF CONTENTS

	Page

I. TRUST FUND.....	2
II. PAYMENTS TO TRUST BENEFICIARIES.....	6
III. THE TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS TO A TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT.....	8
IV. PAYMENTS TO COMPANY.....	10
V. INVESTMENT OF TRUST FUND.....	10
VI. INCOME OF THE TRUST.....	11
VII. ACCOUNTING BY TRUSTEE.....	11
VIII. RESPONSIBILITY AND INDEMNIFICATION OF TRUSTEE.....	13
IX. AMENDMENTS, ETC., TO PLAN AND EXHIBITS.....	18
X. REPLACEMENT OF TRUSTEE.....	19
XI. AMENDMENT OR TERMINATION OF AGREEMENT.....	21
XII. GENERAL PROVISIONS.....	22
XIII. NOTICES.....	24

TRUST AGREEMENT NO. 10

This Trust Agreement ("Agreement") made as of the 20th day of November, 1996 by and between Cleveland-Cliffs Inc, an Ohio corporation ("Company"), and Key Trust Company of Ohio, N.A., an Ohio corporation ("Trustee").

WITNESSETH:

WHEREAS, certain benefits are or may become payable to the nonemployee directors of the Company listed (from time to time as provided in Sections 1.6 and 9.2 hereof) on Exhibit A hereto ("Directors") under the provisions of the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan,

effective July 1, 1996 ("Effective Date") as the same have been or in the future may be amended or restated, or any successor thereto ("Plan"), a copy of which is appended to this Agreement as Exhibit B;

WHEREAS, the Plan provides for the payment of cash and/or common shares of the Company ("Common Shares") to Directors who elect to defer their compensation on or after the Effective Date, and to their beneficiaries, if applicable, as provided in the Plan, and the Company wishes to assure the payment to the Directors and to their beneficiaries (the Directors and their respective beneficiaries are collectively referred to as the "Trust Beneficiaries") of amounts due under the Plan (the amounts so payable are collectively referred to as the "Benefits");

WHEREAS, the Company wishes to establish a trust ("Trust") and to transfer to the Trust assets which shall be held subject to the claims of the creditors of the Company to the extent set forth in Article III until (i) paid in full to all Trust

Beneficiaries as Benefits in such manner and as specified in this Agreement unless the Company is Insolvent (as that term is defined below) at the time that such Benefits become payable or (ii) otherwise disposed of pursuant to the terms of this Agreement; and

WHEREAS, the Company shall be considered "Insolvent" for purposes of this Agreement at such time as the Company (i) is subject to a pending proceeding as a debtor under the United States Bankruptcy Code, as amended from time to time, or (ii) is unable to pay its debts as they become due.

NOW, THEREFORE, the Company and the Trustee establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

I. TRUST FUND

1.1 Subject to the claims of creditors to the extent set forth in Article III, the Company shall deposit with the Trustee in trust One Hundred Dollars (\$100), which shall become the principal of this Trust, to be held, administered and disposed of by the Trustee as provided in this Agreement.

1.2 This Trust shall be irrevocable.

1.3 In the event that a Change in Control has occurred, the Chief Executive Officer of the Company ("CEO") or the Secretary of the Company shall notify the Trustee promptly. The Trustee shall be entitled to rely upon such notice as to whether and when a Change in Control has occurred and shall not be required to make any independent verification of a Change in Control.

2

1.4 The principal of the Trust and any earnings shall be held in trust separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes set forth in this Agreement. No Trust Beneficiary shall have any preferred claim on, or any beneficial ownership interest in, any assets of the Trust prior to the time that such assets are paid to a Trust Beneficiary as Benefits. Any rights created under the Plan and this Agreement shall be mere unsecured contractual rights of Trust Beneficiaries with respect to the Company. The obligation of the Trustee to pay Benefits pursuant to this Agreement constitutes merely an unfunded and unsecured promise to pay such benefits.

1.5 (a) The Company may at any time or from time to time make additional deposits of cash or other property (including Common Shares of the Company) as may be acceptable to the Trustee in the Trust, or make provision for cash or other property (including Common Shares of the Company) as may be acceptable to the Trustee to be transferred to the Trust, such as by means of a letter of credit or otherwise, to augment the principal to be held, administered and disposed of by the Trustee, but no payment of all or any portion of the principal of the Trust or earnings shall be made to the Company or any other person or entity on behalf of the Company except as expressly provided in this Agreement.

(b) Within 10 days following the occurrence of a Potential Change in Control (as that term is defined in this Section 1.5), the Company shall make a contribution to the Trust

that is sufficient, taking into account the assets of the Trust prior to such contribution, to provide for the payment of all Benefits and any other amounts payable or reimbursable pursuant to the terms of this Agreement.

(c) Within 30 days after the end of any calendar year ending after a Change of Control, the Company shall make a contribution to the Trust that is sufficient, taking into account the assets of the Trust prior to such contribution, to provide for the payment of all Benefits and any other amounts payable or reimbursable pursuant to the terms of this Agreement.

(d) A "Potential Change in Control" means the occurrence of any of the following events:

(i) The Company enters into a letter of intent, agreement in principle or other agreement, the consummation of which would constitute a Change in Control; or

(ii) any person (including the Company) makes a public announcement (including, without limitation, an announcement made by filing a Schedule 13D or Schedule 14D-1 (or any successor schedule, form, report or item), each as promulgated pursuant to the Securities Exchange Act of 1934 (the "Exchange Act")) stating a present intention to take actions that, if consummated, would constitute a Change in Control.

1.6 Not later than the date of any Change of Control, the Company shall (a) provide any corresponding revisions to Exhibits A and B that may be required and (b) provide the Trustee with copies of the Plan and any amendments thereto.

1.7 The Trust is intended to be a grantor trust, within the meaning of section 671 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision, and shall be construed accordingly. The purpose of the Trust is to assure that the Company's obligations to the Trust Beneficiaries pursuant to the Plan are fulfilled. The Trust is neither intended nor designed to qualify under section 401(a) of the Code or to be subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

1.8 As used in this Agreement, the term "Change in Control" shall mean the occurrence of any of the following events:

(a) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(b) The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such sale or transfer;

(c) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the

Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(d) During any period of three consecutive years,

individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each director first elected during any such period was approved by a vote of at least one-third of the directors of the Company who are directors of the Company on the date of the beginning of any such period.

II. PAYMENTS TO TRUST BENEFICIARIES

2.1 Provided that the Company is not Insolvent and commencing with the earlier to occur of (a) appropriate notice to the Trustee by the Company, or (b) the date on which the Trustee has been notified in accordance with Section 1.3 that a Change of Control has occurred, the Trustee shall make payments of Benefits to each Trust Beneficiary from the assets of the Trust in compliance and conformity with the terms of the Plan and subject to Article IX.

2.2 The Trustee shall continue to pay Benefits to the Trust Beneficiaries until the assets of the Trust are depleted, subject to Section 11.2. If any current payment by the Trustee under the terms of this Agreement would deplete the assets of the Trust

6

below the amount necessary to provide adequately for Benefits known to the Trustee to be payable in the future, the Trustee shall nevertheless make the current payment when due. If, after application of the preceding sentence, amounts in the Trust are not sufficient to provide for full payment of the Benefits to which any Trust Beneficiary is entitled as provided in this Agreement, the Company shall make the balance of each such payment directly to the Trust Beneficiary as it becomes due.

2.3 The Company may make payments of Benefits directly to each or any Trust Beneficiary. The Company shall notify the Trustee of its decision to pay Benefits directly at least 3 days prior to the time amounts are due to be paid to a Trust Beneficiary.

2.4 Nothing in this Agreement shall in any way diminish any rights of any Trust Beneficiary to pursue such Trust Beneficiary's rights as a general creditor of the Company with respect to Benefits or otherwise, and the rights of each Trust Beneficiary under the Plan shall in no way be affected or diminished by any provision of this Agreement or action taken pursuant to this Agreement, except that any payment actually received by any Trust Beneficiary shall reduce dollar-per-dollar amounts otherwise due to such Trust Beneficiary pursuant to the Plan.

2.5 The Trustee shall withhold from any payment to a Trust Beneficiary the amount required by law to be so withheld under federal, state and local tax withholding requirements, and shall

7

pay over to the appropriate government authority the amounts withheld.

III. THE TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS TO A TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT

3.1 At all times during the continuance of this Trust, the principal and income of the Trust shall be subject to claims of creditors of the Company as set forth in this Section 3.1. The Board of Directors of the Company ("Board") and the CEO shall have the duty to inform the Trustee in writing if either the Board or the CEO believes that the Company is Insolvent. If the Trustee receives a notice in writing from the Board or the CEO stating that the Company is Insolvent or if a person claiming to be a creditor of the Company alleges in writing to the Trustee that the Company has become Insolvent, the Trustee shall independently determine within 30 days after receipt of such notice whether the Company is Insolvent. In making this determination, the Trustee may engage the outside accountants of the Company to render an opinion as to the solvency of the Company and shall be fully protected under Section 8.7 in relying upon the advice of such accountants. In addition, the Company shall provide the Trustee or its agents, including the outside accountants of the Company, with any information reasonably requested, and otherwise cooperate with

the Company or its agents in making the determination. Pending such determination, or if the Trustee has actual knowledge or has determined that the Company is Insolvent, the Trustee shall discontinue or refrain from making payments to any Trust Beneficiary and hold the Trust assets for the benefit of the general creditors of the Company.

8

The Trustee shall pay any undistributed principal and income in the Trust to the extent necessary to satisfy the claims of the creditors of the Company as a court of competent jurisdiction may direct. If the Trustee has discontinued or refrained from making payments to any Trust Beneficiary pursuant to this Section 3.1, the Trustee shall pay or resume payments to such Trust Beneficiary in accordance with this Agreement if the Trustee has determined that the Company is not Insolvent, or is no longer Insolvent (if the Trustee initially determined the Company to be Insolvent), or pursuant to the order of a court of competent jurisdiction. Unless the Trustee has actual knowledge of Insolvency, or has received notice from the Board, the CEO or a person claiming to be a creditor of the Company alleging that the Company is Insolvent, the Trustee shall have no duty to inquire as to whether the Company is Insolvent and may rely on information concerning the Insolvency of the Company that has been furnished to the Trustee by any creditor of the Company or by any person (other than an employee or director of the Company) acting with apparent or actual authority with respect to the Company.

3.2. If the Trustee is precluded from paying Benefits from the Trust assets pursuant to Section 3.1 and such prohibition is subsequently removed, the Trustee shall pay the aggregate amount of all Benefits that would have been paid to the Trust Beneficiaries in accordance with this Agreement during the period of such prohibition, less the aggregate amount of Benefits otherwise paid to any Trust Beneficiary by the Company during any

9

such period, together with interest on the delayed amount determined at a rate equal to the rate actually earned (including, without limitation, market appreciation or depreciation, plus receipt of interest and dividends) during such period with respect to the assets of the Trust corresponding to such net amount delayed.

IV. PAYMENTS TO COMPANY

4.1 Except to the extent expressly contemplated by this Article IV, the Company shall have no right or power to direct the Trustee to return any of the Trust assets to the Company before all payments of Benefits have been made to all Trust Beneficiaries as provided in this Agreement.

V. INVESTMENT OF TRUST FUND

5.1 Prior to a Change of Control, the Trustee shall invest and reinvest the assets of the Trust as the Company shall prescribe in writing from time to time.

5.2 On or after the date of a Change of Control, or in the absence of the instructions from the Company specified in Section 5.1, the provisions of this Section 5.2 shall apply to the investment of the Trust assets. The investment objective of the Trustee shall be to preserve the principal of the Trust while obtaining a reasonable total rate of return, measurement of which shall include, without limitation, market appreciation or depreciation plus receipt of interest and dividends. The Trustee shall be mindful, in the course of its management of the Trust, of the liquidity demands on the Trust.

10

5.3 The Trustee shall have the sole power to invest the assets of the Trust, in accordance with the provisions of Sections 5.1 and 5.2. The Trustee shall not be liable for any failure to maximize income on such portion

of the Trust assets as may be from time to time invested or reinvested as set forth above, nor for any loss of principal or income due to the liquidation of any investment that the Trustee, in its sole discretion, believes necessary to make payments or to reimburse expenses under the terms of this Agreement. The Trustee shall have the right to invest assets of the Trust for short-term investment periods, pending distribution, or long-term investment of such assets, as the Trustee may deem proper in the circumstances.

VI. INCOME OF THE TRUST

6.1 During the continuance of this Trust, all net income of the Trust shall be retained in the Trust.

VII. ACCOUNTING BY TRUSTEE

7.1 The Trustee shall maintain such books, records and accounts as may be necessary for the proper administration of the Trust assets, including such specific records as shall be agreed upon in writing by the Company and the Trustee. Within 60 days following the close of each calendar year that includes or commences after the date of this Trust until the termination of this Trust or the removal or resignation of the Trustee (and within 60 days after the date of such termination, removal or resignation), the Trustee shall render to the Company an accounting with respect to the Trust assets as of the end of the

11

then most recent calendar year (and as of the date of such termination, removal or resignation, as the case may be). The Trustee shall furnish to the Company on a quarterly basis (or as the Company shall direct from time to time) and in a timely manner such information regarding the Trust as the Company shall require for purposes of preparing its statements of financial condition. The Trustee shall at all times maintain separate bookkeeping accounts for each Director as prescribed in Section 7.2 hereof, and, upon the written request of a Director, shall provide to the Director an annual statement of the Director's account. Upon the written request of the Company or, on or after the date of a Change of Control, a Director, the Trustee shall deliver to the Company or the Director, as the case may be, a written report setting forth the amount held in the Trust and a record of the deposits made to the Trust by the Company.

Unless the Company or any Director shall have filed with the Trustee written exception or objection to any such statement and account within 90 days after receipt thereof, the Company and the Directors shall be deemed to have approved such statement and account, and in such case, the Trustee shall be forever released and discharged with respect to all matters and things reported in such statement and account as though it had been settled by a decree of a court of competent jurisdiction in an action or proceeding to which the Company and the Directors were parties.

7.2 The Trustee shall maintain a separate account for each Director. The Trustee shall credit or debit each Director's

12

account as appropriate to reflect such Director's allocable portion of the Trust assets, as such Trust assets may be adjusted from time to time pursuant to the terms of this Agreement. Except as provided in this Section 7.2, all allocations shall be made in proportion to the balances of the separate accounts of the Directors. Prior to the date of a Change of Control, all deposits of principal pursuant to Section 1.1 and 1.5 hereof shall be allocated as directed by the Company. On or after such date, deposits of principal once allocated may not be reallocated. Income, expense, gain or loss on assets allocated to the separate accounts of the Directors shall be allocated separately to such accounts by the Trustee in proportion to the balances of the separate accounts of the Directors.

7.3 Nothing in this Article VII shall preclude the commingling of Trust assets for investment.

VIII. RESPONSIBILITY AND INDEMNIFICATION OF TRUSTEE

8.1 The duties and responsibilities of the Trustee shall be limited to those expressly set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement against the Trustee.

8.2 In addition to and without limiting any other provision of this Agreement, on or after the date of a Change of Control, the Trustee shall, in its sole discretion, based upon the information furnished to it by the Company and/or the Directors and any additional information that it may reasonably request, (a) make all decisions regarding whether a Trust Beneficiary is eligible for the payment of Benefits, the nature, amount and

13

timing of such benefits, and any other decisions pertinent to the exercise of the Trustee's duties and responsibilities under this Agreement, and (b) exercise any power or discretion granted pursuant to the Plan to the Board, any committee of the Board, or to any other committee, entity or person. On or before the date of a Change in Control, the Company shall furnish the Trustee with calculations and supporting schedules showing in detail the payments required under the Agreement in the event of the termination of each of the Director's service with the Company immediately following the Change in Control. The Trustee shall determine amounts due under this Agreement in a manner consistent with these calculations and supporting schedules. In connection with the exercise of the duties, responsibilities, power and discretion of the Trustee under this Agreement, the Trustee may employ legal counsel to aid its determinations and shall be fully protected under Section 8.7 in relying upon the advice of counsel in making such determinations.

8.3 If all or any part of the Trust assets are at any time attached, garnished, or levied upon by any court order, or in case the payment, assignment, transfer, conveyance or delivery of any such property shall be stayed or enjoined by any court order, or in case any order, judgment or decree shall be made or entered by a court affecting such property or any part of such property, then and in any of such events the Trustee shall be authorized, in its sole discretion, to rely upon and comply with any such order, judgment or decree, and it shall not be liable to the Company or any Trust Beneficiary by reason of such compliance

14

even though such order, judgment or decree subsequently may be reversed, modified, annulled, set aside or vacated.

8.4 The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that the Trustee shall incur no liability to anyone for any action taken pursuant to a direction, request, or approval given by the Company or any Director or other Trust Beneficiary contemplated by and complying with the terms of this Agreement. The Trustee shall discharge its responsibility for the investment, management and control of the Trust assets solely in the interest of the Trust Beneficiaries and for the exclusive purpose of assuring that, to the extent of available Trust assets, and in accordance with the terms of this Agreement, all payments of Benefits are made when due to the Trust Beneficiaries.

8.5 The Trustee may consult with legal counsel (who shall not be counsel for the Company) to be selected by it.

8.6 The Trustee shall be reimbursed by the Company for its reasonable expenses incurred in connection with the performance of its duties (including, but not limited to, the fees and expenses of counsel, accountants and others incurred pursuant to Section 8.5 or 8.11) and shall be paid reasonable fees for the performance of such duties in the manner provided by Section 8.7.

8.7 The Company agrees to indemnify and hold harmless the Trustee from and against any and all damages, losses, claims or

15

expenses as incurred (including expenses of investigation and fees and disbursements of counsel to the Trustee and any taxes imposed on the Trust

assets or income of the Trust) arising out of or in connection with the performance by the Trustee of its duties, other than such damages, losses, claims or expenses arising out of the Trustee's gross negligence or willful misconduct. The Trustee shall not be required to undertake or to defend any litigation arising in connection with this Agreement unless it be first indemnified by the Company against its prospective costs, expenses and liabilities (including, without limitation, attorneys' fees and expenses), and the Company agrees to indemnify the Trustee and be primarily liable for such costs, expenses, and liabilities. Any amount payable to the Trustee under Section 8.6 or this Section 8.7 shall be paid by the Company promptly upon demand by the Trustee or, in the event that the Company fails to make such payment within 30 days of such demand, from the Trust assets. In the event that payment is made to the Trustee from the Trust assets, the Trustee shall promptly notify the Company in writing of the amount of such payment. The Company agrees that, upon receipt of such notice, it will deliver to the Trustee to be held in the Trust an amount in cash equal to any payments made from the Trust assets to the Trustee pursuant to Section 8.6 or this Section 8.7. The failure of the Company to transfer any such amount shall not in any way impair the Trustee's right to indemnification, reimbursement and payment pursuant to Section 8.6 or this Section 8.7.

16

8.8 The Trustee may vote any stock (other than Common Shares of the Company for which it receives instructions as provided below) or other securities and exercise any right appurtenant to any such stock, other securities or other property it holds, either in person or by general or limited proxy, power of attorney or other instrument. Each Director shall be entitled to instruct the Trustee as to the voting of any full or partial Common Shares of the Company allocated to his account as of the applicable record date. Prior to such voting, the Director shall receive a copy of the proxy solicitation materials and a blank form to instruct confidentially the Trustee how to vote the Common Shares of the Company allocated to his account as of the applicable record date. Upon receipt of such instructions, the Trustee shall vote the shares (or, as applicable, exercise any dissenter's rights) as instructed. The Trustee shall vote all other Common Shares of the Company in its possession (including shares for which it does not receive instruction from Directors) in accordance with the first sentence of this Section 8.8.

8.9 The Trustee may hold securities in bearer form and may register securities and other property held in the Trust fund in its own name or in the name of a nominee, combine certificates representing securities with certificates of the same issue held by the Trustee in other fiduciary capacities, and deposit, or arrange for deposit of, property with any depository; provided that the books and records of the Trustee shall at all times show that all such securities are part of the assets of the Trust.

17

8.10 The Trustee may exercise all rights appurtenant to any letter of credit made payable to the Trustee of the Trust for the benefit of the Trust in accordance with the terms of such letter of credit.

8.11 The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals, who may be agents, accountants, actuaries, investment advisors, financial consultants, or otherwise act in a professional capacity, as the case may be, for the Company or with respect to the Plan, to assist the Trustee in performing any of its duties.

8.12 The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law unless expressly provided otherwise in this Agreement.

8.13 Notwithstanding any other provision of this Agreement, in the event of the termination of the Trust, or the resignation or discharge of the Trustee, the Trustee shall have the right to a settlement of its accounts in accordance with the procedures set forth in Section 7.1, which may be made, at the option of the Trustee, either (a) by a judicial settlement in a court of competent jurisdiction, or (b) by agreement of settlement, release and indemnity from the Company to the Trustee.

IX. AMENDMENTS, ETC., TO PLAN AND EXHIBITS

9.1 On or after the date of a Change of Control, the Company

shall, and any Trust Beneficiary may, promptly furnish the Trustee true and correct copies of any amendment, restatement or successor to the Plan. Upon written notification to the

18

Trustee by the Company or any Director of the failure of the Company and such Director to agree on the amount of Benefits to be paid such Director, the Trustee shall, to the extent necessary in the sole judgment of the Trustee, (a) compute the amount of Benefits payable to any Trust Beneficiary, and (b) notify the Company and the Director in writing of its computations. In making these determinations, the Trustee may employ legal counsel and shall be fully protected under Section 8.7 in relying upon the advice of counsel in relying on such determinations. Thereafter, this Agreement and all Exhibits shall be amended to the extent of such Trustee determinations without further action; provided, however, that the failure of the Company to furnish any such amendment, restatement, successor or compensation information shall in no way diminish the rights of any Trust Beneficiary.

9.2 Amendments to Exhibit A (and directly corresponding amendments to Exhibit B) that modify one or more lists of Directors shall be made only in accordance with Section 1.6. No amendment to Exhibit A (and no amendment to Exhibit B that would delete a Director may be made on or after the date on which a Change of Control occurs, except in accordance with Article XI.

X. REPLACEMENT OF TRUSTEE

10.1 The Trustee may resign and be discharged from its duties after providing not less than 90 days' notice in writing to the Company. On or after the date of a Change of Control, the Trustee shall also provide notice of its resignation to all of the Directors. Prior to the date of a Change of Control, the

19

Trustee may be removed at any time upon notice in writing by the Company. On or after such date, removal shall also require the agreement of the Directors. Prior to the date of a Change of Control, a replacement or successor trustee shall be appointed by the Company. On or after such date, appointment shall also require the agreement of the Directors. No such removal or resignation shall become effective until the effectiveness of the acceptance of the Trust by a successor trustee designated in accordance with this Article X. If, after making reasonable efforts to appoint a successor trustee, the Trustee has been unable to do so, the Trustee shall petition a court of competent jurisdiction to appoint a successor trustee. Upon the acceptance of the Trust by a successor trustee, the Trustee shall release all of the moneys and other property in the Trust to its successor, who after such time shall for all purposes of this Agreement be considered to be the "Trustee." In the event of its removal or resignation, the Trustee shall duly file with the Company and, after a Change of Control, all of the Directors, a written statement or statements of accounts and proceedings as provided in Section 7.1 for the period since the last previous accounting of the Trust.

10.2 For purposes of Section 10.1 and Section 11.2, a Director shall not participate if all Benefits then currently due or payable in the future have been made to such Director.

20

XI. AMENDMENT OR TERMINATION OF AGREEMENT

11.1 This Agreement may be amended at any time and to any extent by a written instrument executed by the Trustee and the Company; provided, however, that no amendment shall have the effect of altering Section 11.2.

11.2 The Trust shall terminate on or after a Change of Control upon the earliest to occur of (i) a joint determination by the Trustee and the Directors made on or after the fifth anniversary of the date of a Change of

Control that no Trust Beneficiary is or will be entitled to any further payment of Benefits or (ii) such time as the Trustee shall have received consents from all of the Directors to the termination of this Agreement. Notwithstanding the previous sentence, if payments under the Plan with respect to any Trust Beneficiary are the subject of litigation or arbitration, the Trust shall not terminate and the funds held in the Trust with respect to such Trust Beneficiary shall continue to be held by the Trustee until the final resolution of such litigation or arbitration. The Trustee may assume that the Plan is not the subject of such litigation or arbitration unless the Trustee receives written notice from a Trust Beneficiary or the Company with respect to such litigation or arbitration. The Trustee may rely upon written notice from a Trust Beneficiary as to the final resolution of such litigation or arbitration.

11.3 Upon a termination of the Trust as provided in Section 11.2, any assets remaining in the Trust, less all payments,

21

expenses, taxes and other charges under this Agreement as of such date of termination, shall be returned to the Company.

XII. GENERAL PROVISIONS -----

12.1 The Company shall, at any time and from time to time, upon the reasonable request of the Trustee, provide information, execute and deliver such further instruments and do such further acts as may be necessary or proper to effectuate the purposes of this Trust.

12.2 Each Exhibit referred to in this Agreement shall become a part of this Agreement and is expressly incorporated by reference.

12.3 This Agreement sets forth the entire understanding of the parties with respect to its subject matter and supersedes any and all prior agreements, arrangements and understandings. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and legal representatives.

12.4 This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

12.5 In the event that any provision of this Agreement or the application of any provision to any person or circumstances shall be determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected, and each provision of this

22

Agreement shall be valid and enforced to the maximum extent permitted by law.

12.6 (a) The preamble to this Agreement shall be considered a part of the agreement of the parties as if set forth in a section of this Agreement.

(b) The headings and table of contents contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement.

12.7 The right of any Trust Beneficiary to any benefit or to any payment may not be anticipated, assigned (either at law or in equity), alienated or subject to attachment, garnishment, levy, execution or other legal or equitable process except as required by law. Any attempt by any Trust Beneficiary to anticipate, alienate, assign, sell, transfer, pledge, encumber or charge the same shall be void. The Trust assets shall not in any manner be subject to the debts, contracts, liabilities, engagements or torts of any Trust Beneficiary.

12.8 Any dispute between the Directors and the Company or the Trustee as to the interpretation or application of the provisions of this Agreement and amounts payable may, at the election of any party to such dispute (or, if more than one Director is such a party, at the election of two-thirds of such Directors), be determined by binding arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court of competent jurisdiction. All

EXHIBIT A

11/20/96

 CLEVELAND-CLIFFS INC

 NONEMPLOYEE DIRECTORS' COMPENSATION PLAN PARTICIPANTS

Ronald C. Cambre
 Newmont Mining Corporation
 1700 Lincoln Street, Suite 2800
 Denver, CO 80203

Francis R. McAllister
 ASARCO Incorporated
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 Tucson, AZ 85705

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 Colman Partners, LLC
 One Maritime Plaza, Suite 2535
 San Francisco, CA 94111

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 Pepper Pike, OH 44124

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 Citizens Building
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Stephen B. Oresman
 Saltash Ltd.
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 Boston, MA 02109

Leslie L. Kanuk
 40 Central Park South, #9A
 New York, NY 10019

Alton W. Whitehouse
 30195 Chagrin Boulevard
 Suite 104W
 Pepper Pike, OH 44124

* * * * *

Directors presently electing to defer fees as of July 1, 1996:

Francis R. McAllister
 John C. Morley
 James D. Ireland III

EXHIBIT B

CLEVELAND-CLIFFS INC NONEMPLOYEE
 DIRECTORS' COMPENSATION PLAN

The Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan ("Plan") is effective as of July 1, 1996, subject to approval of shareholders at the 1996 annual meeting.

ARTICLE I. DEFINITIONS

Whenever the following terms are used in this Plan they shall have the meanings specified below unless the context clearly indicates to the contrary:

(a) "Account": A Deferred Fee Account and/or a Deferred Share Account, as the context may require.

(b) "Accounting Date": December 31 of each year and the last day of each calendar quarter.

(c) "Accounting Period": The quarterly period beginning on the date immediately following an Accounting Date and ending the next following

Accounting Date.

(d) "Administrator": The Board Affairs Committee of the Board or any successor committee designated by the Board.

(e) "Beneficiary": The person or persons (natural or otherwise) designated pursuant to Section 7.7.

(f) "Board": The Board of Directors of the Company.

(g) "Change of Control": The meaning set forth in Section 3.1(b).

(h) "Code": The Internal Revenue Code of 1986, as amended.

(i) "Company": Cleveland-Cliffs Inc or any successor or successors thereto.

(j) "Declared Rate": The Moody's Corporate Average Bond Yield as adjusted on the first business day of January, April, July and October or such other rate as the Administrator shall determine from time to time.

(k) "Deferral Commitment": An agreement made by a Director in a Participation Agreement to have all or a specified portion of his or her Fees. Required Retainer Shares and/or Voluntary Shares deferred under the Plan for a specified period in the future.

(l) "Deferral Period": The Plan Year for which a Director has elected to defer all or a portion of his or her Fees, Required Retainer Shares and/or Voluntary Shares.

(m) "Deferred Fees": The Fees credited to a Director's Deferred Fee Account pursuant to Articles IV and V and payable to a Director pursuant to Article VII.

(n) "Deferred Fee Account": The account maintained on the books of the Company for each Director pursuant to Article V.

(o) "Deferred Shares": The Required Retainer Shares and Voluntary Shares credited to a Director's Deferred Share Account pursuant to Articles IV and VI and payable to a Director pursuant to Article VII.

(p) "Deferred Share Account": The account maintained on the books of the Company for each Director pursuant to Article VI.

(q) "Director": An individual duly elected or chosen as a Director of the Company who is not also an employee of the Company or any of its subsidiaries.

(r) "Fair Market Value": With respect to a Share, the last reported closing price for a Share on the New York Stock Exchange (or any appropriate over-the-counter market if the Shares are no longer listed on such Exchange) for a day specified herein for which such fair market value is to be calculated, or if there was no sale of Shares so reported for such day, on the most recently preceding day on which there was such a sale.

(s) "Fees": The portion of the annual Retainer and other Director compensation payable in cash.

(t) "Participation Agreement": The agreement submitted by a Director to the Administrator in which a Director may specify an amount of Voluntary Shares, or may elect to defer receipt of all or any portion of his or her Fees, Required Retainer Shares and/or Voluntary Shares for a specified period in the future.

(u) "Plan": The Plan set forth in this instrument as it may from time to time be amended.

(v) "Plan Year": The 12-month period beginning January 1 and ending December 31.

(w) "Prior Plan": The Company's existing Plan for Deferred Payment of Directors' Fees originally adopted in 1981.

(x) "Restricted Shares": Shares automatically awarded pursuant to Section 3.1 as to which neither the substantial risk of forfeiture nor the restrictions on transfer referred to in Section 3.1 hereof have expired.

(y) "Retainer": The portion of a Director's annual compensation that is payable without regard to number of Board or committee meetings

attended or committee positions.

(z) "Required Retainer Shares": An amount, payable in Shares, constituting 50% of a Director's Retainer.

(aa) "Rule 16b-3": Rule 16b-3 promulgated under the Securities Exchange Act of 1934 (or any successor rule to the same effect), as in effect from time to time.

(bb) "Settlement Date": The date on which a Director terminates as a Director. Settlement Date shall also include with respect to any Deferral Period the date prior to the date of termination as a Director selected by a Director in a Participation Agreement for distribution of all or a portion of the Fees, Required Retainer Shares and Voluntary Shares deferred during such Deferral Period as provided in Section 7.3.

(cc) "Shares": The Company's fully paid, non-assessable Common Shares, par value \$1.00 per share. Shares may be shares of original issuance or treasury shares or a combination of the foregoing.

(dd) "Voluntary Shares": The meaning set forth in Section 3.2(b).

ARTICLE II. PURPOSE

The purpose of this Plan is to provide for the award of Restricted Shares to Directors and for the payment to Directors of at least one-half of the Retainer earned by them for services as Directors in Shares in order to further align the interests of Directors with the shareholders of the Company and there by promote the long-term success and growth of the Company. In addition, the Plan is intended to provide Directors with opportunities to invest additional amounts of their compensation payable for services as a Director in Shares and defer receipt of any or all of such compensation, other than Restricted Shares.

ARTICLE III. RESTRICTED SHARES, REQUIRED RETAINER SHARES AND VOLUNTARY SHARES

3.1 Automatic Awards of Restricted Shares.

(a) Restricted Shares shall be automatically awarded to Directors as follows:

2

(i) Each individual who is first elected or appointed to the Board as a Director after June 30, 1995 and before July 1, 1996 shall be awarded 1,000 Restricted Shares on July 1, 1996.

(ii) Each individual who is first elected or appointed to the Board as a Director on or after July 1, 1996 shall be awarded 1,000 Restricted Shares on July 1 of the following year.

(b) The Restricted Shares may not be assigned, exchanged, pledged, sold, transferred or otherwise disposed of by a Director, except to the Company, and shall be subject to forfeiture as herein provided until the earliest to occur of the following ("Vesting Event"): (a) the fifth anniversary of the date of award; (b) a Change of Control (as defined below); or (c) death or permanent disability. Any purported transfer in violation of the provisions of this paragraph shall be null and void, and the purported transferee shall obtain no rights with respect to such Restricted Shares. For purposes of this Section 3.1, "Change of Control" shall mean the occurrence of any of the following events:

(i) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(ii) The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such sale or transfer;

(iii) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(iv) During any period of three consecutive years, individuals who

at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

(c) All of the Restricted Shares shall be forfeited by a Director who is terminated before a Vesting Event; provided, however, if service as a Director is terminated by the Company owing to removal as a Director without cause before the fifth anniversary of the date of an award, a portion of the Restricted Shares covered by such award that then remain forfeitable shall become freely transferable and nonforfeitable as follows: that number of Restricted Shares shall become freely transferable and nonforfeitable which bears the same ratio to the total number of Restricted Shares subject to such award that then remain forfeitable and would have become forfeitable at the Vesting Date as the number of full months from the date of award to the date of termination of such service bears to 60, and the balance of the Restricted Shares subject to such award shall be forfeited to the Company.

(d) Unless otherwise directed by the Administrator, all certificates representing Restricted Shares shall be held in custody by the Company until the occurrence of a Vesting Event. As a condition to each award of Restricted Shares, unless otherwise determined by the Administrator, each Director shall have delivered to the Company a stock power, endorsed in blank, relating to the Restricted Shares covered by such award. After the occurrence of a Vesting Event, assuming no event has occurred that would effect a forfeiture of a Director's Restricted Shares, a certificate or certificates evidencing unrestricted ownership of such Shares shall be delivered to the Director.

3

3.2 Required Retainer Shares and Voluntary Shares.

(a) Retainer. Commencing with the Retainer for the third Accounting Period during 1996, 50% of the Retainer established by the Board from time to time shall be payable in cash and 50% of such Retainer shall be payable as Required Retainer Shares payable on January 1 of the following year (unless deferred in accordance with this Plan).

(b) Voluntary Shares. Prior to the commencement of any calendar quarter, a Director may elect by the filing of a Participation Agreement to have up to 100% of his or her Fees for such quarter paid by the Company in the form of Voluntary Shares and in lieu of the cash payment. Such Participation Agreement must be filed as a one-time election. Such election, unless subsequently terminated, shall apply to a Director's Fees for the remainder of the current Plan Year and each subsequent Plan Year. Once an election has been terminated another election may not be made.

(c) Issuance of Shares. On January 1 of each year beginning with January 1, 1997, the Company shall issue (i) to each Director a number of Required Retainer Shares equal to 50% of such Director's Retainer for each Accounting Period during the prior Plan Year divided by the Fair Market Value per Share on the first day of such Accounting Period and (ii) to each Director who has made an election under Section 3.2(b) a number of Voluntary Shares for each such Accounting Period equal to the portion of such Director's Fees in excess of 50% of such Director's Retainer for such Accounting Period that such Director has elected to receive as Voluntary Shares for such Accounting Period divided by the Fair Market Value per Share on the first day of such Accounting Period (less, in each case, the portion of the Required Retainer Shares and Voluntary Shares the Director elected to defer under Section 4.3). To the extent that the application of the foregoing formula would result in the issuance of fractional Shares, no fractional Shares shall be issued, but instead, the Company shall maintain two separate non-interest-bearing accounts for each Director, which accounts shall be credited with the amount of any Required Retainer Shares or Voluntary Shares, as the case may be, not convertible into whole Shares, which amounts shall be combined with Required Retainer Shares and Voluntary Shares, respectively, which are paid for the next following Plan Year. When whole Shares are issued by the Company to the Director on January 1, the amounts in such accounts shall be reduced by that amount which (when added to the Required Retainer Shares and Voluntary Shares for such Director for such quarter) results in the issuance of the maximum number of Shares to such Director. The Company shall pay any and all fees and commissions incurred in connection with the payment of Required Retainer Shares and Voluntary Shares to a Director in Shares.

ARTICLE IV. DEFERRAL OF FEES, REQUIRED REQUIRED SHARES AND VOLUNTARY SHARES

4.1 Deferral of Fees. A Director may elect to defer all or a specified percentage of his or her Fees, and may change such percentage by filing a

Participation Agreement with the Administrator, which shall be effective as of the first day of the Plan Year which commences after the date such Participation Agreement is filed with the Administrator.

4.2 Crediting of Deferred Fees. The portion of a Director's Fees that is deferred pursuant to a Deferral Commitment shall be credited promptly following each Plan Year to the Director's Deferred Fee Account as of the date the corresponding non-deferred portion of his or her Fees would have been paid to the Director.

4.3 Deferral of Required Retainer Shares and Voluntary Shares. A Director may elect to defer all or a specified percentage of his or her Required Retainer Shares and his or her Voluntary Shares, and may change such percentage by filing a Participation Agreement with the Administrator, which shall be effective as of the first day of the Plan Year which commences after the date such Participation Agreement is filed with the Administrator.

4.4 Crediting of Deferred Shares. The portion of a Directors Required Retainer Shares and Voluntary Shares that is deferred pursuant to a Deferral Commitment shall be credited promptly following each Plan Year to the Director's Deferred Share Account as of the date the corresponding non-deferred portion of his or her Required Retainer Shares and Voluntary Shares would have been issued to the Director.

4

4.5 Withholding Taxes. If the Company is required to withhold any taxes or other amounts from a Director's Deferred Fees or Deferred Shares pursuant to any state, Federal or local law, such amounts shall, to the extent possible, be deducted from the Director's Fees or Required Retainer Shares or Voluntary Shares before such amounts are credited as described in Sections 4.2 and 4.4 above. Any additional withholding amount required shall be paid by the Director to the Company as a condition of crediting his or her Accounts.

ARTICLE V. DEFERRED FEE ACCOUNT

5.1 Determination of Deferred Fee Account. On any particular date, a Director's Deferred Fee Account shall consist of the aggregate amount credited thereto pursuant to Section 4.2, plus any interest credited pursuant to Section 5.2, minus the aggregate amount of distributions, if any, made from such Deferred Fee Account.

5.2 Crediting of Interest. Each Deferred Fee Account to which Fees have been credited in dollar amounts shall be increased by the amount of interest earned since the immediately preceding Accounting Date. Interest shall be credited at the Declared Rate as of each Accounting Date based on the average daily balance of the Director's Deferred Fee Account since the immediately preceding Accounting Date, but after the Deferred Fee Account has been adjusted for any contributions or distributions to be credited or deducted for such period. Interest for the period prior to the first Accounting Date applicable to a Deferred Fee Account shall be prorated.

5.3 Adjustments to Deferred Fee Accounts. Each Director's Deferred Fee Account shall be immediately debited with the amount of any distributions under the Plan to or on behalf of the Director or, in the event of his or her death, his or her Beneficiary.

5.4 Statements of Deferred Fee Accounts. As soon as practicable after the end of each Plan Year, a statement shall be furnished to each Director or, in the event of his or her death, to his or her Beneficiary showing the status of his or her Deferred Fee Account as of the end of the Accounting Period, any changes in such Account since the end of the immediately preceding Accounting Period, and such other information as the Administrator shall determine.

5.5 Vesting of Deferred Fee Account. A Director shall be 100% vested in his or her Deferred Fee Account at all times.

ARTICLE VI. DEFERRED SHARE ACCOUNT

6.1 Determination of Deferred Share Account. On any particular date, a Director's Deferred Share Account shall consist of the aggregate number of Deferred Shares credited thereto pursuant to Section 4.4, plus any dividend equivalents credited pursuant to Section 6.2, minus the aggregate amount of distributions, if any, made from such Deferred Share Account.

6.2 Crediting of Dividend Equivalents. Each Deferred Share Account shall be credited as of the end of each Accounting Period with additional Deferred Shares equal in value to the amount of cash dividends paid by the Company during such Accounting Period on that number of Shares equivalent to the number of Deferred Shares in such Deferred Share Account during such Accounting Period. The dividend equivalents shall be valued by dividing the dollar value of

such dividend equivalents by the Fair Market Value on the Accounting Date next following the dividend payment date. Until a Director or his or her Beneficiary receives his or her entire Deferred Share Account, the unpaid balance thereof credited in Deferred Shares shall be credited with dividend equivalents as provided in this Section 6.2.

6.3 Adjustments to Deferred Share Accounts. Each Director's Deferred Share Account shall be immediately debited with the amount of any distributions under the Plan to or on behalf of the Director or, in the event of his or her death, his or her Beneficiary.

6.4 Statements of Deferred Share Accounts. As soon as practicable after the end of each Plan Year, a statement shall be furnished to each Director or, in the event of his or her death, to his or her Beneficiary showing the status of his or her Deferred Share Account as of the end of the Accounting Period, any changes

5

in such Account since the end of the immediately preceding Accounting Period, and such other information as the Administrator shall determine.

6.5 Vesting of Deferred Share Account. A Director shall be 100% vested in his or her Deferred Share Account at all times.

ARTICLE VII. DISTRIBUTION OF BENEFITS

7.1 Settlement Date. A Director, or in the event of such Director's death, his or her Beneficiary shall be entitled to all or a portion of the balance in such Director's Deferred Fee Account and Deferred Share Account, as provided in this Article VII, following such Director's Settlement Date or Dates.

7.2 Amount to be Distributed. The amount to which a Director, or in the event of such Director's death, his or her Beneficiary is entitled in accordance with the following provisions of this Article VII shall be based on the Director's adjusted balances in his or her Deferred Fee Account and Deferred Share Account determined as of the Accounting Date coincident with or next following his or her Settlement Date or Dates.

7.3 In-Service Distribution. A Director may irrevocably elect to receive a pre-termination distribution of all or any specified percentage of his or her Deferred Fees or Deferred Shares for any Plan Year on or commencing not earlier than the beginning of the third Plan Year following the Plan Year such Fees and Shares otherwise would have been payable. A Director's election of a pre-termination distribution shall be made in a Participation Agreement filed for the Plan Year as provided in Section 4.1 or Section 4.3. A Director shall elect irrevocably to receive such Deferred Fees and/or Deferred Shares as a pre-termination distribution under one of the forms provided in Section 7.4 or Section 7.5.

7.4 Form of Distribution - Deferred Fees. As soon as practicable after the end of the Accounting Period in which a Director's Settlement Date occurs, but in no event later than thirty days following the end of such Accounting Period, the Company shall distribute or cause to be distributed, to the Director the balance of the Director's Deferred Fee Account as determined under Section 7.2, under one of the forms provided in this Section 7.4. Notwithstanding the foregoing, if elected by the Director, the distribution of all or a portion of the Director's Deferred Fee Account may be made or may commence at the beginning of the Plan Year next following his or her Settlement Date. In the event of a Director's death, the balance of his or her Deferred Fee Account shall be distributed to his or her Beneficiary in a lump sum.

Distribution of a Director's Deferred Fee Account shall be made in one of the following forms as elected by the Director.

(a) by payment in cash in a single lump sum;

(b) by payment in cash in not greater than ten annual installments; or

(c) a combination of (a) and (b) above. The Director shall designate the percentage payable under each option.

The Director's election of the form of distribution shall be made by written notice filed with the Administrator at least one year prior to the Director's voluntary retirement as a Director. Any such election may be changed by the Director at any time and from time to time without the consent of any other person by filing a later signed written election with the Administrator, provided that any election made less than one year prior to the Director's voluntary termination as a Director shall not be valid, and in such case payment shall be made in accordance with the Director's prior election.

The amount of cash to be distributed in each installment shall be equal to the quotient obtained by dividing the Director's Deferred Fee Account balance as of the date of such installment payment by the number of installment payments remaining to be made to or in respect of such Director at the time of calculation.

If a Director fails to make an election in a timely manner as provided in this Section 7.4, distribution shall be made in cash in a lump sum.

6

7.5 Form of Distribution - Deferred Shares. As soon as practicable after the end of the Accounting Period in which a Director's Settlement Date occurs, but in no event later than thirty days following the end of such Accounting Period, the Company shall distribute or cause to be distributed, to the Director a number of Shares equal to the number of Deferred Shares in the Director's Deferred Share Account as determined under Section 7.2, under one of the forms provided in this Section 7.5. Notwithstanding the foregoing, if elected by the Director, the distribution of all or a portion of the Director's Deferred Share Account may be made or may commence at the beginning of the Plan Year next following his or her Settlement Date. In the event of a Director's death, the number of Shares equal to the number of Deferred Shares in his or her Deferred Share Account shall be distributed to his or her Beneficiary in a single distribution.

Distribution of a Director's Deferred Share Account shall be made in one of the following forms as elected by the Director.

- (a) by payment in Shares or cash in a single distribution;
- (b) by payment in Shares or cash in not greater than ten annual installments; or
- (c) a combination of (a) and (b) above. The Director shall designate the percentage payable under each option.

The Director's election of the form of distribution shall be made by written notice filed with the Administrator at least one year prior to the Director's voluntary retirement as a Director. Any such election may be changed by the Director at any time and from time to time without the consent of any other person by filing a later signed written election with the Administrator, provided that any election made less than one year prior to the Director's voluntary termination as a Director shall not be valid, and in such case payment shall be made in accordance with the Director's prior election.

The number of Shares to be distributed in each installment shall be equal to the quotient obtained by dividing the number of Deferred Shares in the Director's Deferred Share Account as of the date of such installment payment by the number of installment payments remaining to be made to or in respect of such Director at the time of calculation. Fractional Shares shall be rounded down to the nearest whole Share, and such fractional amount shall be re-credited as a fractional Deferred Share in the Director's Deferred Share Account.

If a Director elects payment in a single distribution in cash, the amount of the payout shall be equal to the Fair Market Value of the Deferred Shares in the Director's Deferred Share Account on the Settlement Date. If such Director elects payout in installments in cash, an amount equal to the Fair Market Value of the Deferred Shares in the Director's Deferred Share Account on the Settlement Date shall be transferred to the Director's Deferred Fee Account pending distribution.

If a Director fails to make an election in a timely manner as provided in this Section 7.5, distribution of the Director's Deferred Share Account shall be made in Shares in a single distribution.

7.6 Special Distributions. Notwithstanding any other provision of this Article VII, a Director may elect to receive a distribution of part or all of his or her Deferred Fee Account and/or Deferred Share Account in one or more distributions if (and only if) the amount in the Director's Deferred Fee Account and/or the number of the Shares in the Director's Deferred Share Account subject to such distribution is reduced by 10 percent. Any distribution made pursuant to such an election shall be made within sixty days of the date such election is submitted to the Administrator. The remaining 10 percent of the portion of the electing Director's Deferred Fee Account and/or Deferred Share Account subject to such distribution shall be forfeited.

7.7 Beneficiary Designation. As used in the Plan the term "Beneficiary" means:

- (a) The person last designated as Beneficiary by the Director in writing on a form prescribed by the Administrator;
- (b) If there is no designated Beneficiary or if the person so designated shall not survive the Director, such Director's spouse; or

(c) If no such designated Beneficiary and no such spouse is living upon the death of a Director, or if all such persons die prior to the distribution of the Director's balance in his or her Deferred Fee Account and Deferred Share Account, then the legal representative of the last survivor of the Director and such persons, or, if the Administrator shall not receive notice of the appointment of any such legal representative within one year after such death, the heirs-at-law of such survivor shall be the Beneficiaries to whom the then remaining balance of such Accounts shall be distributed (in the proportions in which they would inherit his or her intestate personal property).

Any Beneficiary designation may be changed from time to time by the filing of a new form. No notice given under this Section 7.7 shall be effective unless and until the Administrator actually receives such notice.

7.8 Facility of Payment. Whenever and as often as any Director or his or her Beneficiary entitled to payments hereunder shall be under a legal disability or, in the sole judgment of the Administrator, shall otherwise be unable to apply such payments to his or her own best interests and advantage, the Administrator in the exercise of its discretion may direct all or any portion of such payments to be made in any one or more of the following ways: (i) directly to him or her; (ii) to his or her legal guardian or conservator, or (iii) to his or her spouse or to any other person, to be expended for his or her benefit; and the decision of the Administrator, shall in each case be final and binding upon all persons in interest.

ARTICLE VIII. ADMINISTRATION, AMENDMENT AND TERMINATION

8.1 Administration. The Plan shall be administered by the Administrator. The Administrator shall have such powers as may be necessary to discharge its duties hereunder. The Administrator may, from time to time, employ, appoint or delegate to an agent or agents (who may be an officer or officers of the Company) and delegate to them such administrative duties as it sees fit, and may from time to time consult with legal counsel who may be counsel to the Company. The Administrator shall have no power to add to, subtract from or modify any of the terms of the Plan, or to change or add to any benefits provided under the Plan, or to waive or fail to apply any requirements of eligibility for a benefit under the Plan. No member of the Administrator shall act in respect of his or her own Deferred Fee Account or his or her own Deferred Share Account. All decisions and determinations by the Administrator shall be final and binding on all parties. No member of the Administrator shall be liable for any such action taken or determination made in good faith. All decisions of the Administrator shall be made by the vote of the majority, including actions and writing taken without a meeting. All elections, notices and directions under the Plan by a Director shall be made on such forms as the Administrator shall prescribe.

8.2 Amendment and Termination. The Board may alter or amend this Plan from time to time or may terminate it in its entirety; provided, however, that no such action shall, without the consent of a Director, affect the rights in any Shares issued or to be issued to such Director, in any Deferred Shares in a Director's Deferred Share Account or in any amounts in a Director's Deferred Fee Account; and further provided, that, without further approval by the shareholders of the Company no such action shall (a) increase the total number of Shares available for issuance under this Plan specified in Article X or (b) otherwise cause Rule 16b-3 to become inapplicable to this Plan.

ARTICLE IX. FINANCING OF BENEFITS

9.1 Financing of Benefits. The Shares and benefits payable in cash under the Plan to a Director or, in the event of his or her death, to his or her Beneficiary shall be paid by the Company from its general assets. The right to receive payment of the Shares and benefits payable in cash represents an unfunded, unsecured obligation of the Company. No person entitled to payment under the Plan shall have any claim, right, security interest or other interest in any fund, trust, account, insurance contract, or asset of the Company which may be responsible for such payment.

9.2 Security for Benefits. Notwithstanding the provisions of Section 9.1, nothing in this Plan shall preclude the Company from setting aside Shares or funds in trust ("Trust") pursuant to one or more trust agreements between a trustee and the Company. However, no Director or Beneficiary shall have any secured

interest or claim in any assets or property of the Company or the Trust and all Shares or funds contained in the Trust shall remain subject to the claims of the Company's general creditors.

ARTICLE X. SHARES SUBJECT TO PLAN

10.1 Shares Subject to Plan. Subject to adjustment as provided in this Plan, the total number of Shares which may be issued under this Plan shall be 50,000.

10.2 Adjustments. In the event of any change in the outstanding Shares by reason of (a) any stock dividend, stock split, combination of shares, recapitalization or any other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing, the number and kind of shares specified in Article III, the number or kind of Shares that may be issued under the Plan as specified in Article X and the number of Deferred Shares in a Director's Deferred Share Account shall automatically be adjusted so that the proportionate interest of the Directors shall be maintained as before the occurrence of such event. Such adjustment shall be conclusive and binding for all purposes with respect to the Plan.

ARTICLE XI. PRIOR PLANS

11.1 1992 Incentive Equity Plan. No further options shall be issued to the Directors under Section 8 of the Company's 1992 Incentive Equity Plan on or after July 1, 1996.

11.2 Plan for Deferred Payment of Director's Fees. Upon the approval of this Plan by the shareholders of the Company, the Prior Plan shall be discontinued, except that any amount remaining payable to former Directors in the Prior Plan shall be paid in accordance with its terms. Participants in the Prior Plan who are currently Directors shall be covered by this Plan and the bookkeeping entries representing Shares theretofore credited to the account of any current Director in the Prior Plan prior to such discontinuance shall be transferred to a Deferred Share Account for such Director. Any deferral election by a Director in force under the Prior Plan shall continue in effect in accordance with its terms.

ARTICLE XII. GENERAL PROVISIONS

12.1 Interests Not Transferable; Restrictions on Shares and Rights to Shares. No rights to Shares or other benefits payable in cash shall be assigned, pledged, hypothecated or otherwise transferred by a Director or any other person, voluntarily or involuntarily, other than (i) by will or the laws of descent and distribution, or (ii) pursuant to a domestic relations order meeting the definition of a qualified domestic relations order under the Code. No person shall have any right to commute, encumber, pledge or dispose of any other interest herein or right to receive payments hereunder, nor shall such interests or payments be subject to seizure, attachment or garnishment for the payments of any debts, judgments, alimony or separate maintenance obligations or be transferable by operation of law in the event of bankruptcy, insolvency or otherwise, all payments and rights hereunder being expressly declared to be nonassignable and nontransferable.

12.2 Governing Law. The provisions of this Plan shall be governed by and construed in accordance with the laws of the State of Ohio.

12.3 Withholding Taxes. To the extent that the Company is required to withhold Federal, state or local taxes in connection with any component of a Director's compensation in cash or Shares and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of any Shares that the Director make arrangements satisfactory to the Company for the payment of the balance of such taxes required to be withheld, which arrangement may include relinquishment of the Shares. The Company and a Director may also make similar arrangements with respect to payment of any other taxes derived from or related to the payment of Shares with the respect to which withholding is not required.

12.4 Rule 16b-3. This Plan is intended to comply with Rule 16b-3 as in effect prior to May 1, 1991. The Administrator may, however, elect at any time to have some other version of Rule 16b-3 apply if permitted by

applicable law. If at any time Rule 16b-3 as promulgated on February 8, 1991 or at any later date shall become applicable to the Plan, if necessary for acquisition of Shares under the Plan to continue to be exempt under Rule 16b-3, no election to have Fees paid in Shares shall become effective pursuant to Section 3.2 (b) hereof until 6 months after such election is made. In addition, the Board may make such other changes in the terms or operation of the Plan as may then be necessary or appropriate to comply with such Rule including, without limitation, by eliminating any restriction originally included in the

Plan to comply with Rule 16b-3 that may no longer be required. Without limiting the generality of the foregoing, the Board may change the number of Restricted Shares to be awarded under Section 3.1 from time to time if such change would not cause Directors participating in the Plan to cease to be "disinterested persons" within the meaning of Rule 16b-3, and the Board may provide for annual election of Voluntary Shares pursuant to Section 3.2 if such election would be permitted by Rule 16b-3.

12.5 Miscellaneous. Headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such headings, numbering and paragraphing shall not in any case be deemed in any way material or relevant to the construction of this Plan or any provision thereof. The use of the singular shall also include within its meaning the plural, and vice versa.

Severance Pay Plan for
Key Employees of Cleveland-Cliffs Inc

1. GENERAL STATEMENT OF PURPOSE. With the high level of corporate acquisition and restructuring activity over the past several years, employees are understandably concerned about their careers and their personal financial security. As a result, even rumors of acquisitions and restructuring cause employees to consider major career changes in an effort to assure financial security for themselves and their families.

This Severance Pay Plan for Key Employees of Cleveland-Cliffs Inc (the "Plan") is designed to assure fair treatment of Key Employees (as defined below) in the event of a Change of Control (as defined below). In such circumstances, it would permit Key Employees to make critical career decisions in an atmosphere free of time pressure and financial uncertainty, increasing their willingness to remain with Cleveland-Cliffs Inc ("Cleveland-Cliffs") notwithstanding the outcome of a possible Change of Control transaction.

2. EFFECTIVE AND TERMINATION DATES. This Plan shall be effective as of February 1, 1992 (the "Effective Date"). The Plan will automatically terminate on January 1, 1995 (the "Termination Date"), if there has been no Change of Control of Cleveland-Cliffs prior to such date.

3. DEFINITIONS.

- a. Average Incentive Pay. The term "Average Incentive Pay" shall mean an amount which is the greater of (1) the average amount of Incentive Pay awarded to the Key Employee for the three calendar years immediately prior to the Key Employee's termination of employment, or (2) the amount of the most recent award of Incentive Pay.
- b. Base Salary. The term "Base Salary" shall mean, with respect to each Key Employee, the annual base compensation of such Key Employee at the rate in effect immediately prior to the Change of Control, or at such higher rate as may be in effect immediately prior to the Key Employee's termination of employment.
- c. Change of Control. The term "Change of Control" shall mean the occurrence of any of the following events:

(1) Cleveland-Cliffs shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than

2

70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of Cleveland-Cliffs as the same shall have existed immediately prior to such merger or consolidation;

(2) Cleveland-Cliffs shall sell or transfer to one or more persons, corporations or entities, in a single transaction or a series of related transactions, more than one-half of the assets accounted for on the Statement of Consolidated Financial Position of Cleveland-Cliffs as "properties" or "investments in associated companies" (or such replacements for these accounts as may be adopted from time to time) unless by an affirmative vote of two-thirds of the members of the Board of Directors, the transaction or transactions are exempted from the operation of this provision based on a good faith finding that the transaction or transactions are not within the intended scope of this definition for purposes of this instrument;

(3) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934) of 30% or more of the outstanding voting securities of Cleveland-Cliffs (whether directly or indirectly); or

(4) During any period of three consecutive years, including, without limitation, the year 1991, individuals who at the beginning of any such period constitute the Board of Directors of Cleveland-Cliffs cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of Cleveland-Cliffs, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of Cleveland-Cliffs who are Directors of Cleveland-Cliffs on the date of the beginning of any such period.

- d. Committee. The term "Committee" shall mean the Compensation Committee of the Board of Directors of Cleveland-Cliffs.
- e. Company. The term "Company" shall mean, with respect to a Key Employee, Cleveland-Cliffs or the Selected Affiliate which pays such Key Employee's compensation.

3

- f. For Cause. The term "For Cause" shall mean an act that is materially inimical to the best interests of the Company and that constitutes on the part of the Key Employee common law fraud, a felony, or other gross malfeasance of duty.
- g. Incentive Pay. The term "Incentive Pay" shall mean the annual compensation and awards allocated to a Key Employee pursuant to any incentive compensation plans and arrangements of the Company including, but not limited to, the Incentive Bonus Plan and the 1987 Incentive Equity Plan.
- h. Industry Service and Credited Years of Industry Service. The term "Industry Service" shall mean professionally related service, prior to the Key Employee's employment by the Company, by a Key Employee as an employee within the iron and steel industry or an industry to which such Key Employee's position with the Company relates. A Key Employee shall be given credit for one year of Industry Service for every two years of service with the Company, as designated in the case of each Key Employee in writing by, or in minutes of the actions of, the Committee, and such years of credited Industry Service shall be defined as "Credited Years of Industry Service".
- i. Key Employee. The term "Key Employee" shall mean any employee of the Company who, at the time of the Change of Control, holds a position as (1) a Senior Vice President, Vice President or Secretary of Cleveland-Cliffs, or (2) a mine manager. Notwithstanding the foregoing, employees who would otherwise be Key Employees shall not be Key Employees for purposes of this Plan if they have entered into an Employment Agreement or similar arrangement with the Company providing for the payment of severance compensation in specified circumstances following a Change of Control. In addition, Key Employee shall include such other employees of the Company as shall be designated in writing by, or in minutes of the actions of, the Committee.
- j. Selected Affiliate. The term "Selected Affiliate" means (1) any corporation in an unbroken chain of corporations beginning with Cleveland-Cliffs if each of the corporations other than the last corporation in the chain owns or controls, directly or indirectly, stock possessing not less than 50 percent of the total combined voting power of all classes of stock in one of the other corporations, or (2) any partnership or joint venture in which one or more of such corporations is a partner or venturer, each of which shall be selected by the Committee.

4

- k. Supplemental Retirement Plan or SRP. The term "Supplemental Retirement Plan" or "SRP" shall mean the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (As Amended and Restated Effective January 1, 1991).

4. ELIGIBILITY UNDER THIS PLAN.

- a. Subject to the limitations described below, this Plan applies to Key Employees who are employed on the date that a Change of Control occurs. The Company reserves the right, at any time prior to the occurrence of a Change of Control, to amend, modify, change or terminate this Plan with or without notice or any liability to Key Employees. This Plan shall not be amended, modified, changed or terminated after the occurrence of a Change of Control without the written consent of each Key Employee.
- b. A Key Employee will be eligible for Severance Compensation and other benefits under this Plan if, within three years after the occurrence of a Change of Control:
 - (1) The Key Employee's employment with the Company is terminated by the Company other than For Cause.
 - (2) The Key Employee voluntarily terminates his or her employment with the Company following the occurrence of any of the following events:

- (i) The failure to elect, reelect or otherwise maintain the Key Employee in the office or position in the Company which the Key Employee held immediately prior to the Change of Control;
- (ii) A reduction in the Key Employee's Base Salary in effect immediately prior to the Change of Control, or a reduction in the Key Employee's opportunity for Incentive Pay (including, but not limited to, a reduction in the target bonus percentage applicable to the Key Employee immediately prior to the Change of Control) or a reduction or termination of any benefits described in Section 5.b. hereof to which the Key Employee was entitled immediately prior to the Change of Control;

5

- (iii) A determination by the Key Employee made in good faith that as a result of the Change of Control and a change in circumstances thereafter significantly affecting his or her position, including without limitation a change in the scope of the business or other activities for which he or she was responsible immediately prior to the Change of Control, he or she has been rendered substantially unable to carry out, has been substantially hindered in the performance of, or has suffered a substantial reduction in, any of the authorities, powers, functions, responsibilities or duties attached to the position held by the Key Employee immediately prior to the Change of Control;
- (iv) The liquidation, dissolution, merger, consolidation or reorganization of Cleveland-Cliffs or the transfer of all or a significant portion of its business and/or assets, unless the successor or successors (by liquidation, merger, consolidation, reorganization or otherwise) to which all or a significant portion of its business and/or assets have been transferred (directly or by operation of law) shall have assumed all duties and obligations of the Company under this Plan pursuant to Section 15 hereof; or
- (v) The Company relocates its principal executive offices, requires the Key Employee to change his or her principal location of work to any location which is in excess of 25 miles from the location thereof immediately prior to the Change of Control, or requires the Key Employee to travel away from his or her office in the course of discharging his or her responsibilities or duties hereunder significantly more (in terms of either consecutive days or aggregate days in any calendar year) than was required of him or her prior to the Change of Control, without, in any case, his or her prior written consent.

5. SEVERANCE COMPENSATION.

- a. Severance Pay. Each Key Employee who is terminated in accordance with Section 4.b. shall, within five business days after such termination:

6

- (1) Receive severance pay from the Company in a lump sum payment (the "Severance Payment") in an amount equal to the present value (using a discount rate prescribed for purposes of valuation computations under Section 280G of the Internal Revenue Code of 1986 as amended (the "Code") or any successor provision thereto or if no such rate is so prescribed, a rate equal to the then applicable interest rate prescribed by the Pension Benefit Guaranty Corporation for benefit valuations in connection with non-multiemployer pension plan terminations assuming the immediate commencement of benefit payments (the "Discount Rate") equivalent to:
 - (i) For a Key Employee who is a corporate officer of Cleveland-Cliffs at the senior vice presidential level or higher, the sum of his or her Base Salary multiplied by two plus his or her Average Incentive Pay multiplied by two.
 - (ii) For a Key Employee other than one described in subparagraph a.(1)(i) of this Section 5, the sum of his or her Base Salary multiplied by one plus his or her Average Incentive Pay multiplied by one.

- (2) Receive from the Company a lump sum payment (the "SRP Payment") in an amount equal to the sum of the future pension benefits (converted to a lump sum of actuarial equivalence) which the Key Employee would have been entitled to receive under the SRP, as the same may be further amended prior to a Change of Control and as modified by Section 6 hereof (assuming Base Salary at the rate in effect immediately prior to the termination of employment and Incentive Pay equivalent to the amount of Average Incentive Pay), if the Key Employee had remained in the full-time employment of the Company until the expiration of the third anniversary of the occurrence of the Change of Control.

The calculation of the SRP Payment and its actuarial equivalence shall be made as of the date the Key Employee is terminated. The lump sum of actuarial equivalence shall be calculated as of the third anniversary of the occurrence of the Change of Control using the assumptions and factors used in the SRP, and such sums shall be discounted to the date of payment using the Discount Rate.

7

Payment of the SRP Payment by the Company shall be deemed to be a satisfaction of all obligations of the Company to the Key Employee under the SRP.

- b. Health and Life Benefits. Each Key Employee who is terminated in accordance with Section 4.b., and his or her eligible dependents, will receive continued health and life insurance benefits as follows:

- (1) A Key Employee described in Section 5.a.(1)(i) will be covered under the health and life insurance plans that covered him or her immediately before the date of termination until the earlier of (i) the expiration of the second anniversary of the date of termination, or (ii) the date upon which the Key Employee becomes eligible for health and life insurance benefits as a result of subsequent employment.
- (2) A Key Employee described in Section 5.a.(1)(ii) will be covered under the health and life insurance plans that covered him or her immediately before the date of termination until the earlier of (i) the expiration of the first anniversary of the date of termination or (ii) the date upon which the Key Employee becomes eligible for health and life insurance benefits as a result of subsequent employment.

- c. Welfare Benefit Continuation Following Termination. Each Key Employee who is terminated in accordance with Section 4.b. hereof shall, upon the earlier to occur of (1) the date upon which the Key Employee would have otherwise reached 30 years of continuous service with the Company but for his or her termination of employment after the Change of Control, or (2) the date upon which the sum of the Key Employee's years of continuous service with the Company that the Key Employee would have attained as of the third anniversary of the Change of Control (but for his or her termination of employment) and the Key Employee's Credited Years of Industry Service (as defined in Section 3.h. hereof), is equal to 30 years, receive the following post-retirement welfare benefits:

- (i) medical, hospital, surgical and prescription drug coverage, equivalent to that presently furnished by the Company to officers who retire after January 1, 1990 for the lifetime of the Key Employee and the lifetime of his or her spouse, and to the Key Employee's eligible dependents for their periods of eligibility, through insurance or otherwise;

8

- (ii) life insurance on the Key Employee, to the Key Employee during his or her retirement, equivalent to that presently furnished by the Company to officers who retire after January 1, 1990; and
- (iii) without otherwise limiting the purposes or effect of this Section 5.c. hereof, welfare benefits payable to the Key Employee or his or her spouse or dependents pursuant to this Section 5.c. shall be reduced to the extent comparable welfare benefits are payable pursuant to Section 5.b. hereof or are actually received by the Key Employee or his or her spouse or dependents from another employer of the Key Employee.

- d. Stock Options and Restricted Stock. Upon a Key Employee's termination in accordance with Section 4.b., all stock options granted under the 1979 Restricted Stock Plan, the 1987 Incentive Equity Plan, the 1992 Incentive Equity Plan, or any successor plan or similar plan, shall be vested, and the restrictions on any restricted stock awarded under the

1979 Restricted Stock Plan, the 1987 Incentive Equity Plan, the 1992 Incentive Equity Plan, or any successor plan or similar plan, shall be released.

- e. Outplacement Counseling. Each Key Employee who is terminated in accordance with Section 4.b. shall be reimbursed by the Company for reasonable expenses incurred for outplacement counseling (1) which are pre-approved by Cleveland-Cliffs Chief Human Resources Officer, (2) which do not exceed 15% of the Key Employee's Base Salary, and (3) which are incurred by the Key Employee within six months following such termination.
 - f. Calculation. The calculation of all payments of compensation and other benefits to be provided to each affected Key Employee under this Plan shall be made by Hewitt Associates ("Hewitt"), or such other actuarial firm selected by Cleveland-Cliffs' independent accountants and satisfactory to each affected Key Employee. The Company shall provide to such actuarial firm all information requested by such actuarial firm as necessary for or helpful to it to make the calculations hereunder.
6. SUPPLEMENTAL RETIREMENT BENEFIT PLAN. The Company hereby waives the discretionary right, at any time subsequent to the date of a Change of Control, to amend or terminate the SRP as to the Key Employee as provided in paragraph 8

9

thereof or to terminate the rights of the Key Employee or his or her beneficiary under the SRP in the event the Key Employee engages in a competitive business as provided in any plan or arrangement between the Company and the Key Employee, including but not limited to, provisions of paragraph 4 of the SRP, or any similar provisions of any such plan or arrangement or other plan or arrangement supplementing or superseding the same. The Company agrees that in consideration for each Key Employee's continuing to perform services for the Company, this Section 6 shall constitute a "Supplemental Agreement", as defined in paragraph 1.K of the SRP, between the Company and each such Key Employee. If, within three years after the occurrence of a Change of Control, (1) the Company shall terminate the Key Employee's employment other than For Cause, or (2) the Key Employee shall terminate his or her employment pursuant to Section 4.b.(2) hereof, for purposes of computing the Key Employee's period of continuous service and of calculating and paying his or her benefit under the SRP:

- a. The Key Employee shall be credited with years of continuous service at the time of his or her termination of employment with the Company (by death or otherwise) equal to the number of years of continuous service he or she would have had if he or she had continued his or her employment with the Company until the expiration of the third anniversary of the occurrence of the Change of Control, and had he or she attained his or her chronological age at the expiration of the third anniversary of the occurrence of the Change of Control. In addition, the Key Employee shall be eligible for a 30-year pension benefit based upon his or her years of continuous service as computed under the preceding sentence. The Key Employee shall be eligible to commence the 30-year pension benefit on the earlier of (1) the date upon which the Key Employee would have otherwise reached 30 years of continuous service with Cleveland-Cliffs and any Selected Affiliate but for his or her termination of employment after the Change of Control, or (2) the date upon which the sum of the Key Employee's years of continuous service (as computed in the first sentence of this subparagraph a.) and his or her Credited Years of Industry Service (as defined in Section 3.h. hereof) is equal to 30 years.
- b. The Key Employee shall be a "Participant" in the SRP, notwithstanding any limitations therein.

A copy of the SRP is attached to this Agreement as Exhibit A. The SRP is incorporated in all respects herein; provided, however, that the terms of this Agreement shall take precedence to the extent they are contrary to provisions contained in the SRP.

10

7. LIMITATION AND INDEMNIFICATION.

- a. Notwithstanding anything in this Plan to the contrary, the Company shall not be obligated to pay to any Key Employee any amount of money, or provide the Key Employee with any benefits, which are in excess of the then maximum amount which the Company can deduct for Federal income tax purposes.

- b. Without limiting the generality of paragraph a. of this Section 7, if any Key Employee is a "disqualified individual", as defined in Section 280G(c) of the Code, the present value of payments under this Plan made to the Key Employee shall not in the aggregate be greater than the excess, if any, of (1) 299% of the Key Employee's "base amount", as determined under Section 280G of the Code, or any successor provision thereto, over (2) the aggregate present value of all payments in the nature of compensation (other than the payments under this Agreement) to or for the Key Employee's benefit that are considered "contingent on a change" in ownership or control of the Company as determined under Section 280G(b)(2) of the Code, or any successor provision thereto. If the application of the preceding sentence should require a reduction in benefits, such reduction shall be implemented first, by reducing any non-cash benefits to the extent necessary, and second, by reducing any cash benefits to the extent necessary. In each case, the reductions shall be made starting with the latest payment or benefit. In no event, however, will any benefit be reduced to the extent such benefit is specifically excluded by Section 280G(b) of the Code as a "parachute payment" or as an "excess parachute payment". Any decisions regarding the requirement or implementation of such reductions shall be made by Jones, Day, Reavis & Pogue or such other tax counsel selected by the Company's independent accountants and acceptable to the Executive.
- c. Unless otherwise prohibited by applicable law, if, notwithstanding the application of paragraph b. of this Section 7, an amount paid to the Key Employee under this Plan is subject to the excise tax imposed by Section 4999 of the Code, or any successor provision thereto, the Company shall pay to the Key Employee an additional amount in cash (the "Additional Payment") equal to the amount necessary to cause the aggregate remuneration received by the Key Employee under this Plan, including such additional cash payment (net of all federal, state and local income taxes and all taxes payable as the result of the application of Sections 280G and 4999 of the Code or

11

any successor provision thereto) to be equal to the aggregate remuneration the Key Employee would have received, excluding such Additional Payment (net of all federal, state and local income taxes), as if Section 280G and 4999 (and any successors thereto) had not been enacted into law.

8. MITIGATION. A Key Employee shall not be required to mitigate the amount of any payment or benefit provided for in this Plan by seeking other employment or otherwise.
9. TIMING OF SEPARATION PAY, ETC. Separation Pay and the Additional Payment are not included as earnings for the purpose of calculating benefits under any employee benefit plan of the Company. The Separation Pay and the Additional Payment shall not be made from any benefit plan funds, and shall constitute an unfunded unsecured obligation of the Company. Separation Pay and the Additional Payment shall be paid in a lump sum on the date of termination or promptly thereafter. Upon the request of the Key Employee and at the option of the Company, Separation Pay may be paid in two equal installments with the first installment to be made at the time of termination, and the second installment to be made on the January 1st immediately after the date of termination. Separation Pay and the Additional Payment shall be net of any income, excise or employment taxes which are required to be withheld from such payment.
10. CONFIDENTIALITY AND COMPETITIVE ACTIVITY. Payment of the severance pay and benefits set forth in Sections 5 and 6 hereof to a Key Employee is conditioned upon the Key Employee agreeing in writing with the Company that:
- a. All trade secrets, customer lists, and other confidential business information are the exclusive property of the Company, and the Key Employee shall not at any time directly or indirectly reveal or cause to be revealed to any person or entity such trade secrets, customer lists and other confidential business information obtained as a result of the Key Employee's employment or relationship with the Company.
- b. For a period of twelve (12) months from and after any termination of employment following a Change of Control, the Key Employee shall not become an officer, director, joint venturer, employee, consultant, 5-percent or more shareholder (directly or indirectly) of, or promote or assist (financially or otherwise), any entity which competes in any business in which the Company or any of its affiliates are engaged as of the date of the Change of Control. For this purpose, business is defined as the iron and steel industry.

11. RELEASE. Payment of the severance pay and benefits set forth in Sections 5 and 6 hereof to a Key Employee is conditioned upon the Key Employee executing and delivering a release satisfactory to the Company releasing Cleveland-Cliffs and each Selected Affiliate from any and all claims, demands, damages, actions and/or causes of action whatsoever, which he or she may have had on account of the termination of his or her employment, including, but not limited to claims of discrimination, including on the basis of sex, race, age, national origin, religion, or handicapped status (with all applicable periods during which the Key Employee may revoke the release or any provision thereof having expired), and any and all claims, demands and causes of action for retirement (other than under the Pension Plan for Salaried Employees of Cleveland-Cliffs Inc or under any "welfare benefit plan" of the Company (as the term "welfare benefit plan" is defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended)), severance or other termination pay, and because, pursuant to Section 5.a, the Key Employee is entitled to lump sum payments of Incentive Pay and benefits under the SRP, under the SRP and under the incentive compensation plans and arrangements of the Company described in Section 3.d. Such release shall not, however, apply to the ongoing obligations of the Company arising under this Plan, or rights of indemnification the Key Employee may have under Cleveland-Cliffs' Regulations or by contract or by statute.
12. LEGAL FEES AND EXPENSES.

- a. It is the intent of the Company that no Key Employee be required to incur the expenses associated with the enforcement of his or her rights under this Plan by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Key Employee hereunder. Accordingly, if it should appear to the Key Employee that the Company has failed to comply with any of its obligations under this Plan or in the event that the Company or any other person takes any action to declare this Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Key Employee the benefits intended to be provided to the Key Employee hereunder, the Company irrevocably authorizes the Key Employee from time to time to retain counsel of his or her choice, at the expense of the Company as hereafter provided, to represent the Key Employee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, stockholder or other person affiliated with the Company in any jurisdiction.

13

Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Key Employee's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Key Employee agree that a confidential relationship shall exist between the Key Employee and such counsel. The Company shall pay or cause to be paid and shall be solely responsible for any and all attorneys' and related fees and expenses incurred by the Key Employee as a result of the Company's failure to perform under this Plan or any provision hereof or as a result of the Company or any person contesting the validity or enforceability of this Plan or any provision hereof as aforesaid; or as a result of the Company or any person contesting the validity or enforceability of this Plan or any provision thereof.

- b. To ensure that the provisions of this Plan can be enforced by the Key Employee, a trust arrangement ("Trust No. 2") has been established between Ameritrust Company National Association, as Trustee ("Trustee"), and Cleveland-Cliffs. The Trust Agreement No. 2 ("Trust Agreement No. 2") dated October 28, 1987, as amended and/or restated, between the Trustee and Cleveland-Cliffs is attached as Exhibit B and shall be considered a part of this Plan and shall set forth the terms and conditions relating to payment under Trust Agreement No. 2 for attorneys' fees and related fees and expenses pursuant to Section 12.a. hereof owed by the Company. The Key Employee shall make demand on the Company for any payments due the Key Employee pursuant to Section 12.a. hereof prior to making demand therefor on the Trustee under Trust Agreement No. 2. Payments by such Trustee shall discharge the Company's liability under Section 12.a. hereof only to the extent that trust assets are used to satisfy such liability.
- c. Upon the earlier to occur of (1) a Change of Control or (2) a declaration by the Board of Directors of Cleveland-Cliffs that a Change of Control is imminent, Cleveland-Cliffs shall promptly to the extent it has not previously done so, and in any event within five (5) business days, transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 2 the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) less any principal in such Trust as of the

date of such transfer. Any payments of attorneys' and related fees and expenses by the Trustee pursuant to Trust Agreement No. 2 shall, to the extent thereof, discharge the Company's obligation hereunder, it being the intent of Cleveland-Cliffs that assets in such

14

Trust be held as security for the Company's obligation under Section 12.a. hereof. The Key Employee understands and acknowledges that the entire corpus of the Trust under Trust Agreement No. 2 will be \$250,000 and that said amount will be available to discharge not only the obligations of the Company to the Key Employee under Section 12.a. hereof, but also similar obligations of the Company to other employees under similar provisions.

13. EMPLOYMENT RIGHTS. Nothing expressed or implied in this Plan shall create any right or duty on the part of the Company or the Key Employee to have the Key Employee remain in the employment of the Company at any time prior to a Change of Control. The Key Employee is an employee at will, and following a Change of Control the Company may terminate him or her at any time for any reason if the Company pays the Severance Compensation provided for under Section 5 of this Plan.
14. WITHHOLDING OF TAXES. The Company may withhold from any amounts payable under this Plan all federal, state, city or other taxes as shall be required pursuant to any law or government regulation or ruling.
15. SUCCESSORS AND BINDING EFFECT.
 - a. The Company shall require any successor, (including without limitation any persons acquiring directly or indirectly all or substantially all of the business and/or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise, and such successor shall thereafter be deemed the Company for the purposes of this Plan), to assume and agree to perform the obligations under this Plan in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Plan shall be binding upon and inure to the benefit of the Company and any successor to the Company, but shall not otherwise be assignable, transferable or delegable by the Company.
 - b. The rights under this Plan shall inure to the benefit of and be enforceable by the Key Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees and/or legatees.
 - c. The rights under this Plan are personal in nature and neither the Company nor any Key Employee shall, without the consent of the other, assign, transfer or delegate this Plan or any rights or obligations hereunder except as expressly provided in this Section 15. Without limiting the generality of the foregoing,

15

a Key Employee's right to receive payments hereunder shall not be assignable, transferable or delegable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by his or her will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 15, the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

- d. The obligation of the Company to make payments and/or provide benefits hereunder shall represent an unsecured obligation of the Company.
 - e. The Company and each Key Employee recognize that each party will have no adequate remedy at law for breach by the other of any of the agreements contained herein and, in the event of any such breach, the Company and each Key Employee hereby agree and consent that the other shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of obligations under this Plan.
16. GOVERNING LAW. The validity, interpretation, construction and performance of this Plan shall be governed by the laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.
 17. VALIDITY. If any provision of this Plan or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or

otherwise illegal, the remainder of this Plan and the application of such provision to any other person 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.

18. CAPTIONS. The captions in this Plan are for convenience of reference only and do not define, limit or describe the scope or intent of this Plan or any part hereof and shall not be considered in any construction hereof.

19. ADMINISTRATION OF PLAN.

a. In General. The Plan shall be administered by Cleveland-Cliffs, which shall be the named fiduciary under the Plan. Cleveland-Cliffs shall have the sole and absolute discretion to interpret where necessary all provisions of the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies or ambiguities in, the language of the Plan), to

16

determine the rights and status under the Plan of Key Employees or other persons, to resolve questions or disputes arising under the plan and to make any determinations with respect to the benefits payable hereunder and the persons entitled thereto as may be necessary for the purposes of the Plan. Without limiting the generality of the foregoing, Cleveland-Cliffs is hereby granted the authority (1) to determine whether a particular employee is a "Key Employee" under the Plan, and (2) to determine whether a particular Key Employee is eligible for Severance Compensation and other benefits under the Plan.

b. Delegation of Duties. Cleveland-Cliffs may delegate any of its administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of Severance Compensation and Additional Payments, to a named administrator or administrators.

c. Regulations. Cleveland-Cliffs shall promulgate any rules and regulations it deems necessary in order to carry out the purposes of the Plan or to interpret the terms and conditions of the Plan; provided, however, that no rule, regulation or interpretation shall be contrary to the provisions of the Plan.

d. Claims Procedure. Cleveland-Cliffs shall determine the rights of any employee of the Company to any Severance Compensation or an Additional Payment hereunder. Any employee or former employee of the Company who believes that he or she is entitled to receive Severance Compensation or an Additional Payment under the Plan, including other than that initially determined by Cleveland-Cliffs, may file a claim in writing with the Cleveland-Cliffs' Chief Human Resources Officer. Cleveland-Cliffs shall, no later than 90 days after the receipt of a claim, either allow or deny the claim by written notice to the claimant. If a claimant does not receive written notice of Cleveland-Cliffs' decision on his or her claim within such 90-day period, the claim shall be deemed to have been denied in full.

A denial of a claim by Cleveland-Cliffs, wholly or partially, shall be written in a manner calculated to be understood by the claimant and shall include:

- (1) the specific reason or reasons for the denial;
- (2) specific reference to pertinent Plan provisions on which the denial is based;

17

(3) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(4) an explanation of the claim review procedure.

A claimant whose claim is denied (or his or her duly authorized representative) may, within 30 days after receipt of denial of his or her claim, request a review of such denial by Cleveland-Cliffs by filing with the Secretary of Cleveland-Cliffs a written request for review of his or her claim. If the claimant does not file a request for review with Cleveland-Cliffs within such 30-day period, the claimant shall be deemed to have acquiesced in the original decision of the Company on his or her claim. If a written request for review is so filed within such 30-day period, Cleveland-Cliffs shall conduct a full and fair review of such

claim. During such full review, the claimant shall be given the opportunity to review documents that are pertinent to his or her claim and to submit issues and comments in writing and, if he or she requests a hearing, to present his or her case in person at a hearing scheduled by Cleveland-Cliffs. Cleveland-Cliffs shall notify the claimant of its decision on review within 60 days after receipt of a request for review. Notice of the decision on review shall be in writing. If the decision on review is not furnished to the claimant within such 60-day period, the claim shall be deemed to have been denied on review.

- e. Revocability of Action. Any action taken by Cleveland-Cliffs with respect to the rights or benefits under the Plan of any employee shall be revocable by Cleveland-Cliffs as to payments or distributions not yet made to such person, and acceptance of Severance Compensation or an Additional Payment under the Plan constitutes acceptance of and agreement to Cleveland-Cliffs making any appropriate adjustments in future payments or distributions to such person to offset any excess or underpayment previously made to him or her.
- f. Execution of Receipt. Upon receipt of any Severance Compensation or an Additional Payment hereunder, Cleveland-Cliffs reserves the right to require any Key Employee to execute a receipt evidencing the amount and payment of such Severance Compensation and/or Additional Payment.

8266Q

Exhibits Intentionally Omitted

CLEVELAND-CLIFFS INC

VOLUNTARY NON-QUALIFIED
DEFERRED COMPENSATION PLAN
(AMENDED AND RESTATED AS OF DECEMBER 1, 1996)

TABLE OF CONTENTS

Page

ARTICLE I

PURPOSE

1.1 Statement of Purpose; Effective Date..... 1

ARTICLE II

DEFINITIONS

2.1 Account..... 1
2.2 Base Salary..... 1
2.3 Beneficiary..... 1
2.4 Board..... 2
2.5 Bonus..... 2
2.6 Cash Award..... 2
2.7 Cash Dividend Benefit..... 2
2.8 Change in Control..... 2
2.9 Code..... 3
2.10 Committee..... 3
2.11 Company..... 3
2.12 Compensation..... 3
2.13 Declared Rate..... 3
2.14 Deferral Account..... 3
2.15 Deferral Benefit..... 3
2.16 Deferred Share Award Account..... 3
2.17 Deferred Share Award Benefit..... 3
2.18 Determination Date..... 3
2.19 Eligible Employee..... 3
2.20 Emergency Benefit..... 4
2.21 Employer..... 4
2.22 Employment Agreement..... 4
2.23 Employment Agreement Contribution..... 4
2.24 Fair Market Value..... 4
2.25 Matching Account..... 4
2.26 Matching Amount..... 4
2.27 Matching Percentage..... 4
2.28 Participant..... 4
2.29 Participation Agreement..... 4
2.30 Plan..... 4
2.31 Plan Year..... 4
2.32 Savings Plan..... 5
2.33 Selected Affiliate..... 5
2.34 Share..... 5
2.35 Share Award..... 5
2.36 Unit..... 5

ARTICLE III

ELIGIBILITY AND PARTICIPATION

3.1	Eligibility.....	5
3.2	Participation.....	5
3.3	Termination of Participation.....	6
3.4	Ineligible Participant.....	6

ARTICLE IV

DEFERRAL OF COMPENSATION, CASH AWARDS AND SHARE AWARDS

4.1	Deferral of Compensation.....	7
4.2	Matching Amounts.....	7
4.3	Deferral of Cash Awards.....	7
4.4	Crediting Deferred Compensation, Matching Amounts, Cash Awards and Employment Agreement Contributions.....	7
4.5	Deferral of Share Awards.....	8
4.6	Crediting of Deferred Share Awards.....	8

ARTICLE V

BENEFIT ACCOUNTS

5.1	Investment of Deferral and Matching Accounts.....	8
5.2	Determination of Account.....	9
5.3	Crediting of Interest.....	9
5.4	Determination of Deferred Share Award Account.....	9
5.5	Crediting of Dividend Equivalents.....	10
5.6	Statements.....	10
5.7	Vesting of Account.....	10

ARTICLE VI

PAYMENT OF BENEFITS

6.1	Payment of Deferral Benefit on Termination of Service or Death.....	10
6.2	Payment of Deferred Share Award Benefit on Termination of Service or Death.....	11
6.3	Emergency Benefit.....	11
6.4	In-Service Distribution.....	11
6.5	Form of Payment.....	13
6.6	Commencement of Payments.....	14
6.7	Special Distributions.....	14
6.8	Small Benefit.....	15

ARTICLE VII

BENEFICIARY DESIGNATION

7.1	Beneficiary Designation.....	15
7.2	Amendments.....	15

7.3	No Designation.....	15
7.4	Effect of Payment.....	15

ARTICLE VIII

ADMINISTRATION

8.1	Committee.....	15
8.2	Agents.....	16
8.3	Binding Effect of Decisions.....	16
8.4	Indemnity of Committee.....	16

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

9.1	Amendment.....	16
9.2	Termination.....	16

ARTICLE X

MISCELLANEOUS

10.1	Funding.....	17
10.2	Nonassignability.....	17
10.3	Legal Fees and Expenses.....	18
10.4	Withholding Taxes.....	18
10.5	Captions.....	19
10.6	Governing Law.....	19
10.7	Successors.....	19
10.8	Right to Continued Service.....	19
10.9	Prior Plan Provisions.....	19

CLEVELAND-CLIFFS INC

VOLUNTARY NON-QUALIFIED
DEFERRED COMPENSATION PLAN
(AMENDED AND RESTATED AS OF DECEMBER 1, 1996)

ARTICLE I

PURPOSE

1.1 STATEMENT OF PURPOSE; EFFECTIVE DATE. This is the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (the "Plan") made in the form of this Plan and in related agreements between an Employer and certain management and highly compensated employees. The purpose of the Plan is to provide management and highly compensated employees of the Employers with the option to defer the receipt of a portion of their regular compensation, bonuses or performance shares payable for services rendered to the Employer. It is intended that the Plan will assist in attracting and retaining qualified individuals to serve as officers and key managers of the Employers. The Plan, originally effective as of June 1, 1989, as amended, is amended and restated as of December 1, 1996.

ARTICLE II

DEFINITIONS

When used in this Plan and initially capitalized, the following words and phrases shall have the meanings indicated:

2.1 ACCOUNT. "Account" means the sum of a Participant's Deferral Account and Matching Account under the Plan.

2.2 BASE SALARY. "Base Salary" means a Participant's base

earnings paid by an Employer to a Participant without regard to any increases or decreases in base earnings as a result of an election to defer base earnings under this Plan, or an election between benefits or cash provided under a plan of an Employer maintained pursuant to Section 125 or 401(k) of the Code.

2.3 BENEFICIARY. "Beneficiary" means the person or persons designated or deemed to be designated by the Participant pursuant to Article VII to receive benefits payable under the Plan in the event of the Participant's death.

2

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

2.5 BONUS. "Bonus" means a Participant's annual bonus paid by an Employer to a Participant under the Cleveland-Cliffs Inc Management Performance Incentive Plan without regard to any decreases as a result of an election to defer all or any portion of a bonus under this Plan, or an election between benefits or cash provided under a plan of an Employer maintained pursuant to Section 401(k) of the Code.

2.6 CASH AWARD. "Cash Award" means any compensation payable in cash to an Eligible Employee for his or her services to the Company or a Selected Affiliate pursuant to the Company's 1992 Incentive Equity Plan.

2.7 CASH DIVIDEND BENEFIT. "Cash Dividend Benefit" means an in-service distribution described in Section 6.4(c).

2.8 CHANGE IN CONTROL. "Change in Control" means the occurrence of any of the following events:

(a) The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(b) The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such sale or transfer;

(c) A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

(d) During any period of three consecutive years, individuals who at the beginning of any such period constitute the Board of Directors of the Company cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the

3

shareholders of the Company, of each Director first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

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

2.10 COMMITTEE. "Committee" has the meaning set forth in Section 8.1.

2.11 COMPANY. "Company" means Cleveland-Cliffs Inc and any

successor thereto.

2.12 COMPENSATION. "Compensation" means the Base Salary and Bonus payable with respect to an Eligible Employee for each calendar year.

2.13 DECLARED RATE. "Declared Rate" for any period means the Moody's Corporate Average Bond Yield, as adjusted on the first business day of each January, April, July and October.

2.14 DEFERRAL ACCOUNT. "Deferral Account" means the account maintained on the books of the Employer pursuant to Article V for the purpose of accounting for (i) the amount of Compensation that a Participant elects to defer under the Plan, (ii) the portion of a Cash Award that a Participant elects to defer under the Plan, and (iii) an Employment Agreement Contribution (if any) made on behalf of a Participant.

2.15 DEFERRAL BENEFIT. "Deferral Benefit" means the benefit payable to a Participant or his or her Beneficiary pursuant to Article VI and based on such Participant's Account.

2.16 DEFERRED SHARE AWARD ACCOUNT. "Deferred Share Award Account" means the account maintained on the books of the Employer for a Participant pursuant to Article V.

2.17 DEFERRED SHARE AWARD BENEFIT. "Deferred Share Award Benefit" means the benefits payable in Shares to a Participant or his or her Beneficiary pursuant to Article V and based on such Participant's Deferred Share Award Account.

2.18 DETERMINATION DATE. "Determination Date" means a date on which the amount of a Participant's Account is determined as provided in Article V. The last business day of each month and any other date selected by the Committee shall be a Determination Date.

2.19 ELIGIBLE EMPLOYEE. "Eligible Employee" means a senior corporate officer of the Company or a full-time salaried

4

employee of an Employer who has a Management Performance Incentive Plan Salary Grade EX-28 or above.

2.20 EMERGENCY BENEFIT. "Emergency Benefit" has the meaning set forth in Section 6.3.

2.21 EMPLOYER. "Employer" means, with respect to the Participant, the Company or the Selected Affiliate which pays such Participant's Compensation.

2.22 EMPLOYMENT AGREEMENT. "Employment Agreement" means a written agreement between an Employer and an Eligible Employee that provides for the deferral of compensation, and that may also provide for vesting, the crediting of earnings and other terms and conditions with respect to such deferred compensation.

2.23 EMPLOYMENT AGREEMENT CONTRIBUTION. "Employment Agreement Contribution" means any amount contributed to the Plan by an Employer pursuant to an Employment Agreement.

2.24 FAIR MARKET VALUE. "Fair Market Value" means the average of the highest and lowest sales prices of a Share on the specified date (or, if no Share was traded on such date, on the next preceding date on which it was traded) as reported in The Wall Street Journal.

2.25 MATCHING ACCOUNT. "Matching Account" means the account maintained on the books of an Employer pursuant to Article V for the purpose of accounting for the Matching Amount for each Participant.

2.26 MATCHING AMOUNT. "Matching Amount" means the amount credited to a Participant's Matching Account under Section 4.3.

2.27 MATCHING PERCENTAGE. "Matching Percentage" means the matching contribution percentage in effect for a specific Plan Year under the Savings Plan.

2.28 PARTICIPANT. "Participant" means any Eligible Employee who elects to participate by filing a Participation Agreement as provided in Section 3.2.

2.29 PARTICIPATION AGREEMENT. "Participation Agreement" means

the agreement filed by a Participant, in the form prescribed by the Committee, pursuant to Section 3.2.

2.30 PLAN. "Plan" means the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan, as amended from time to time.

2.31 PLAN YEAR. "Plan Year" means a twelve-month period commencing January 1 and ending the following December 31.

5

2.32 SAVINGS PLAN. "Savings Plan" means, with respect to a Participant, one or more of the Cliffs and Associated Employers Salaried Employees Supplemental Retirement Savings Plan and the Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan for which he or she is eligible to contribute.

2.33 SELECTED AFFILIATE. "Selected Affiliate" means (1) any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the chain owns or controls, directly or indirectly, stock possessing not less than 50 per cent of the total combined voting power of all classes of stock in one of the other corporations, or (2) any partnership or joint venture in which one or more of such corporations is a partner or venturer, each of which shall be selected by the Committee.

2.34 SHARE. "Share" means a share of common stock of the Company.

2.35 SHARE AWARD. "Share Award" means any compensation payable in Shares to an Eligible Employee for his or her services to the Company or a Selected Affiliate pursuant to the Company's 1992 Incentive Equity Plan.

2.36 UNIT. "Unit" means an accounting unit equal in value to one (1) Share. The number of Units included in any Deferred Share Award Account shall be adjusted as appropriate to reflect any stock dividend, stock split, recapitalization, merger or other similar event affecting Shares.

ARTICLE III

ELIGIBILITY AND PARTICIPATION

3.1 ELIGIBILITY. Eligibility to participate in the Plan for any Plan Year with respect to deferral of Compensation is limited to those Eligible Employees who have elected to make the maximum elective contributions permitted them under the terms of the Savings Plan for such Plan Year. Any Eligible Employee is eligible to participate in the Plan for any Plan Year with respect to deferral of a Cash Award and/or a Share Award.

3.2 PARTICIPATION. Participation in the Plan shall be limited to Eligible Employees who elect to participate in the Plan by filing a Participation Agreement with the Committee, or on whose behalf an Employment Agreement Contribution is made to the Plan by an Employer. A properly completed and executed Participation Agreement shall be filed on or prior to the December 31 immediately preceding the Plan Year in which the Participant's participation in the Plan will commence. The election to participate shall be effective on the first day of

6

the Plan Year following receipt by the Committee of the Participation Agreement. In the event that an Eligible Employee first becomes eligible to participate in the Plan or first commences employment during the course of a Plan Year, a Participation Agreement shall be filed with the Committee not later than 30 days following his eligibility date or date of employment. Each Participation Agreement shall be effective only with regard to (i) Compensation earned and payable following the later of the effective date of the Participation Agreement or the date the Participation Agreement is filed with the Committee, and (ii) a Cash Award and/or a Share Award the payment of which, if subsequently earned, is not earlier than the beginning of the second Plan Year following the date the Participation Agreement is filed with the Committee.

3.3 TERMINATION OF PARTICIPATION. A Participant may elect to

terminate his or her participation in the Plan by filing a written notice thereof with the Committee. The termination shall be effective at any time specified by the Participant in the notice but (i) with respect to deferral of Compensation not earlier than the first day of the Plan Year immediately succeeding the Plan Year in which such notice is filed with the Committee, and (ii) with respect to deferral of a Cash Award and/or a Share Award, only with respect to a Cash Award and/or a Share Award which becomes vested not earlier than the last day of the Plan Year which next follows the Plan Year in which such notice is filed with the Committee. Amounts credited to such Participant's Account or Deferred Share Award Account with respect to periods prior to the effective date of such termination shall continue to be payable pursuant to, receive interest on (where applicable), and otherwise governed by, the terms of the Plan. Notwithstanding any other provision of this Article III, a Participant who is actively employed by the Employer and who elects a distribution pursuant to Section 6.7 shall immediately terminate his or her participation in the Plan for the balance, if any, of the Plan Year during which the Participant's election is submitted to the Committee and for the next two Plan Years.

3.4 INELIGIBLE PARTICIPANT. Notwithstanding any other provisions of this Plan to the contrary, if the Committee determines that any Participant may not qualify as a "management or highly compensated employee" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or regulations thereunder, the Committee may determine, in its sole discretion, that such Participant shall cease to be eligible to participate in this Plan. Upon such determination, the Employer shall make an immediate lump sum payment to the Participant equal to the vested amount credited to his Account and Deferred Share Award Account. Upon such payment no benefit shall thereafter be payable under this Plan either to the Participant or any Beneficiary of the Participant, and all of the Participant's elections as to the time and manner of payment

7

of his or her Account and Deferred Share Award Account will be deemed to be cancelled.

ARTICLE IV

DEFERRAL OF COMPENSATION, CASH AWARDS AND SHARE AWARDS

4.1 DEFERRAL OF COMPENSATION. With respect to each Plan Year, a Participant may elect to defer a specified dollar amount or percentage of his or her Compensation, provided the amount of Compensation the Participant elects to defer under this Plan and the Savings Plan shall not exceed, in the aggregate, the sum of 25% (50% effective January 1, 1997) of his or her Base Salary net of such Participant's pretax elective deferrals under the Savings Plan, if any, plus 100% of his or her Bonus. A Participant may choose to have amounts of Compensation deferred under this Plan deducted from his or her Base Salary, Bonus or a combination of both. A Participant may change the dollar amount or percentage of his or her Compensation to be deferred by filing a written notice thereof with the Committee. Any such change shall be effective as of the first day of the Plan Year immediately succeeding the Plan Year in which such notice is filed with the Committee. Notwithstanding the foregoing, any Employment Agreement Contribution shall be deferred in accordance with the terms of the Employment Agreement.

4.2 MATCHING AMOUNTS. An Employer shall provide Matching Amounts under this Plan with respect to each Participant who is eligible to be allocated matching contributions under the Savings Plan. The total Matching Amounts under this Plan on behalf of a Participant for each Plan Year shall not exceed (i) the Matching Percentage of the Compensation deferred by a Participant under Section 4.1, up to a maximum of 7% of Compensation, less (ii) the Employer matching contributions allocated to the Participant under the Savings Plan for such Plan Year.

4.3 DEFERRAL OF CASH AWARDS. A Participant may elect to defer all or a specified dollar amount or percentage of his or her Cash Award with respect to a Plan Year, to be credited to his or her Deferral Account. A Participant may change the dollar amount or percentage of his or her Cash Award to be deferred by filing a written notice thereof with the Committee, which shall be effective only with respect to Cash Awards which become vested not earlier than the last day of the Plan Year which next follows the Plan Year in which such notice is filed with the Committee.

4.4 CREDITING DEFERRED COMPENSATION, MATCHING AMOUNTS, CASH AWARDS AND EMPLOYMENT AGREEMENT CONTRIBUTIONS.

(a) The amount of Compensation that a Participant elects to

defer shall be credited by the Employer to the

8

Participant's Deferral Account as of the time such Compensation would otherwise become payable to the Participant.

(b) The amount of the Employment Agreement Contribution (if any) contributed for a Participant shall be credited by the Employer to the Participant's Deferral Account in accordance with the terms of the Employment Agreement.

(c) The amount of any Cash Award that a Participant elects to defer shall be credited to the Participant's Deferral Account as of the time such Cash Award would otherwise become payable to the Participant.

(d) The Matching Amount under the Plan for each Participant shall be credited by the Employer to the Participant's Matching Account at the same time that matching contributions are allocated under the Savings Plan.

4.5 DEFERRAL OF SHARE AWARDS. A Participant may elect to defer all or a specified number of Shares, or percentage of his or her Share Award with respect to a Plan Year, to be credited to his or her Deferred Share Award Account in Units. A Participant may change the percentage of his or her Share Awards to be deferred by filing a written notice thereof with the Committee, which shall be effective only with respect to Share Awards which become vested not earlier than the last day of the Plan Year which next follows the Plan Year in which such notice is filed with the Committee. No fractional Shares shall be deferred, but the number of Shares deferred shall be rounded down to the nearest whole Share.

4.6 CREDITING OF DEFERRED SHARE AWARDS. The number of Shares in a Share Award or percentage of Share Awards that a Participant elects to defer shall be credited to the Participant's Deferred Share Award Account in Units as of the time such Share Award would otherwise become payable to the Participant. The number of Units credited to the Participant's Deferred Share Award Account shall be equal to the number of Shares of a Participant's Share Award which the Participant has elected to defer.

ARTICLE V

BENEFIT ACCOUNTS

5.1 INVESTMENT OF DEFERRAL AND MATCHING ACCOUNTS. As soon as practicable after the crediting of any amount to a Participant's Deferral Account or Matching Account, the Company may, in its sole discretion, direct that the Company invest the amount credited, in whole or in part, in such property (real,

9

personal, tangible or intangible), other than securities of the Company, (collectively the "Investments"), as the Committee shall direct, or may direct that the Company retain the amount credited as cash to be added to its general assets. The Committee may, but is under no obligation to, direct the investment of amounts credited to a Participant's Deferral Account or Matching Account in accordance with requests made by the Participant and communicated to the Committee. Earnings from Investments shall be credited to a Participant's Deferral Account or Matching Account and shall be reinvested, as soon as practicable, in the manner provided above. The Company shall be the sole owner and beneficiary of all Investments, and all contracts and other evidences of the Investments shall be registered in the name of the Company. The Company, under the direction of the Committee, shall have the unrestricted right to sell any of the Investments included in any Participant's Deferral Account or Matching Account, and the unrestricted right to reinvest the proceeds of the sale in other Investments or to credit the proceeds of the sale to a Participant's Deferral Account or Matching Account as cash. Amounts credited to a Participant's Deferral Account or Matching Account that are not invested in Investments shall be credited to a Participant's Account as cash.

5.2 DETERMINATION OF ACCOUNT. As of each Determination Date, a Participant's Account shall consist of the following: (i) the balance of the

Participant's Account as of the immediately preceding Determination Date, plus (ii) the Participant's deferred Compensation, Matching Amounts, deferred Cash Awards and Employment Agreement Contribution (if any) credited pursuant to Section 4.4 since the immediately preceding Determination Date and any earnings and/or income credited to such amounts pursuant to Sections 5.1 and 5.3 as of such Determination Date, minus (iii) any losses or other diminution in the value of assets in such Account since the immediately preceding Determination Date, minus (iv) the aggregate amount of distributions, if any, made from such Participant's Account since the immediately preceding Determination Date.

5.3 CREDITING OF INTEREST. As of each Determination Date, the amounts credited to a Participant's Account as cash shall be increased by the amount of interest earned since the immediately preceding Determination Date. Interest shall be credited at the Declared Rate as of such Determination Date based on the balance of the cash amounts credited to the Account since the immediately preceding Determination Date, but after such Account has been adjusted for any contributions or distributions to be credited or deducted for such period. Interest for the period prior to the first Determination Date applicable to a Participant's Account shall be deemed earned ratably over such period.

5.4 DETERMINATION OF DEFERRED SHARE AWARD ACCOUNT. On any particular date, a Participant's Deferred Share Award

10

Account shall consist of the aggregate number of Units credited thereto pursuant to Section 4.6, plus any dividend equivalents credited pursuant to Section 5.5, minus the aggregate amount of distributions, if any, made from such Deferred Share Award Account.

5.5 CREDITING OF DIVIDEND EQUIVALENTS. Each Deferred Share Award Account shall be credited, as of the payment date of any cash dividend paid on Shares, with additional Units equal in value to the amount of cash dividends paid by the Company on that number of Shares equivalent to the Units in such Deferred Share Award Account on such payment date. Such dividend equivalents shall be valued using Fair Market Value. A Participant may elect to convert the Units representing such dividend equivalents to cash to be credited to his or her Deferral Account by filing a written notice thereof with the Committee, which shall be effective only with respect to cash dividends paid after the Plan Year in which such notice is filed with the Committee. Until a Participant or his or her Beneficiary receives his or her entire Deferred Share Award Account, the unpaid balance thereof credited in Units shall earn dividend equivalents as provided in this Section 5.5, except as provided in Section 6.4(c).

5.6 STATEMENTS. The Committee shall cause to be kept a detailed record of all transactions affecting each Participant's Account and Deferred Share Award Account and shall provide to each Participant, within 120 days after the close of each Plan Year, a written statement setting forth a description of the Investments and Units in such Participant's Account and Deferred Share Award Account and the cash balance, if any, of such Participant's Account, as of the last day of the preceding Plan Year and showing all adjustments made thereto during such Plan Year.

5.7 VESTING OF ACCOUNT. Subject to the provisions of any Employment Agreement relating to an Employment Agreement Contribution (if any), a Participant shall be 100% vested in his or her Account and Deferred Share Award Account at all times.

ARTICLE VI

PAYMENT OF BENEFITS

6.1 Upon the earlier of (i) termination of service of the Participant as an employee of the Employer and all Selected Affiliates, for reasons other than death, or (ii) the death of a Participant, the Employer shall, in accordance with this Article VI, pay to the Participant or his or her Beneficiary, as the case may be, a Deferral Benefit equal to the balance of his or her vested Account determined pursuant to Article V, less any amounts previously distributed; provided,

11

however, that the Participant may by written notice filed with the Committee at least one (1) year prior to the Participant's voluntary termination of employment with, or retirement from, the Company and any affiliate of the Company, whether or not such affiliate is a Selected Affiliate, elect to defer commencement of the payment of his or her Deferral Benefit until a date selected in such election. Any such election may be changed by the Participant at any time and from time to time without the consent of any other person by filing a later signed written election with the Committee; provided that any election made less than one (1) year prior to the Participant's voluntary termination of employment or retirement shall not be valid, and in such case payment shall be made in accordance with the Participant's prior election, or otherwise in accordance with the first sentence of this Section 6.1.

6.2 PAYMENT OF DEFERRED SHARE AWARD BENEFIT ON TERMINATION OF SERVICE OR DEATH. Upon the earlier of (i) termination of service of the Participant as an employee of the Employer and all Selected Affiliates, for reasons other than death, or (ii) the death of a Participant, the Employer shall, in accordance with this Article VI, pay to the Participant or his or her Beneficiary, as the case may be, a Deferred Share Award Benefit equal to the balance of the Units in his or her Deferred Share Award Account determined pursuant to Article V, less any amounts previously distributed.

6.3 EMERGENCY BENEFIT. In the event that the Committee, upon written petition of a Participant, determines, in its sole discretion, that the Participant has suffered an unforeseeable financial emergency, the Employer shall pay to the Participant, as soon as practicable following such determination, an amount necessary to meet the emergency (the "Emergency Benefit"), but not exceeding the aggregate balance of such Participant's vested Deferral Account, Matching Account and Deferred Share Award Account as of the date of such payment. For purposes of this Section 6.3, an "unforeseeable financial emergency" shall mean an unexpected need for cash arising from an illness, disability, casualty loss, sudden financial reversal or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. The amount of the Deferral Benefit and Deferred Share Award Benefit otherwise payable under the Plan to such Participant shall be adjusted to reflect the early payment of the Emergency Benefit.

6.4 IN-SERVICE DISTRIBUTION.

(a) A Participant may elect to receive an in-service distribution of his or her deferred Compensation, Matching Amount and earnings thereon with respect to a Plan Year beginning at any time at least four years after the date

12

such Compensation otherwise would have been first payable. A Participant's election for an in-service distribution from his or her Account with respect to a Plan Year shall be filed in writing with the Committee before the first day of the Plan Year in which his or her deferred Compensation otherwise would have been first payable. The Participant may elect to receive an in-service distribution as provided in Section 6.5(a); provided, however, that Section 6.5(c) shall not apply to an in-service distribution. Any Deferral Benefit paid to the Participant as an in-service distribution shall reduce the amount of Deferral Benefit otherwise payable to the Participant under the Plan.

(b) A Participant may elect to receive an in-service distribution of his or her deferred Share Award and earnings with respect to a Plan Year beginning at any time at least four (4) years after the date such deferred Share Award otherwise would have been first payable. A Participant's election for an in-service distribution from his or her Deferred Share Award Account with respect to a Plan Year shall be filed in writing with the Committee not later than during the second Plan Year preceding the date the Share Award otherwise would have been first payable. The Participant may elect to receive such Deferred Share Award Benefit as an in-service distribution as provided in Section 6.5(b); provided, however, that Section 6.5(c) of the Plan shall not apply to such an in-service distribution. Any Deferred Share Award Benefit paid to the Participant as an in-service distribution shall reduce the amount of Deferred Share Award Benefit otherwise payable to the Participant under the Plan.

(c) A Participant may elect to receive an in-service distribution of his or her deferred Cash Award and earnings with a respect to a Plan Year beginning at any time at least four (4) years

after the date such deferred Cash Award otherwise would have been first payable. A Participant's election for an in-service distribution from his or her Account with respect to a Cash Award for a Plan Year shall be filed in writing with the Committee not later during the second Plan Year preceding the date the Cash Award otherwise would have been first payable. The Participant may elect to receive such Deferral Benefit as an in-service distribution as provided in Section 6.5(a); provided, however, that Section 6.5(c) shall not apply to such an in-service distribution. Any Deferral Benefit paid to the Participant is an in-service distribution shall reduce the amount of Deferral Benefits otherwise payable to the Participant under the Plan.

(d) A Participant may elect to receive an in-service distribution of a Cash Dividend Benefit equal to the amount of the dividend equivalent to be credited to his or her

13

Deferred Share Award Account pursuant to Section 5.5 as of the payment date of a cash dividend on Shares. A Participant's election for a Cash Dividend Benefit shall be filed in writing with the Committee not later than during the second Plan Year preceding the date the dividend equivalent otherwise would be so credited to his or her Deferred Share Award Account.

6.5 FORM OF PAYMENT.

(a) The Deferral Benefit payable pursuant to Section 6.1, Section 6.4(a) or Section 6.4(c) shall be paid in one of the following forms, as elected by the Participant in his or her Participation Agreement or by written notice as provided in subsection (c) below:

(1) Annual payments of a fixed amount which shall amortize the vested Account balance, or the in-service distribution portion thereof, as of the payment commencement date elected by the Participant over a period not to exceed fifteen years (together, in the case of each payment, with earnings thereon credited after the payment commencement date pursuant to Article V).

(2) A lump sum.

(3) A combination of (1) and (2) above. The Participant shall designate the percentage payable under each option.

Notwithstanding the foregoing, the Committee may, at any time, direct that installment payments under (1) or (3) above shall be made quarterly.

(b) The Deferred Share Award Benefit payable pursuant to Section 6.2 or Section 6.4(b) shall be paid in whole Shares plus cash equal in value to any fractional Share in one of the forms set forth in Section 6.5(a), without interest, but with dividend equivalents reinvested as provided in Section 5.5; subject, however, to Section 6.4(d). For the purpose of this Section 6.5(b), each distribution from a Deferred Share Award Account shall be valued on the basis of the Fair Market Value of the Shares on the date prior to the date payment of such distribution is made.

(c) The Participant's election of the form of payment shall be made by written notice filed with the Committee at least one (1) year prior to the Participant's voluntary termination of employment with, or retirement from, the Company and any affiliate of the Company, whether or not such affiliate is a Selected Affiliate. Any such election

14

may be changed by the Participant at any time and from time to time without the consent of any other person by filing a later signed written election with the Committee; provided that any election made less than one (1) year prior to the Participant's voluntary termination of employment or retirement shall not be valid, and in such case payment shall be made in accordance with the Participant's prior election; and provided, further, that the Committee may, in its sole

discretion, waive such one (1) year period upon a request of the Participant made while an active employee of the Company.

(d) The amount of each installment under Section 6.5(a) shall be equal to the quotient obtained by dividing the Participant's Account balance as of the date of such installment payment by the number of installment payments remaining to be made to or in respect of such Participant at the time of calculation.

(e) The Cash Dividend Benefit payable pursuant to Section 6.4(c) shall be in the form of a lump sum.

(f) If a Participant fails to make an election with respect to his or her Account in a timely manner as provided in this Section 6.4, distribution shall be made in ten (10) annual installments of cash or Shares, as applicable.

(g) A Participant's Deferral Benefit and Deferred Share Award Benefit (or the remaining portions thereof if payment to the Participant had commenced) shall be distributed to his or her Beneficiary in the form of a single lump sum payment following his or her death.

6.6 COMMENCEMENT OF PAYMENTS. Commencement of payments under Section 6.1 or Section 6.2 of the Plan shall begin as soon as practicable, and in accordance with the payment commencement date elected by the Participant, following receipt of notice by the Committee of an event which entitles a Participant (or a Beneficiary) to payments under the Plan.

6.7 SPECIAL DISTRIBUTIONS. Notwithstanding any other provision of this Article VI, a Participant, whether or not in pay status, may elect to receive a distribution of part or all of his or her Account or Deferred Share Award Account in one or more distributions if (and only if) the amount in either of such accounts subject to such distribution is reduced by six percent (6%). Any distribution made pursuant to such an election shall be made within 60 days of the date such election is submitted to the Committee. The remaining six percent (6%) of the portion of the electing Participant's account subject to such distribution shall be forfeited.

15

6.8 SMALL BENEFIT. In the event the Committee determines that the balance of the Participant's Account and Deferred Share Award Account is less than \$50,000 at the time of commencement of payments, the Employer may pay the benefit in the form of a lump sum payment, notwithstanding any provision of the Plan to the contrary. Such lump sum payment shall be equal to the balance of the Participant's Account, or the portion thereof payable to a beneficiary.

ARTICLE VII

BENEFICIARY DESIGNATION

7.1 BENEFICIARY DESIGNATION. Each Participant shall have the right, at any time, to designate any person or persons as his Beneficiary to whom payment under the Plan shall be made in the event of his or her death prior to complete distribution to the Participant of his or her Deferral Benefit or Deferred Share Award Benefit. Any Beneficiary designation shall be made in a written instrument filed with the Committee and shall be effective only when received in writing by the Committee.

7.2 AMENDMENTS. Any Beneficiary designation may be changed by a Participant by the filing of a new Beneficiary designation, which will cancel all Beneficiary designations previously filed.

7.3 NO DESIGNATION. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

7.4 EFFECT OF PAYMENT. Payment to a Participant's Beneficiary (or, upon the death of a Beneficiary, to the Beneficiary's estate) shall completely discharge the Employer's obligations under the Plan.

ARTICLE VIII

ADMINISTRATION

8.1 COMMITTEE. The administrative committee for the Plan (the "Committee") shall be those members of the Compensation Committee of the Board who are not Participants, as long as there are at least three such members. If there are not at least three such non-participating persons on the Compensation Committee, the chief executive officer of the Company shall appoint other non-participating Directors or Company officers to serve on the Committee. The Committee shall supervise the administration and operation of the Plan, may from time to time adopt rules and

16

procedures governing the Plan and shall have authority to construe and interpret the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies and ambiguities in, the language of the Plan).

8.2 AGENTS. The Committee may appoint an individual, who may be an employee of the Company, to be the Committee's agent with respect to the day-to-day administration of the Plan. In addition, the Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.3 BINDING EFFECT OF DECISIONS. Any decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan shall be final and binding upon all persons having any interest in the Plan.

8.4 INDEMNITY OF COMMITTEE. The Company shall indemnify and hold harmless the members of the Committee and their duly appointed agents under Section 8.2 against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee.

ARTICLE IX

AMENDMENT AND TERMINATION OF PLAN

9.1 AMENDMENT. The Company, on behalf of itself and of each Selected Affiliate may at any time amend, suspend or reinstate any or all of the provisions of the Plan, except that no such amendment, suspension or reinstatement may adversely affect any Participant's Account or Deferred Share Award Account, as it existed as of the effective date of such amendment, suspension or reinstatement, without such Participant's prior written consent. Written notice of any amendment or other action with respect to the Plan shall be given to each Participant.

9.2 TERMINATION. The Company, on behalf of itself and of each Selected Affiliate, in its sole discretion, may terminate this Plan at any time and for any reason whatsoever. Upon termination of the Plan, the Committee shall take those actions necessary to administer any Accounts or Deferred Share Award Accounts existing prior to the effective date of such termination; provided, however, that a termination of the Plan shall not adversely affect the value of a Participant's Account or Deferred Share Award Account, the earnings from Investments credited to a Participant's Account under Section 5.1, the

17

interest on cash amounts credited to a Participant's Account under Section 5.3, the crediting of dividend equivalents to a Participant's Deferred Share Award Account under Section 5.5, or the timing or method of distribution of a Participant's Account, or Deferred Share Award Account, without the Participant's prior written consent.

ARTICLE X

10.1 FUNDING. Participants, their Beneficiaries, and their heirs, successors and assigns, shall have no secured interest or claim in any property or assets of the Employer. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Employer to pay money in the future. Notwithstanding the foregoing, in the event of a Change in Control, the Company shall create an irrevocable trust to hold funds to be used in payment of the obligations of Employers under the Plan, and the Company shall fund such trust in an amount equal to no less than the total value of the Participants' Accounts or Deferred Share Award Accounts under the Plan as of the Determination Date immediately preceding the Change in Control, provided that any funds contained therein shall remain liable for the claims of the respective Employer's general creditors.

10.2 NONASSIGNABILITY. No right or interest under the Plan of a Participant or his or her Beneficiary (or any person claiming through or under any of them), other than the surviving spouse of any deceased Participant, shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Beneficiary. If any Participant or Beneficiary (other than the surviving spouse of any deceased Participant) shall attempt to or shall transfer, assign, alienate, anticipate, sell, pledge or otherwise encumber his or her benefits hereunder or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by him or her, then the Committee, in its discretion, may terminate his or her interest in any such benefit to the extent the Committee considers necessary or advisable to prevent or limit the effects of such occurrence. Termination shall be effected by filing a written "termination declaration" with the Secretary of the Company and making reasonable efforts to deliver a copy to the Participant or Beneficiary whose interest is adversely affected (the "Terminated Participant").

As long as the Terminated Participant is alive, any benefits affected by the termination shall be retained by the

18

Employer and, in the Committee's sole and absolute judgment, may be paid to or expended for the benefit of the Terminated Participant, his or her spouse, his or her children or any other person or persons in fact dependent upon him or her in such a manner as the Committee shall deem proper. Upon the death of the Terminated Participant, all benefits withheld from him or her and not paid to others in accordance with the preceding sentence shall be disposed of according to the provisions of the Plan that would apply if he or she died prior to the time that all benefits to which he or she was entitled were paid to him or her.

10.3 LEGAL FEES AND EXPENSES. It is the intent of the Company and each Selected Affiliate that no Eligible Employee or former Eligible Employee be required to incur the expenses associated with the enforcement of his rights under this Plan by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to an Eligible Employee hereunder. Accordingly, if it should appear that the Employer has failed to comply with any of its obligations under this Plan or in the event that the Employer or any other person takes any action to declare this Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Eligible Employee the benefits intended to be provided to such Eligible Employee hereunder, the Employer irrevocably authorizes such Eligible Employee from time to time to retain counsel of his choice, at the expense of the Employer as hereafter provided, to represent such Eligible Employee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Employer or any director, officer, stockholder or other person affiliated with the Employer in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Employer and such counsel, the Employer irrevocably consents to such Eligible Employee's entering into an attorney-client relationship with such counsel, and in that connection the Employer and such Eligible Employee agree that a confidential relationship shall exist between such Eligible Employee and such counsel. The Employer shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by such Eligible Employee as a result of the Employer's failure to perform under this Plan or any provision thereof; or as a result of the Employer or any person contesting the validity or enforceability of this Plan or any provision thereof.

10.4 WITHHOLDING TAXES. If the Employer is required to withhold any taxes or other amounts from a Participant's deferred Compensation, Employment Agreement Contribution, deferred Cash Award or deferred Share Award

pursuant to any state, federal or local law, such amounts shall, to the extent possible, be withheld from the Participant's Compensation, Cash Award or Share Award before such amounts are credited under the Plan. Any additional withholding amount required shall be paid

19

by the Participant to the Employer as a condition to the crediting of deferred Compensation, deferred Cash Award or deferred Share Award to the Participant's Account and Deferred Share Award Account, respectively. The Employer may withhold any required state, federal or local taxes or other amounts from any benefits payable in cash or Shares to a Participant or Beneficiary.

10.5 CAPTIONS. The captions contained herein are for convenience only and shall not control or affect the meaning or construction hereof.

10.6 GOVERNING LAW. The provisions of the Plan shall be construed and interpreted according to the laws of the State of Ohio.

10.7 SUCCESSORS. The provisions of the Plan shall bind and inure to the benefit of the Company, its selected Affiliates, and their respective successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company or a Selected Affiliate and successors of any such corporation or other business entity.

10.8 RIGHT TO CONTINUED SERVICE. Nothing contained herein shall be construed to confer upon any Eligible Employee the right to continue to serve as an Eligible Employee of the Employer or in any other capacity.

10.9 PRIOR PLAN PROVISIONS. The provisions of the Plan in effect prior to December 1, 1996 shall govern periods prior to such date.

Executed this 12th day of December, 1996.

CLEVELAND-CLIFFS INC

By: /s/ R.F. Novak

Vice President-Human Resources

CLEVELAND-CLIFFS INC

LONG-TERM PERFORMANCE SHARE PROGRAM

ARTICLE I

GENERAL

1.1 INCENTIVE EQUITY PLAN. The provisions of this Long-Term Performance Share Program ("Performance Share Program") shall supplement and operate under the provisions of the Cleveland-Cliffs Inc ("Company") 1992 Incentive Equity Plan ("1992 ICE Plan"), approved by the shareholders of the Company on April 14, 1992, as may be amended from time to time, a copy of which 1992 ICE Plan is attached hereto as Appendix A. Unless otherwise expressly qualified by the terms of this Performance Share Program, the conditions contained in the 1992 ICE Plan shall be applicable to the Performance Share Program. In the event of any conflict between the terms of this Performance Share Program and the 1992 ICE Plan, the 1992 ICE Plan shall control.

1.2 PURPOSE. The purpose of the Performance Share Program is to align the interests of key executives and managerial employees of the Company and its subsidiaries directly with the interests of the shareholders of the Company in increasing the Company's long-term value and exceeding the performance of peer companies.

1

ARTICLE II

DEFINITIONS

All terms used herein with initial capital letters shall have the meanings assigned to them in Article I and the following additional terms, when used herein with initial capital letters, shall have the following meanings:

2.1 "BOARD" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.2 "CHANGE IN CONTROL" shall mean the date on which any of the following is effective:

(a). The Company shall merge into itself, or be merged or consolidated with, another corporation and as a result of such merger or consolidation less than 70% of the outstanding voting securities of the surviving or resulting corporation shall be owned in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such merger or consolidation;

(b). The Company shall sell or otherwise transfer all or substantially all of its assets to any other corporation or other legal person, and immediately after such sale or transfer less than 70% of the combined voting power of the outstanding voting securities of such corporation or person is held in the aggregate by the former shareholders of the Company as the same shall have existed immediately prior to such sale or transfer;

(c). A person, within the meaning of Section 3(a)(9) or of Section 13(d)(3) (as in effect on the date hereof) of the Securities Exchange Act of 1934, shall become the beneficial owner (as defined in Rule 13d-3 of the Securities and Exchange Commission pursuant to the Securities and Exchange Act of 1934) of 30% or more of the outstanding voting securities of the Company (whether directly or indirectly); or

2

(d). During any period of three consecutive years, individuals who at the beginning of any such period constitute the Board cease, for any reason, to constitute at least a majority thereof, unless the election, or the nomination for election by the shareholders of the Company, of each Director

first elected during any such period was approved by a vote of at least one-third of the Directors of the Company who are Directors of the Company on the date of the beginning of any such period.

2.3 "CODE" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.4 "COMMITTEE" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.5 "COMMON SHARES" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.6 "COVERED EMPLOYEES" shall mean those Participants named in the proxy statement summary compensation table of the Company for that year, or are determined by the Committee likely to become a "covered employee" within the meaning of Section 162(m) of the Code.

2.7 "DATE OF GRANT" shall mean the date specified by the Committee on which a grant of Performance Shares shall become effective, which shall not be earlier than the date on which the Committee takes action with respect thereto.

2.8 "DISABILITY" shall mean the disability of a Participant as defined by the long-term disability plan of the Company in effect for such Participant.

2.9 "MANAGEMENT OBJECTIVES" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.10 "MARKET VALUE PRICE" shall mean the latest available closing price of a Common Share of the Company on the New York Stock Exchange at the relevant time.

3

2.11 "PARTICIPANT" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.12 "PERFORMANCE PERIOD" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.13 "PERFORMANCE SHARE" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.14 "PARTICIPANT AWARD AND AGREEMENT" shall mean the agreement entered into between the Participant and the Company pursuant to Section 5.3(b)(iv) of this Performance Share Program.

2.15 "PERFORMANCE SHARES EARNED" shall mean the number of Common Shares of the Company (or cash equivalent) earned by a Participant following the conclusion of a Performance Period in which a required minimum of Management Objectives were met or exceeded.

2.16 "PLAN YEAR" shall mean a period corresponding to the calendar year of the Company.

2.17 "RETIREMENT" shall mean retirement as defined in the retirement plan of the Company, including without limitation any supplemental retirement plan.

2.18 "RULE 16b-3" shall have the meaning assigned thereto in the 1992 ICE Plan.

2.19 "SUBSIDIARY" shall have the meaning assigned thereto in the 1992 ICE Plan.

4

ARTICLE III

TERM OF PERFORMANCE SHARE PROGRAM

3.1 TERM. The Performance Share Program shall be effective from March 31, 1994, the date of adoption by the Committee, and shall remain in effect until terminated by the Committee.

ARTICLE IV

ADMINISTRATION

4.1 COMMITTEE. The Performance Share Program shall be administered by the Committee, which shall be constituted so as to enable the Performance Share Program to comply with the administration requirement of Code Section 162(m). A majority of the Committee shall constitute a quorum, and the acts of the members of the Committee who are present at any meeting thereof at which a quorum is present, or acts unanimously approved by the members of the Committee in writing, shall be the acts of the Committee.

4.2 AUTHORITY AND DETERMINATIONS. Subject to the terms of the 1992 ICE Plan, the Committee shall have full and complete authority, in its sole and absolute discretion to: (i) exercise all of the powers granted to it under the 1992 ICE Plan and Performance Share Program; (ii) interpret and implement the Performance Share Program and any related document; (iii) prescribe rules and guidelines relating to the Performance Share Program; (iv) make all determinations necessary or advisable in administering the Performance Share Program; and (v) correct any defect, supply any omission and reconcile any inconsistency in the Performance Share Program. No member of the Committee shall be liable for any such action taken or determination made in good faith.

5

4.3 EXPENSES. The Company shall pay all costs and expenses of administering the Performance Share Program, including but not limited to the payment of expert or consulting fees.

4.4 DELEGATION. The Committee may delegate to the Chief Executive Officer of the Company the authority to execute and deliver such instruments and documents, do all such acts, and take all such other steps deemed necessary, advisable or convenient for the effective administration of the Performance Share Program in accordance with its terms and purpose, except that the Committee may not delegate any authority with respect to decisions regarding the Management Objectives, amount or other material terms of any awards of Performance Shares.

4.5 CODE SECTION 162(m).

(a). It is intended that this Performance Share Program and the Performance Shares Earned, satisfy and be interpreted in a manner that satisfies the applicable requirements of Code Section 162(m) so that the tax deduction for the Company for performance-base compensation for services performed by such Participants is not disallowed in whole or in part by the operation of such Code Section. If any provision of the Performance Share Program or if any Performance Shares Earned would otherwise frustrate or conflict with the intent expressed in this Section, that provision to the extent possible shall be interpreted and deemed amended so as to avoid such conflict. To the extent of any remaining irreconcilable conflict with such intent, such provision shall be deemed void as applicable to such Participants.

(b). The Committee may, in its sole discretion, require the deferral of receipt of all or a portion of Performance Shares Earned by a Covered Employee so as to assure the Company will not be prevented from deducting the value of the Performance Shares Earned by a Covered Employee. Any such deferral required by

6

the Committee for a Covered Employee shall be in accordance with the terms and conditions of an agreement between the Covered Employee and the Committee, and such deferral shall remain in effect until the earlier of Retirement of the Covered Employee or such time as receipt of the Performance Shares Earned would no longer prevent the Company from deducting the value of the Performance Shares Earned.

ARTICLE V

OPERATION OF THE PERFORMANCE SHARE PROGRAM

5.1 ESTABLISHMENT OF PERFORMANCE PERIOD AND MANAGEMENT OBJECTIVES. Within 90 days of the beginning of each year, the Committee shall establish the Performance Period and the Management Objectives for achievement from the beginning to the end of the Performance Period.

5.2 ADJUSTMENT OF MANAGEMENT OBJECTIVES. The Committee may only adjust the Management Objectives as permitted under the 1992 ICE Plan. No adjustment of the Management Objectives shall be permitted in respect of any Performance Shares granted to any Participant who is, or is determined by the Committee to be likely to become, a Covered Employee.

5.3 PERFORMANCE SHARE GRANTS.

(a). At the start of each Performance Period, the Committee shall determine the Participants to be granted Performance Shares with due regard to the relative position of such Participant in the Company, salary level and such other factors as the Committee, in its discretion, deems appropriate. Upon such determination, the Committee shall grant such designated Participant a number of Performance Shares to be earned on the basis of achievement of the Management Objectives over the Performance Period.

7

(b). The Committee shall authorize grants of Performance Shares in accordance with the following:

(i) Each grant shall specify the number of Performance Shares to which it pertains.

(ii) Each grant shall specify the Performance Period.

(iii) Each grant shall specify the Management Objectives that are to be achieved by the Company and a required minimum level of achievement below which no payment of Performance Shares will be made. Each grant of Performance Shares shall set forth a formula for determining the amount of any payment to be made if performance is at or above the required minimum level and shall specify the maximum amount of any payment to be made.

(iv) Each grant shall be evidenced by an agreement, which shall be executed on behalf of the Company by the Chief Executive Officer, or by such officer of the Company as may be designated by the Chief Executive Officer, and delivered to and accepted by the Participant. The agreement shall state the specific Management Objectives, target level of achievement, payout for the Performance Period, and that the Performance Shares are subject to all of the terms and conditions of the 1992 ICE Plan, this Performance Share Program and such other terms and provisions as the Committee may determine consistent with this Performance Share Program.

(c). The Committee may provide for such adjustments in the number of Common Shares covered by outstanding Performance Shares granted hereunder, as may be provided for under Section 10 (anti-dilution provisions) of the 1992 ICE Plan.

8

5.4 PERFORMANCE SHARES EARNED.

(a). At the end of each Performance Period, the Committee shall assess the degree to which the Management Objectives were achieved and certify in writing, prior to any payment, whether the Management Objectives and any other material terms are in fact satisfied.

(b). Payout of Performance Shares Earned shall be based upon the degree of achievement of the Management Objectives by the Company, all as to be more particularly set forth in the Participant's Award and Agreement.

(c). Upon such certification as provided for in Section (a) above, the Committee shall advise the Participant as to the number of Performance Shares Earned.

(d). Each Performance Share Earned shall entitle the holder to receive Common Shares of the Company (or cash or a combination of Common Shares and cash, as decided by the Committee in its sole discretion).

(e). In the event the final Market Value Price per share of a Common Share at the end of the Performance Period exceeds twice the Market Value Price per share of a Common Share on the Date of Grant, the number of Common Shares to be earned as Performance Shares Earned will be reduced proportionately to the extent necessary to prevent the value of the Performance Shares Earned paid to any Participant from exceeding a value equal to twice the Market Value Price per

share of the Common Shares award on the Date of Grant, as such Performance Shares Earned may be adjusted under Section 10 (anti-dilution provision) of the 1992 ICE Plan, and subject, however, to Section 7.3.

ARTICLE VI

PAYMENT OF AWARDS

6.1 PAYMENT. Performance Shares Earned shall be paid as soon as practicable after the receipt of audited financial statements relating to the last fiscal year of the Performance Period and the written certification by the Committee.

ARTICLE VII

HARDSHIP, TERMINATIONS OF EMPLOYMENT AND CHANGE IN CONTROL

7.1 HARDSHIP AND APPROVED ABSENCE. In the event of leave of absence to enter public service with the consent of the Company or other leave of absence approved by the Company, or in the event of hardship or other special circumstances, of a Participant who holds any Performance Shares that have not been fully earned, the Committee may in its sole discretion take any action that it deems to be equitable under the circumstances or in the best interests of the Company, including without limitation waiving or modifying any limitation with respect to any award under this Performance Share Program; provided, however, that no such action shall be taken with respect to any Covered Employee. If no such equitable action is taken by the Committee for a Participant who is not a Covered Employee, the Participant shall forfeit all right to any Performance Shares that would have been earned for the Performance Period in which the leave of absence or other special circumstances occurred.

7.2 DEATH, DISABILITY, RETIREMENT OR OTHER. In the event the employment of a Participant with the Company is terminated before completion of a Performance Period(s) because of death, Disability, Retirement, or other reasons and the Management Objectives are achieved by the Company for the Performance

Period to the minimum required level or greater, such Participant, or the beneficiary of such Participant, may be eligible to receive all or a portion of the Performance Shares granted to such Participant as Performance Shares Earned, as is determined in accordance with the Participant's Award and Agreement.

7.3 CHANGE IN CONTROL. In the event a Change in Control occurs before completion of a Performance Period(s), all Performance Shares granted to a Participant shall immediately become Performance Shares Earned, the value of which shall be paid in cash within 10 days of the Change in Control. In the event of a Change in Control, the number of Common Shares to be earned as Performance Shares Earned will not be reduced proportionately, as otherwise provided for in Section 5.4(e), to the extent necessary to prevent the cash value of the Performance Shares Earned paid to any Participant from exceeding a value equal to twice the Market Value Price per share of the Common Shares award on the Date of Grant.

SECTION VIII

MISCELLANEOUS

8.1 WITHHOLDING TAXES. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment of Performance Shares Earned to a Participant under this Performance Share Program, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the receipt of such payment of Performance Shares Earned or the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld. If necessary, the Committee may require relinquishment of a portion of such Performance Shares Earned. The Participant

may elect to satisfy all or any part of any such withholding obligation by surrendering to the Company a portion of the Common Shares that are issued or transferred or that become nontransferable by the Participant, and the Common Shares so surrendered by the Participant shall be credited against any such withholding obligation at the Market Value Price per share of such Common Shares on the date of such surrender; provided, however, if the Participant is subject to Section 16 of the Securities Exchange Act of 1934 ("Exchange Act"), such election (if then required by Rule 16b-3 under the Exchange Act) shall be subject to approval by the Committee.

8.2 CLAIM TO AWARDS AND EMPLOYMENT RIGHTS. No Participant shall have any claim or right to be granted another award under the Performance Share Program. This Performance Share Program shall not confer upon any Participant any right with respect to the continuance of employment or other service with the Company or any Subsidiary and shall not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Participant at any time.

8.3 BENEFICIARIES. Any payments of Performance Shares Earned due under this Performance Share Program to a deceased Participant shall be paid to the beneficiary designated by the Participant and filed with the Company. If no such beneficiary has been designated or survives the Participant, payment shall be made to the estate of the Participant. A beneficiary designation may be changed or revoked by a Participant at any time, provided the change or revocation is filed with the Company.

8.4 NON-TRANSFERABILITY. The rights and interest of a Participant under this Performance Share Program, including amounts payable, may not be assigned, pledged, or transferred, except, in the event of the death of a Participant, to

his or her designated beneficiary as provided in the Performance Share Program, or in the absence of such designation, by will or the laws of descent and distribution.

8.5 AMENDMENTS.

(a). This Performance Share Program may be amended from time to time by the Committee; provided, however, that any such amendment shall not be inconsistent with the terms of the 1992 ICE Plan.

(b). The 1992 ICE Plan and this Performance Share Program are intended to comply with and be subject to Rule 16b-3 as in effect prior to May 1, 1991.

8.6 GOVERNING LAW. This Performance Share Program shall be construed and governed in accordance with the laws of the State of Ohio.

FIRST AMENDMENT
TO
CLEVELAND-CLIFFS INC NONEMPLOYEE DIRECTORS'

COMPENSATION PLAN

RECITALS

WHEREAS, Cleveland-Cliffs Inc ("Company"), with approval of the Company's shareholders on May 14, 1996, established the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan ("Plan"), effective July 1, 1996; and

WHEREAS, the Company desires to amend the Plan to (i) provide that the 10% reduction for Special Distributions under Section 7.6 of the Plan be changed to a 6% reduction and (ii) require that a Director who elects a Special Distribution terminate participation in the deferral portion of the Plan for two full calendar years ("Amendment"); and

WHEREAS, the Board of Directors of the Company has approved the Amendment in accordance with the provisions of Section 8.2 of the Plan and such Amendment does not require approval by the shareholders of the Company.

NOW, THEREFORE, the Plan is hereby amended by the First Amendment, such First Amendment to be effective as of the date set forth herein as follows:

1. The Plan is amended, effective as of November 12, 1996, by deleting in its entirety Section 7.6 and substituting the following therein:

"7.6 Special Distributions. Notwithstanding any other provision of this Article VII, a Director may elect to receive a distribution of part or all of his or her Deferred Fee Account and/or Deferred Share Account in one or more distributions if (and only if) the amount in the Director's Deferred Fee Account and/or the number of the Shares in the Director's

1

Deferred Share Account subject to such distribution is reduced by 6 percent. Any distribution made pursuant to such an election shall be made within sixty days of the date such election is submitted to the Administrator. The remaining 6 percent of the portion of the electing Director's Deferred Fee Account and/or Deferred Share Account subject to such distribution shall be forfeited. Notwithstanding any other provision of this Article VII, a Director who is currently serving as a Director and who elects a distribution pursuant to Section 7.6 shall immediately terminate his or her participation in the deferral portion of the Plan for the balance, if any, of the Plan Year during which the Director's election is submitted to the Committee and for the next two Plan Years."

2. Except as amended by this First Amendment, the Plan shall remain in full force and effect.

Executed in Cleveland, Ohio, as of November 12, 1996.

CLEVELAND-CLIFFS INC

By /s/ M.T. Moore

Chairman and Chief Executive Officer

And /s/ J.E. Lenhard

Secretary

Computation of Earnings Per Share
CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

<TABLE>
<CAPTION>

(In Millions, Except Per			
Share Amounts)			
Year Ended December 31			
	1996	1995	1994
	----	----	----
<S>	<C>	<C>	<C>
Earnings per share, as reported:			
Average shares outstanding	11.6	11.9	12.1
	=====	=====	=====
Income before extraordinary item	\$ 61.0	\$ 60.9	\$ 42.8
Extraordinary item	--	(3.1)	--
	-----	-----	-----
Net income	\$ 61.0	\$ 57.8	\$ 42.8
	=====	=====	=====
Income per share:			
Income before extraordinary item	\$ 5.26	\$ 5.10	\$ 3.54
Extraordinary item	--	(.26)	--
	-----	-----	-----
Net income	\$ 5.26	\$ 4.84	\$ 3.54
	=====	=====	=====
Primary earnings per share:			
Average shares outstanding	11.6	11.9	12.1
Net effect of dilutive stock options - based on the treasury stock method using average market price	--	.1	--
	-----	-----	-----
Average shares and equivalents	11.6	12.0	12.1
	=====	=====	=====
Income before extraordinary item	\$ 61.0	\$ 60.9	\$ 42.8
Extraordinary item	--	(3.1)	--
	-----	-----	-----
Net income	\$ 61.0	\$ 57.8	\$ 42.8
	=====	=====	=====
Income per share:			
Income before extraordinary item	\$ 5.26	\$ 5.08	\$ 3.54
Extraordinary item	--	(.26)	--
	-----	-----	-----
Net income	\$ 5.26	\$ 4.82	\$ 3.54
	=====	=====	=====

</TABLE>

27

<TABLE>
<CAPTION>

(In Millions, Except Per			
Share Amounts)			
Year Ended December 31			
	1996	1995	1994
	----	----	----
<S>	<C>	<C>	<C>
Fully diluted earnings per share:			

Average shares outstanding	11.6	11.9	12.1
Net effect of dilutive stock options - based on the treasury stock method using higher of year-end or average market price	--	.1	--
	-----	-----	-----
Average fully diluted shares	11.6	12.0	12.1
	=====	=====	=====

Income before extraordinary item	\$ 61.0	\$ 60.9	\$ 42.8
Extraordinary item	--	(3.1)	--
	-----	-----	-----
Net income	\$ 61.0	\$ 57.8	\$ 42.8
	=====	=====	=====

Income per share:

Income before extraordinary item	\$ 5.26	\$ 5.08	\$ 3.54
Extraordinary item	--	(.26)	--
	-----	-----	-----
Net income	\$ 5.26	\$ 4.82	\$ 3.54
	=====	=====	=====

</TABLE>

Common stock options do not have a material dilutive effect and therefore were not included in the computation of earnings per share as reported.

In 1996, Cleveland-Cliffs earned \$61.0 million, or \$5.26 a share, including a \$1.3 million after-tax property damage insurance recovery. Earnings for the year 1995 were \$57.8 million, or \$4.84 a share, including an extraordinary after-tax charge of \$3.1 million and the effects of two significant "special items." Excluding the insurance recovery, earnings in 1996 were \$59.7 million, or \$5.15 a share. Comparable earnings in 1995, excluding the extraordinary charge and the special items, were \$55.4 million, or \$4.64 a share.

<TABLE>
<CAPTION>

Following is a summary of results for the years 1996, 1995, and 1994:

	(In Millions, Except Per Share)		
	1996	1995	1994
<S>	<C>	<C>	<C>
Net Income Before Special Items and Extraordinary Charge			
- Amount	\$59.7	\$55.4	\$42.8
- Per Share	5.15	4.64	3.54
Special Items			
Prior Years' Tax Credit		12.2	
Environmental Reserve		(6.7)	
Property Damage Insurance Recovery	1.3		
	-----	-----	-----
	1.3	5.5	
	-----	-----	-----
Net Income Before Extraordinary Item			
- Amount	61.0	60.9	42.8
- Per Share	5.26	5.10	3.54
Extraordinary Loss on Early Extinguishment of Debt		(3.1)	
	-----	-----	-----
Net Income			
- Amount	\$61.0	\$57.8	\$42.8
	=====	=====	=====
- Per Share	\$5.26	\$4.84	\$3.54
	=====	=====	=====

</TABLE>

Earnings per share in 1996 and 1995 reflect the favorable effect of repurchasing shares under the Company's stock repurchase program (\$.11 a share -1996; \$.07 a share - 1995). Repurchases in 1996 and 1995 were 495,800 shares and 284,500 shares, respectively.

1996 VERSUS 1995

Revenues were \$518.1 million in 1996, an increase of \$45.0 million from 1995. Revenues from product sales and services totaled \$451.7 million in 1996 compared to \$411.2 million in 1995. The \$40.5 million increase was due to higher sales volume and higher average price realizations. North American iron ore sales were 11.0 million tons in 1996 compared to 10.4 million tons in 1995. Royalties and management fees revenue in 1996, including amounts paid by the Company as a participant in the mining ventures, totaled \$51.5 million, compared to \$49.5 million in 1995.

Net income for the year 1996 was \$61.0 million, or \$5.26 a share, including a \$1.3 million after-tax property damage insurance recovery on a January, 1996 ore train derailment.

Earnings for 1995 were \$57.8 million, or \$4.84 a share, including an extraordinary after-tax charge of \$3.1 million on the early extinguishment of debt as part of a \$70 million long-term debt refinancing.

Net income before the extraordinary item for the year 1995 was \$60.9 million, or

\$5.10 a share. Included in 1995 earnings were two large special items recorded in the second quarter: a \$12.2 million tax credit resulting from the settlement of prior years' tax issues, and a \$6.7 million after-tax increase in the reserve for environmental expenditures.

Excluding the special item, 1996 earnings were \$59.7 million, or \$5.15 a share, an increase of \$4.3 million from comparable earnings in 1995 of \$55.4 million, or \$4.64 a share. The \$4.3 million increase in comparable earnings was mainly due to increased North American sales volume and price realizations, higher Australian earnings, a non-recurring \$1.8 million after-tax reserve against accounts receivable in 1995 and lower interest expense, partly offset by higher operating costs and a higher effective income tax rate in 1996. Operating costs in 1996 were impacted by record cold weather in the first quarter and higher employment and fuel costs.

Australian after-tax earnings were \$12.4 million, or \$1.07 per share in 1996. Comparable earnings in 1995 were \$9.0 million, or \$.75 per share. The Australian operation terminated production as planned in December, 1996 and is expected to ship its remaining inventory during the first quarter of 1997.

1995 VERSUS 1994
- -----

Revenues were \$473.1 million in 1995, an increase of \$84.2 million from 1994. Revenues from product sales and services in 1995 totaled \$411.2 million, an increase of \$76.4 million from 1994, mainly due to higher North American sales volume reflecting the full year effect of the acquisition of Northshore Mining Company on September 30, 1994. North American iron ore sales were 10.4 million tons in 1995 compared to 8.2 million tons in 1994. Royalty and management fee revenue in 1995 totaled \$49.5 million, an increase of \$4.8 million due primarily to increased production at Empire Mine in 1995.

Net income for the year 1995 was \$57.8 million, or \$4.84 a share, including an extraordinary after-tax charge of \$3.1 million incurred in December, 1995 on the early extinguishment of debt as part of a \$70 million long-term debt refinancing. Net income in 1994 was \$42.8 million, or \$3.54 a share.

Net income before the extraordinary item for the year 1995 was \$60.9 million, an increase of \$18.1 million from 1994. Included in 1995 earnings were two large special items recorded in the second quarter: a \$12.2 million tax credit resulting from the settlement of prior years' tax issues, and a \$6.7 million after-tax increase in the reserve for environmental expenditures.

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

Excluding the special items and the extraordinary charge, earnings for 1995 were \$55.4 million, an increase of \$12.6 million from 1994. The increase was mainly due to the full year effect of the Northshore acquisition, higher Australian earnings, and increased royalties and management fees, partially offset by a higher effective income tax rate.

CASH FLOW AND LIQUIDITY
- -----

At December 31, 1996, the Company had cash and marketable securities totaling \$169.4 million. The full amount of a \$100.0 million unsecured revolving credit facility was available. No principal payments are required to be made on outstanding debt until senior unsecured notes in the amount of \$70 million mature in 2005.

In 1996, cash and marketable securities increased \$20.6 million due to cash flow from operating activities (before changes in operating assets and liabilities), \$89.6 million, partially offset by capital expenditures, \$36.7 million, repurchase of 495,800 of the Company's Common Shares in open market transactions, \$19.5 million, and dividends, \$15.1 million.

North American pellet inventory investment at December 31, 1996 was \$21.8 million, a decrease of \$3.7 million from December 31, 1995. The decrease occurred despite higher 1996 production, 0.6 million tons, and 0.4 million tons of purchased ore. Inventories at the Savage River Mines in Australia decreased \$5.1 million, reflecting the planned termination of production.

<TABLE>
<CAPTION>

FOLLOWING IS A SUMMARY OF 1996 CASH FLOW:

(IN MILLIONS)

<S>	<C>
Cash Flow from Operations	
Before Changes in Operating Assets and Liabilities.....	\$ 89.6
Changes in Operating Assets and Liabilities:	
Marketable Securities	(8.2)
Other	2.0

Net Cash From Operations.....	83.4
Capital Expenditures.....	(36.7)
Repurchase of Common Shares.....	(19.5)
Dividends.....	(15.1)
Other (net).....	.3

Increase in Cash and Cash Equivalents.....	12.4
Increase in Short-term Marketable Securities.....	8.2

Increase in Cash and Marketable Securities.....	\$ 20.6
	=====

</TABLE>

31

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

<TABLE>
<CAPTION>

FOLLOWING IS A SUMMARY OF KEY LIQUIDITY MEASURES:

<S>	At December 31 (In Millions)		
	1996	1995	1994
	-----	-----	-----
	<C>	<C>	<C>
Cash and Temporary Investments			
Cash and Cash Equivalents	\$152.3	\$139.9	\$140.6
Marketable Securities.....	17.1	8.9	.8
	-----	-----	-----
Total	\$169.4	\$148.8	\$141.4
	=====	=====	=====
Working Capital.....	\$195.3	\$189.2	\$169.5
	=====	=====	=====
Ratio of Current Assets to Current Liabilities.....	2.9:1	2.9:1	2.7:1

</TABLE>

Additionally, at December 31, 1996, the Company had long-term investments of \$10.8 million, primarily consisting of LTV Common Stock (.8 million shares with a market value of \$10.0 million).

In 1996, \$3.8 million of Australian government securities matured and were converted to cash to finance obligations related to termination of production at the Savage River Mines. The redemption of these investments, previously classified as held-to-maturity securities, did not result in the recognition of a gain or loss.

In 1995, the Company and the Internal Revenue Service reached agreement on several issues raised during the examination of the Company's Federal income tax returns for the tax years 1986 through 1988. The income tax settlement favorably resolved a number of audit issues primarily arising from the Company's restructuring program in the late 1980s when mining partnerships were reorganized to cope with steel company bankruptcies and non-core businesses were divested. During that period, the Company had reserved the potential tax liabilities. Accordingly, a tax credit of \$12.2 million was recorded in the second quarter of 1995. As a result of the settlement and its related impact on the tax years 1989 through 1993, the Company made additional tax and interest payments of \$11.8 million in the third quarter of 1995 and is entitled to tax and interest refunds of \$5.3 million, of which \$2.3 million was received in 1996.

NORTH AMERICAN IRON ORE

On September 29, 1995, McLouth Steel Products Company ("McLouth") petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. At the time of the bankruptcy filing, the Company had an unreserved receivable from McLouth of \$5.0 million, secured by liens on certain McLouth fixed assets. Reserves of \$3.4 million have been recorded against the receivable.

On March 15, 1996, McLouth announced that it had begun a shutdown of its operations due to inadequate funds. The Company had supplied 300,000 tons of pellets to McLouth in 1996 prior to shutdown. The Company reserved all financial exposure from the McLouth shutdown, except the remaining unreserved receivable which is secured by first liens on property and equipment.

32

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

On June 26, 1996, the bankruptcy court approved the sale of McLouth's assets and an agreement to settle secured claims, including the Company's secured claim. Based on the terms of the agreement, the Company expects to recover the carrying value of its secured claim. Proceeds from the sale of McLouth's assets will be used primarily to satisfy administrative claims, including the Company's administrative claim.

The Company's total shipments in 1996 were not affected by McLouth's bankruptcy filing or the shutdown of its operations. Although sales to McLouth in 1996 were only 0.3 million tons prior to shutdown in the first quarter, compared to 1.3 million tons for the full year 1995, sales of the remaining available tons in 1996 were made to other customers.

Three U.S. iron ore mining operations managed by subsidiaries of the Company are operating under six-year, no strike labor agreements with the United Steelworkers of America. The contracts, which were effective August 1, 1993, cover the Empire and Tilden mines in Michigan and the Hibbing mine in Minnesota. The agreements called for a limited economic re-opener in 1996, with interest arbitration if the parties did not reach a negotiated settlement. The re-openers were settled based on the pattern of recent steel company labor contract settlements, plus certain features to motivate productivity. The contracts expire on August 1, 1999. A labor agreement with the Wabush Mines' bargaining unit reached in March, 1994, expired on March 1, 1996. A new Wabush labor agreement was negotiated effective March 1, 1996 and will expire March 1, 1999.

The six North American mines managed by the Company produced a record 39.9 million tons of iron ore in 1996 compared with 39.6 million tons in 1995. The Company's share of the North American production was 10.4 million tons in 1996 versus 9.8 million tons in 1995.

Most industry analysts are projecting continued strong North American steel production and shipments in 1997 by integrated steel companies. The mines managed by the Company are scheduled to operate at nearly full capacity again in 1997. The Company's nominated share of such capacity is 10.8 million tons. Production schedules are subject to change during the year.

More than 85 percent of the Company's nominated capacity in 1997 has been committed under multi-year contracts. The Company's current multi-year contracts expire in various years starting in 1999. Maintenance of present sales volume is dependent on renewal of such contracts and the general iron ore demand level. The Company has demonstrated its ability to sustain sales volume through renewed or new contracts. In December, 1996, the Company renewed its contract with AK Steel, its largest customer, for up to 2.5 million tons annually through 1999.

AUSTRALIA
- - - - -

Savage River Mines in Tasmania, Australia operated at its capacity of approximately 1.6 million tons in 1996 and 1.5 million tons in 1995. Net income increased to \$12.4 million in 1996 from \$9.0 million in 1995 due to higher sales price realizations and volume, and lower operating cost, partially offset by a higher Australian effective income tax rate and exchange rate effect.

33

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

Production at Savage River Mines was terminated prior to year-end 1996 due to exhaustion of the economically recoverable iron ore from surface mining. Remaining inventory is expected to be shipped during the first quarter of 1997. No significant earning contribution is expected in 1997. The mine operated two years beyond the original schedule established when the Company acquired full ownership in 1990. Termination costs have been provided in the Capacity Rationalization Reserve.

The Company's subsidiary, Pickands Mather & Co. International ("PMI"), received notice from the Tasmanian government in 1996 asserting certain environmental obligations in connection with rehabilitating the Savage River Mine site. PMI has asserted that all obligations to rehabilitate the mine and plant sites are specified in the Rehabilitation Plan agreement between the State of Tasmania and PMI, which agreement was formalized in June, 1990 by an Act of Parliament and was a condition of PMI's acquisition of interests in the mine from Japanese steel companies. PMI has provided reserves for all environmental and other rehabilitation obligations specified in the Rehabilitation Plan.

On December 5, 1996, PMI and the State of Tasmania entered into a Deed of Arrangement whereby the assets (including \$8.7 million in cash) and all environmental and rehabilitation obligations of the Savage River Mines will be transferred to the Tasmanian government. The transfer is contingent on certain events which are anticipated to be completed in March, 1997.

COAL - ----

Pursuant to the Coal Industry Retiree Health Benefit Act of 1992 ("Benefit Act"), the Trustees of the UMWA Combined Benefit Fund have assigned responsibility to the Company for premium payments with respect to retirees, dependents, and "orphans" (unassigned beneficiaries), representing less than one-half of one percent of all "assigned beneficiaries." The Company is making premium payments under protest and is contesting the assignments that it believes were incorrect. Premium payments by the Company in 1996 were \$0.8 million (\$0.7 million in 1995). Additionally, in December, 1993, a complaint was filed by the Trustees of the United Mine Workers of America 1992 Benefit Plan against the Company demanding the payment of premiums on additional beneficiaries related to two formerly operated joint venture coal mines. The Company has actively contested the complaint and is awaiting a court decision. Monthly premiums are being paid into an escrow account (80% by a former joint venture participant and 20% by the Company) by joint agreement with the Trustee, pending outcome of the litigation. Company payments in 1996 and 1995 were approximately \$0.1 million. At December 31, 1996, the Company's coal retiree reserve was \$10.2 million, of which \$1.4 million was current. The reserve is reflected at present value, using a discount rate of 7.75%. Constitutional and other legal challenges to various provisions of the Benefit Act by other former coal producers are pending in the Federal Courts.

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

ACTUARIAL ASSUMPTIONS - -----

As a result of an increase in long-term interest rates, the Company re-evaluated the interest rates used to calculate its pension and other postretirement benefit ("OPEB") obligations. Financial accounting standards require that the discount rate used to calculate the actuarial present value of such benefits reflect the rate of interest on high-quality fixed income securities. The discount rate used to calculate the Company's pension and OPEB obligations was increased to 7.75% at December 31, 1996 from 7.25% at December 31, 1995. The assumed long-term rate of return on pension assets was 8.75% at December 31, 1996 and 1995. The Company also adjusted its assumed long-term rate of return on deposits on life insurance contracts to fund retiree life insurance benefits to 6.0% at December 31, 1996 from 8.0% at December 31, 1995 to reflect contract provisions. The medical cost trend rate assumption used in the calculation of its OPEB obligation reflects medical cost growth of 8.0% in 1997, decreasing by .5% per year to a growth rate of 5.0% in the year 2003 and annually thereafter.

The changes in actuarial assumptions did not affect 1996 financial results; however, in 1997 and subsequent years, the changes are projected to decrease pension and OPEB expense by approximately \$0.4 million.

The Company is funding pension plans to the maximum amount deductible for income tax purposes. For Plan Year 1996 (largely funded in calendar year 1997), the Company plans to contribute \$3.0 million, including its share of associated companies' funding, a decrease of \$2.1 million from Plan Year 1995.

ENVIRONMENTAL COSTS - -----

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for known environmental conditions at active mining operations, idle and closed mining operations and other sites have been recognized based on estimates of the cost of investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the

minimum of the range is accrued in accordance with generally accepted accounting principles. Estimates may change as additional information becomes available. Actual costs incurred may vary from the estimates due to the inherent uncertainties involved. Any potential insurance recoveries have not been reflected in the determination of the financial reserves.

At December 31, 1996, the Company had a reserve for environmental obligations, including its share of the environmental obligations of associated companies, of \$23.7 million (\$22.9 million at December 31, 1995), of which \$4.0 million was current. During 1996 and 1995, the Company provided \$2.4 million and \$13.2 million of additional environmental reserves respectively. The additional environmental provisions reflect the Company's continuing review of estimated investigation and remediation expense at all known sites. Net payments in 1996 were \$1.6 million (1995 - \$2.4 million).

35

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

CAPITAL INVESTMENT

- - - - -

North American Iron Ore

- - - - -

The Company and its North American mine partners have substantially increased capital expenditures in recent years to reduce operating costs and satisfy orebody development requirements for maintenance of high production rates. Capital equipment additions and replacements, including equipment acquired through lease, totaled approximately \$89.3 million (the Company's share - \$26.4 million) in 1996 for the six Company-managed mines and supporting operations in North America, of which \$56.2 million (the Company's share - \$22.2 million) was classified as capital expenditures. Capital additions and replacements, including leased equipment, are projected to total approximately \$103.9 million (the Company's share - \$27.7 million) in 1997, with approximately \$58.2 million (the Company's share - \$21.2 million) classified as capital expenditures, at the six Company-managed mines and supporting operations in North America.

Reduced Iron

- - - - -

The Company's strategy includes extending its business scope to produce and supply reduced iron products to steelmakers. Reduced iron products contain approximately 90% iron versus 65% for traditional iron ore pellets and are higher quality than most scrap steel feed. The market for reduced iron is relatively small, but is projected to increase at a higher rate than other iron ore products.

On April 15, 1996, the Company announced an international joint venture to produce and market premium quality reduced iron briquettes to the steel industry. All project documents were signed on May 8, 1996. The venture's participants, through subsidiaries, are Cleveland-Cliffs Inc, 46.5 percent; The LTV Corporation, 46.5 percent; and Lurgi AG of Germany, 7.0 percent. The Company manages the \$150 million project, located in Trinidad and Tobago, and will be responsible for sales by the venture company, Cliffs and Associates Limited. The Company's share of capital expenditures is estimated to be \$70 million, of which \$13.1 million was spent in 1996 and \$46 million is expected to be spent in 1997. No project financing will be used. Start-up is projected to occur in the fourth quarter, 1998.

Cliffs and Associates Limited has entered into forward currency exchange contracts to hedge the Deutsche Mark as part of the construction project. The purpose of the contracts is to manage the risk of exchange rate fluctuations with respect to a portion of project construction costs denominated in the Deutsche Mark. The Company's share of outstanding contracts, which have varying maturity dates to June 1, 1998, have an aggregate contract value of \$10.8 million and an aggregate estimated fair value of \$10.3 million, at December 31, 1996.

The Company anticipates further investment in reduced iron projects.

36

Other
- -----

The Company periodically examines opportunities to increase profitability and strengthen its business position by increasing its ownership of existing iron ore mining ventures. Also, the Company is seeking investment opportunities to broaden its scope as an operator of mining and pelletizing projects internationally.

CAPITALIZATION
- -----

In December, 1995, the Company completed a private placement of \$70 million of senior unsecured notes to an insurance company group. The notes bear a fixed interest rate of 7.0 percent and are scheduled to be repaid with a single principal payment in December, 2005. Proceeds from the placement were utilized to retire \$70 million of existing notes with an average interest rate of 8.77 percent and remaining annual principal repayments of \$12.1 million per year in the years 1996 through 1999 and \$7.2 million in the years 2000 through 2002. In 1995, a \$3.1 million after-tax (\$4.8 million before tax) extraordinary charge was incurred in the early extinguishment of the debt retired. Following is a summary of long-term obligations:

<TABLE>
<CAPTION>

LONG-TERM OBLIGATIONS AT DECEMBER 31
(In Millions)

Effectively Serviced Obligations					

Consolidated	Share of Associated Companies	Total	Guaranteed Obligations	Total Obligations	
-----	-----	-----	-----	-----	
<S>	<C>	<C>	<C>	<C>	<C>
1996	\$ 70.0	\$ 2.9	\$ 72.9	\$ -	\$ 72.9
1995	70.0	6.3	76.3	6.6	82.9
1994	75.0	9.2	84.2	13.7	97.9

</TABLE>

In addition to the senior unsecured notes, the Company has a \$100 million revolving credit agreement. No borrowings are outstanding under this agreement which was amended in July, 1996 to extend the expiration date by one year to March 1, 2001.

At December 31, 1995, guaranteed obligations principally represented Empire Mine debt obligations of LTV and Wheeling-Pittsburgh Steel Corporation. The Empire Mine long-term debt was fully extinguished in December, 1996 (the Company's share of Empire long-term debt principal payments was \$3.9 million in 1996 and \$4.3 million in 1995 and 1994).

The ratio of effectively serviced long-term obligations to shareholders' equity was .2:1 at December 31, 1996, .2:1 at December 31, 1995, and .3:1 at December 31, 1994.

37

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

In January, 1995, the Company announced a program to repurchase up to 600,000 of its Common Shares in the open market or in negotiated transactions. In July, 1996, the Company announced the expansion of this program to 1.0 million shares. Under the combined program the Company has repurchased 780,300 shares through December 31 at a total cost of \$30.3 million (average price of \$38.84 per share). The shares will initially be retained as Treasury Stock.

FORWARD-LOOKING STATEMENTS
- -----

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. In addition to historical information, this report contains forward-looking statements 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.

The Company's dominant business is the production and sale of iron ore pellets, which is subject to the cyclical nature of the integrated steel industry. Factors that could cause the Company's actual results to be materially different from projected results include the following:

- Changes in the financial condition of integrated steel company partners and customers;
- Domestic or international economic and political conditions;
- Unanticipated geological conditions or ore processing changes;
- Substantial changes in imports of steel or iron ore;
- Development of alternative steel-making technologies;
- Displacement of integrated steel production by electric furnace production;
- Displacement of steel by competitive materials;
- Energy costs and availability;
- Labor contract negotiations;
- Changes in tax laws directly affecting mineral exploration and development;
- Changes in laws, regulations or enforcement practices governing environmental site remediation requirements and the technology available to complete required remediation. Additionally, the impact of inflation, the identification and financial condition of other responsible parties, as well as the number of sites and quantity and type of material to be removed, may significantly affect estimated environmental remediation liabilities;

38

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

- Changes in laws, regulations or enforcement practices governing compliance with environmental and safety standards at operating locations; and,
- Accounting principles or policies imposed by the Financial Accounting Standards Board or the Securities and Exchange Commission.

The North American integrated steel industry has experienced high operating rates in recent years. Most steel company partners and customers of the Company have improved their financial condition due to improved operating results and increased equity capital. However, the integrated steel industry continues to have relatively high fixed costs and obligations.

The improvement in most integrated steel companies' financial positions has reduced the major integrated business risk faced by the Company, i.e., the potential financial failure and shutdown of one or more of its significant customers or partners, with the resulting loss of ore sales or royalty and management fee income. However, if any such shutdown were to occur without mitigation through replacement sales or cost reduction, it would represent a significant adverse financial development to the Company.

The Company is under no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

39

EXHIBIT 13(b)

REPORT OF INDEPENDENT AUDITORS

Shareholders and Board of Directors
Cleveland-Cliffs Inc

We have audited the accompanying statement of consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries as of December 31, 1996 and 1995, and the related statements of consolidated income, shareholders' equity and cash flows for each of the three years in the period ended December 31,

1996. Our audits also included the financial statement schedule listed in the index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cleveland-Cliffs Inc and consolidated subsidiaries at December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Cleveland, Ohio
February 13, 1997

40

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
Cleveland-Cliffs Inc and Consolidated Subsidiaries
<TABLE>
<CAPTION>

Exhibit 13(c)

	(In Millions)	
	December 31	
	-----	-----
	1996	1995
-----	-----	-----
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 152.3	\$ 139.9
Marketable securities	17.1	8.9
	-----	-----
	169.4	148.8
Trade accounts receivable (net of allowance, \$1.1 in 1996 and \$7.7 in 1995)	53.6	45.2
Receivables from associated companies	16.6	16.6
Inventories		
Finished products	28.7	38.0
Work in process	.9	.7
Supplies	15.4	17.0
	-----	-----
	45.0	55.7
Deferred income taxes	4.4	14.1
Other	11.8	12.3
	-----	-----
TOTAL CURRENT ASSETS	300.8	292.7
PROPERTIES		
Plant and equipment	249.7	240.3
Minerals	19.6	19.7
	-----	-----
	269.3	260.0
Allowances for depreciation and depletion	(141.6)	(140.0)
	-----	-----
TOTAL PROPERTIES	127.7	120.0
INVESTMENTS IN ASSOCIATED COMPANIES	161.9	152.0
OTHER ASSETS		

Long-term investments	10.8	16.3
Deferred charges	9.3	8.3
Deferred income taxes	11.9	11.2
Prepaid Pension	34.8	28.2
Miscellaneous	16.5	15.9
	-----	-----
TOTAL OTHER ASSETS	83.3	79.9
	-----	-----

TOTAL ASSETS	\$673.7	\$644.6
	=====	=====

</TABLE>

41

STATEMENT OF CONSOLIDATED FINANCIAL POSITION
Cleveland-Cliffs Inc and Consolidated Subsidiaries

<TABLE>
<CAPTION>

	(In Millions)	
	December 31	
	1996	1995
	-----	-----
<S>	<C>	<C>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	\$ 11.9	\$ 16.0
Payables to associated companies	19.6	17.3
Accrued employment costs	26.5	27.2
Accrued expenses	19.2	17.5
Income taxes payable	5.3	.3
Reserve for capacity rationalization	11.1	10.5
Other	11.9	14.7
	-----	-----
TOTAL CURRENT LIABILITIES	105.5	103.5
LONG-TERM OBLIGATIONS	70.0	70.0
POSTEMPLOYMENT BENEFIT LIABILITIES	67.5	67.3
RESERVE FOR CAPACITY RATIONALIZATION	15.5	17.2
OTHER LIABILITIES	44.6	44.0
SHAREHOLDERS' EQUITY		
Preferred Stock		
Class A - no par value		
Authorized - 500,000 shares;		
Issued-none	--	--
Class B - no par value		
Authorized - 4,000,000 shares;		
Issued-none	--	--
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	68.8	65.2
Retained income	432.0	386.1
Foreign currency translation adjustments	.1	.3
Unrealized gain (loss) on available for sale securities, net of tax	(1.0)	.1
Cost of 5,458,224 Common Shares in treasury (1995 - 4,998,674 shares)	(142.5)	(123.8)
Unearned compensation	(3.6)	(2.1)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	370.6	342.6
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 673.7	\$ 644.6
	=====	=====

<FN>

See notes to consolidated financial statements.

</TABLE>

42

STATEMENT OF CONSOLIDATED INCOME
Cleveland-Cliffs Inc and Consolidated Subsidiaries

Exhibit 13(d)

<TABLE>
<CAPTION>

	(In Millions, Except Per Share Amounts) Year Ended December 31		
	1996	1995	1994
<S>	<C>	<C>	<C>
REVENUES			
Product sales and service	\$ 451.7	\$ 411.2	\$ 334.8
Royalties and management fees	51.5	49.5	44.7
Total Operating Revenues	503.2	460.7	379.5
Property damage claim recovery	2.0	--	--
Investment income (securities)	9.5	9.3	7.9
Other income	3.4	3.1	1.5
Total Revenues	518.1	473.1	388.9
COSTS AND EXPENSES			
Cost of goods sold and operating expenses	392.9	356.4	299.9
Administrative, selling and general expenses	16.7	15.1	15.9
Interest expense	4.6	6.5	6.6
Other expenses	8.4	23.5	9.0
Total Costs and Expenses	422.6	401.5	331.4
INCOME BEFORE INCOME TAXES AND EXTRAORDINARY ITEM	95.5	71.6	57.5
INCOME TAXES	34.5	10.7	14.7
INCOME BEFORE EXTRAORDINARY ITEM	61.0	60.9	42.8
EXTRAORDINARY LOSS ON EARLY EXTINGUISHMENT OF DEBT (NET OF TAX BENEFIT, \$1.7 MILLION)	--	(3.1)	--
NET INCOME	\$ 61.0	\$ 57.8	\$ 42.8
NET INCOME PER COMMON SHARE			
Before Extraordinary Item	\$ 5.26	\$ 5.10	\$ 3.54
Extraordinary Item	--	(.26)	--
Net Income	\$ 5.26	\$ 4.84	\$ 3.54

<FN>

See notes to consolidated financial statements.

</TABLE>

43

STATEMENT OF CONSOLIDATED CASH FLOWS
Cleveland-Cliffs Inc and Consolidated Subsidiaries

Exhibit 13(e)

<TABLE>
<CAPTION>

	(In Millions, Brackets Indicate Cash Decrease) Year Ended December 31		
	1996	1995	1994
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income	\$ 61.0	\$ 57.8	\$ 42.8
Adjustments to reconcile net income to net cash from operations:			
Depreciation and amortization:			
Consolidated	6.6	6.1	3.7
Share of associated companies	11.0	10.7	10.7
Provision for deferred income taxes	10.9	5.5	(1.8)
Tax credit	--	(12.2)	--
Increases to environmental reserve	2.4	13.2	2.2
Extraordinary loss on debt extinguishment	--	4.8	--
Other	(2.3)	(1.2)	(3.1)
Total before changes in operating assets and liabilities	89.6	84.7	54.5
Changes in operating assets and liabilities:			
Marketable securities	(8.2)	(8.1)	92.3
Inventories and prepaid expenses	11.3	(15.7)	13.6
Receivables	(8.4)	3.9	(11.6)
Payables and accrued expenses	(.9)	(6.8)	19.1
Total changes in operating assets and liabilities	(6.2)	(26.7)	113.4
Net cash from operating activities	83.4	58.0	167.9
INVESTING ACTIVITIES			
Acquisition of Northshore Mining	--	--	(97.3)
Weirton Preferred Stock redemption	--	--	25.0
Purchase of property, plant and equipment:			
Consolidated	(16.5)	(16.6)	(6.9)
Share of associated companies	(20.2)	(5.9)	(4.0)
Sale of long-term investments	4.0	8.8	5.3
Other	.4	(4.4)	--
Net cash (used by) investing activities	(32.3)	(18.1)	(77.9)
FINANCING ACTIVITIES			
Principal payments on long-term debt:			
Consolidated	--	(75.0)	--
Share of associated companies	(3.9)	(4.3)	(4.3)
Debt prepayment fees	--	(4.8)	--
Proceeds from long-term debt	--	70.0	--
Repurchases of Common Shares	(19.5)	(10.7)	--
Dividends	(15.1)	(15.5)	(14.8)
Other	--	.3	.6
Net cash (used by) financing activities	(38.5)	(40.0)	(18.5)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(.2)	(.6)	1.2
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12.4	(.7)	72.7
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	139.9	140.6	67.9
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 152.3	\$ 139.9	\$ 140.6
Taxes paid on income	\$ 20.6	\$ 29.0	\$ 17.6
Interest paid on debt obligations	\$ 4.9	\$ 7.2	\$ 6.5

<FN>

See notes to consolidated financial statements.

</TABLE>

(In Millions)

	Common Shares	Capital In Excess of Par Value Of Shares	Retained Income	Foreign Currency Translation Adjustments	Available For Sale Securities	Common Shares In Treasury	
Unearned Compensation Total							
<S> <C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
BALANCE December 31, 1993	\$ 16.8	\$ 61.4	\$ 315.8	\$ (.3)	\$ 1.3	\$ (114.3)	\$
(.3) \$ 280.4							
Net income			42.8				
42.8							
Cash dividends - \$1.23 a share			(14.8)				
(14.8)							
Change in unrealized gains, net of tax					.2		
.2							
Stock plans							
Restricted stock/stock options		.2				.9	
1.1							
Performance shares		1.5					
(1.0) .5							
Other				1.2			
1.2							
---	----	----	-----	---	---	-----	--
BALANCE December 31, 1994	16.8	63.1	343.8	.9	1.5	(113.4)	
(1.3) 311.4							
Net income			57.8				
57.8							
Cash dividends - \$1.30 a share			(15.5)				
(15.5)							
Change in unrealized gains, net of tax					(1.4)		
(1.4)							
Stock plans							
Restricted stock/stock options						.3	
.3							
Performance shares		2.1					
(.8) 1.3							
Repurchases of Common Shares						(10.7)	
(10.7)							
Other				(.6)			
(.6)							
--	----	----	-----	---	---	-----	---
BALANCE December 31, 1995	16.8	65.2	386.1	.3	.1	(123.8)	(2.1)
342.6							
Net income			61.0				
61.0							
Cash dividends - \$1.30 a share			(15.1)				
(15.1)							
Change in unrealized gains, net of tax					(1.1)		
(1.1)							
Stock plans							
Restricted stock/stock options		.4				.8	(1.1)
.1							
Performance shares		3.2					(.4)
2.8							
Repurchases of Common Shares						(19.5)	
(19.5)							
Other				(.2)			
(.2)							
-	----	----	-----	---	---	-----	----
BALANCE December 31, 1996	\$ 16.8	\$ 68.8	\$ 432.0	\$.1	\$ (1.0)	\$ (142.5)	\$ (3.6)
\$ 370.6							
=====	=====	=====	=====	=====	=====	=====	=====

<FN>

See notes to consolidated financial statements.

</TABLE>

45

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Cleveland-Cliffs Inc and Consolidated Subsidiaries

Exhibit 13(g)

ACCOUNTING POLICIES

BASIS OF CONSOLIDATION: The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries, and references to the "Company" include the Company and consolidated subsidiaries. "Investments in Associated Companies" are comprised of partnerships and unconsolidated companies which the Company does not control. Such investments are accounted by the equity method and include, where appropriate, capitalized interest incurred during the construction phase of qualifying assets (see Note C). The Company's share of earnings of mining partnerships and companies from which the Company purchases iron ore production is credited to cost of goods sold upon sale of the product.

BUSINESS: The Company's dominant business is the production and sale of iron ore pellets to integrated steel companies. The Company controls, develops, and leases reserves to mine owners; manages and owns interests in mines; sells iron ore; and owns interests in ancillary companies providing services to the mines. Iron ore production activities are conducted in the United States, Canada and Australia. The wholly-owned Australian operations had total revenues and pre-tax operating profit of \$56.1 million and \$20.2 million, \$45.8 million and \$13.2 million, and \$43.5 million and \$5.6 million, in 1996, 1995 and 1994, respectively. Total Australian assets were \$28.5 million at December 31, 1996 (1995 - \$31.8 million). The Australian operation terminated production as planned in December, 1996 and is expected to ship its remaining inventory during the first quarter of 1997.

Iron ore is marketed in North America, Europe, Asia, and Australia. The three largest steel company customers' contributions to the Company's revenues were 15%, 12% and 11% in 1996; 17%, 11% and 10% in 1995; and 14%, 14% and 12% in 1994.

BUSINESS RISK: The North American steel industry experienced high operating rates and generally positive financial results in 1996, 1995 and 1994. The Company's integrated steel company partners and customers have generally improved their financial condition over the three-year period as a result of continued earnings and increased equity capital.

In recent years, the improvement in most steel companies' financial positions has significantly reduced the major business risk faced by the Company, i.e., the potential financial failure and shutdown of significant customers or partners with a resulting unmitigated loss of ore sales or royalty and management fee income.

If any such shutdown were to occur without mitigation through replacement sales or cost reduction, it would represent a significant adverse financial development to the Company. The iron mining business has high operating leverage because "fixed" costs are a large portion of the cost structure. Therefore, unmitigated loss of sales or other income due to failure of a customer or partner would have an adverse income effect proportionately greater than the revenue effect (see Note E - McLouth Bankruptcy).

46

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Cleveland-Cliffs Inc and Consolidated Subsidiaries

USE OF ESTIMATES: 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.

CASH EQUIVALENTS: The Company considers investments in highly liquid debt instruments with an initial maturity of three months or less to be cash

equivalents.

INVESTMENTS: The Company determines the appropriate classification of debt and equity securities at the time of purchase and reevaluates such designation as of each financial statement date.

Securities are classified as held-to-maturity when the Company has the intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at cost and investment income is included in earnings.

From time to time the Company classifies certain highly liquid securities as trading securities. Trading securities are stated at fair value and unrealized holding gains and losses are included in income.

Securities that are not classified as held-to-maturity or trading are classified as available-for-sale. Available-for-sale securities are carried at fair value, with the unrealized holding gains and losses, net of tax, reported as a separate component of shareholders' equity.

DERIVATIVE FINANCIAL INSTRUMENTS: The Company does not engage in acquiring or issuing derivative financial instruments for trading purposes. Derivative financial instruments, in the form of forward currency exchange contracts, are used by the Company to manage foreign exchange risks. These forward exchange contracts are hedging transactions that have been entered into with the objective of managing the risk of exchange rate fluctuations with respect to the ordinary local currency obligations of the Company's operations. Gains and losses are recognized in the same period as the hedged transaction.

The Company had \$2.7 million and \$4.5 million of Australian forward currency exchange contracts at December 31, 1996 and 1995, respectively, and \$7.1 million and \$4.8 million of Canadian forward currency exchange contracts at December 31, 1996 and 1995, respectively. The fair value of these currency exchange contracts, which have varying maturity dates (to February 28, 1997 - Australian; to December 31, 1997 - Canadian), is estimated to be \$2.8 million for the Australian contracts and \$7.0 million for the Canadian contracts, based on the December 31, 1996 forward rates.

47

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
Cleveland-Cliffs Inc and Consolidated Subsidiaries

Cliffs and Associates Limited has entered into a forward currency exchange contract to hedge Deutsche Mark payments required to be made as part of the Trinidad construction project (see Note C). The Company's share of outstanding contracts, which have varying maturity dates to June 1, 1998, has an aggregate contract value of \$10.8 million and an aggregate estimated fair value of \$10.3 million, at December 31, 1996.

INVENTORIES: Product inventories, primarily finished products, are stated at the lower of cost or market. The cost of product inventories is determined using the last-in, first-out ("LIFO") method. The excess of current cost over LIFO cost of product inventories was \$2.9 million and \$1.2 million at December 31, 1996 and 1995, respectively. The cost of other inventories is determined by the average cost method.

PROPERTIES: Properties are stated at cost. Depreciation of plant and equipment is computed principally by the straight-line method based on estimated useful lives, not to exceed the life of the operating unit, and is not reduced when operating units are temporarily idled. Depreciation on buildings, mining and processing equipment is provided over the following estimated useful lives:

Buildings	45 Years
Mining Equipment	10-20 Years
Processing Equipment	15-45 Years

Depletion of mineral lands is computed using the units of production method based upon proven mineral reserves.

ENVIRONMENTAL REMEDIATION COSTS: The Company accrues environmental remediation obligations when the obligations are probable and can be reasonably estimated. Costs of future expenditures are not discounted to their present value. Recoveries from insurance companies or other parties are not recognized until they become probable.

STOCK COMPENSATION: The Company applies the provisions of the Accounting Principles Board Opinion No. 25 ("APB 25") and related Interpretations in accounting for its stock option plans. Accordingly, compensation expense is not recognized for stock options when the stock option price at the grant date is equal to or greater than the fair market value of the stock at that date.

EXPLORATION, RESEARCH AND DEVELOPMENT COSTS: Exploration, research and continuing development costs of mining properties are charged to operations as incurred. Development costs which benefit extended periods are deferred and amortized over the period of benefit. At December 31, 1996, deferred development costs were less than \$1.0 million.

INCOME PER COMMON SHARE: Income per common share is based on the average number of common shares outstanding during each period.

RECLASSIFICATIONS: Certain prior year amounts have been reclassified to conform to current year classifications.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

NOTE A - ACCOUNTING AND DISCLOSURE CHANGES

In October, 1996, Accounting Standards Executive Committee of the American Institute of Certified Public Accountants issued Statement of Position 96-1, "Environmental Remediation Liabilities," the purpose of which is to improve the manner in which existing authoritative accounting literature is applied in recognizing, measuring and disclosing environmental remediation liabilities. The statement is effective for fiscal years beginning after December 15, 1996. The Company is evaluating the recording and disclosure requirements of this statement, believes that it is substantially in compliance with the requirements, and expects no significant financial statement effect.

NOTE B - NORTHSHORE MINE AND POWER PLANT ACQUISITION

On September 30, 1994, Cliffs Minnesota Minerals Company, a subsidiary of Cleveland-Cliffs Inc, acquired Cyprus Amax Minerals Company's iron ore operation and power plant (renamed Northshore Mining Company or "Northshore") in Minnesota. The principal Northshore assets acquired were 4 million annual tons of active capacity for production of standard pellets (equivalent to 3.5 million tons of flux pellet capacity), supported by a 115 megawatt power generation plant, and an estimated 1.2 billion tons of magnetite crude iron ore reserves, leased mainly from the Mesabi Trust. Northshore has a long-term contract to sell 40 megawatts of excess capacity to an electric utility with approximately 15 years remaining at December 31, 1996.

The acquisition was accounted for as a purchase transaction. Pro forma results of the Company's operations, assuming the acquisition had occurred at the beginning of 1994, are shown in the following table:

<TABLE>

Pro Forma (Unaudited)	1994
-----	----
<S>	<S>
Total Revenues (Millions)	\$466.7
	=====
Net Income	

Amount (Millions)	\$ 47.0
	=====
Per Common Share	\$ 3.89
	=====

</TABLE>

The pro forma results have been prepared for illustrative purposes only and do not purport to be indicative of what would have occurred had the acquisition actually been made at the beginning of 1994, nor of results which may occur in the future. Actual results could have been significantly different under the Company's ownership due to, among other matters, differences in marketing, operating and investment actions which have been or may be taken by the Company.

In June 1995, a \$6 million pellet expansion project, at Northshore, which involved the re-commissioning of an idled pelletizing unit, was completed. On an annualized basis, the project added approximately .9 million tons of pellets, a 23 percent expansion of Northshore production.

NOTE C - INVESTMENTS IN ASSOCIATED COMPANIES

NORTH AMERICAN IRON ORE
 - - - - -

The Company's investments in associated mining companies ("ventures") are accounted by the equity method and consist of its 40% interest in Tilden Mining Company L.C. ("Tilden"), 22.5625% interest in Empire Iron Mining Partnership ("Empire"), 15% interest in Hibbing Taconite Company ("Hibbing"), and 7.69% (7.01% in 1994) interest in Wabush Mines ("Wabush"). These ventures are managed by the Company in North America. The other interests are owned by U.S. and Canadian integrated steel companies.

Following is a summary of combined financial information of the operating ventures:

<TABLE>
 <CAPTION>

(In Millions)			
	----- 1996 -----	1995	1994 -----
<S>	<C>	<C>	<C>
INCOME			
Gross revenue	\$1,043.7	\$1,025.9	\$968.2
Equity income	121.0	143.3	99.5
	=====	=====	=====
FINANCIAL POSITION			
Properties - net	\$ 745.6	\$ 761.5	\$ 774.5
Other assets	163.4	138.6	107.1
Debt obligations	--	(22.5)	(39.8)
Other liabilities	(204.9)	(163.9)	(147.4)
	-----	-----	-----
Net assets	\$ 704.1	\$ 713.7	\$ 694.4
	=====	=====	=====
Company's equity in underlying net assets	\$ 177.9	\$ 185.1	\$ 253.6
Company's investment	\$ 147.5	\$ 152.0	\$ 151.7
	=====	=====	=====

</TABLE>

The Company manages and operates all of the ventures and leases or subleases mineral rights to certain ventures. In addition, the Company is required to purchase its applicable current share, as defined, of the production decided by the venture participants. The Company purchased \$228.0 million in 1996 (1995-\$217.8 million; 1994-\$212.5 million) of iron ore from certain ventures. During 1996, the Company earned royalties and management fees of \$51.5 million (1995-\$49.5 million; 1994-\$44.7 million) from ventures, of which \$14.4 million in 1996 (1995-\$13.7 million; 1994-\$12.7 million) was paid by the Company as a participant in the ventures. The payments made by the Company, as a participant in the ventures, are reflected in royalties and management fees revenue and cost of goods sold upon the sale of the product.

Costs and expenses incurred by the Company, on behalf of the ventures, are charged to such ventures in accordance with management and operating agreements. The Company's equity in the income of the ventures is credited to the cost of goods sold and includes the amortization to income of the excess of the Company's equity in the underlying net assets over its investment on the straight-line method based on the useful lives of the underlying assets. The difference between the Company's equity in underlying net assets and recorded investment results from the assumption of interests from former participants in the ventures, acquisitions, and the Tilden reorganization. The Company's equity in the income of ventures was \$24.1 million in 1996 (1995-\$24.3 million; 1994-\$19.5 million).

The Company's effectively serviced share of long-term obligations of ventures, including current portion, was \$2.9 million as of December 31, 1996 (1995-\$6.3 million).

REDUCED IRON

On April 15, 1996, the Company announced an international joint venture to produce and market premium quality reduced iron briquettes to the steel industry. All project documents were signed on May 8, 1996. The venture's participants, through subsidiaries, are the Company, 46.5 percent; The LTV Corporation ("LTV"), 46.5 percent; and Lurgi AG of Germany, 7 percent. The Company manages the project, located in Trinidad and Tobago, and will be responsible for sales by the venture company, Cliffs and Associates Limited. The Company's share of capital expenditures is estimated to be \$70 million, of which \$13.1 million was spent in 1996 and \$46 million is expected to be spent in 1997. Start-up is projected to occur in the fourth quarter 1998.

The Company's investment in the venture is accounted by the equity method. The investment at December 31, 1996 was \$14.4 million and includes capitalized interest on qualifying assets of \$.3 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

NOTE D - INVESTMENTS

<TABLE>
<CAPTION>

Following is a summary of investment securities:

	(In Millions)		
	Cost	Gross Unrealized Gains (Losses)	Estimated Fair Value
	-----	-----	-----
December 31, 1996			

<S>	<C>	<C>	<C>
Long-Term Investments			

Available-for-Sale			

LTV Common Stock	\$11.5	\$ (1.5)	\$10.0
Held-to-Maturity			

Australian Government Securities	.8	--	.8

Total Long-Term Investments	\$12.3	\$ (1.5)	\$10.8
=====			
Marketable Securities			

Debt Instruments			

Available-for-Sale	\$16.3	\$ --	\$16.3
Held-to-Maturity	.8	--	.8

	\$17.1	\$ --	\$17.1
=====			
December 31, 1995			

Long-Term Investments			

Available-for-Sale			

Debt Securities	\$.1	\$ --	\$.1
LTV Common Stock	11.5	.1	11.6

	11.6	.1	11.7
Held-to-Maturity			

Australian Government Securities	4.6	.3	4.9

Total Long-Term Investments	\$16.2	\$.4	\$16.6

	=====	=====	=====
Marketable Securities			
- -----			
Trading			

Debt Securities	\$ 8.9	\$ --	\$ 8.9
	=====	=====	=====

</TABLE>

52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

The contractual maturities of the long-term investments classified as available-for-sale and held-to-maturity securities at December 31, 1996 and 1995 are shown below:

<TABLE>
<CAPTION>

	December 31, 1996 (In Millions)		December 31, 1995 (In Millions)	
	-----		-----	
	Cost	Estimated Fair Value	Cost	Estimated Fair Value
	----	-----	----	-----
<S>	<C>	<C>	<C>	<C>
Held-to-Maturity				
- -----				
Debt Instruments:				
Due in one year or less	\$.8	\$.8	\$ 3.9	\$ 4.1
Due after one year through three years	--	--	.7	.8
	-----	-----	-----	-----
	\$.8	\$.8	\$ 4.6	\$ 4.9
	=====	=====	=====	=====

</TABLE>

In 1996 and 1995, \$3.8 million and \$8.3 million of Australian government securities, respectively, matured and were converted to cash and cash equivalents. The redemption of these investments, previously classified as held-to-maturity securities, did not result in the recognition of a gain or loss.

NOTE E - MCLOUTH BANKRUPTCY

On September 29, 1995, McLouth Steel Products Company ("McLouth") petitioned for protection under Chapter 11 of the U.S. Bankruptcy Code. At the time of the bankruptcy filing, the Company had an unreserved receivable from McLouth of \$5.0 million, secured by liens on certain McLouth fixed assets. Reserves of \$3.4 million have been recorded against the receivable.

On March 15, 1996, McLouth announced that it had begun a shutdown of its operations due to inadequate funds. The Company had supplied approximately .3 million tons of pellets to McLouth in 1996 prior to shutdown. The Company reserved all financial exposure from the McLouth shutdown, except the remaining 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 an agreement to settle secured claims, including the Company's secured claim. Based on the terms of the agreement, the Company expects to recover the carrying value of its secured claim. Proceeds from the sale of McLouth's assets will be used primarily to satisfy administrative claims, including the Company's administrative claim.

The Company's total shipments in 1996 were not affected by McLouth's bankruptcy filing or the shutdown of its operations. Although sales to McLouth in 1996 were only 0.3 million tons prior to shutdown in the first quarter, compared to 1.3 million tons for the full year 1995 (representing 12.5 percent of the Company's sales volume), sales of the remaining available tons in 1996 were made to other customers.

53

NOTE F - RESERVE FOR CAPACITY RATIONALIZATION

The Company initially established a reserve of \$70 million in 1983 to provide for expected costs of reorienting its mining joint ventures and facilities to adjust to changed market conditions. During 1990, the Company increased the reserve by \$24.7 million as a result of a restructuring of Savage River Mines under which the previous participants in the venture paid \$19.0 million to the Company for closedown obligations. In 1996, \$1.1 million was charged to the reserve. During 1995 and 1994, \$.5 million and \$3.8 million, respectively, were credited to the reserve. The balance at December 31, 1996 was \$33.7 million, with \$7.1 million classified as a reduction of other current assets.

The reserve balance is principally for the termination of Savage River Mines production and the permanent shutdown of the Republic Mine. The Republic Mine shutdown was announced on January 30, 1996. The Savage River Mines provision has been funded.

NOTE G - ENVIRONMENTAL RESERVES

The Company has a formal code of environmental conduct which promotes environmental protection and restoration. The Company's obligations for known environmental problems at active mining operations, idle and closed mining operations and other sites have been recognized based on estimates of the cost of required investigation and remediation at each site. If the cost can only be estimated as a range of possible amounts with no specific amount being most likely, the minimum of the range is accrued in accordance with generally accepted accounting principles. Estimates may change as additional information becomes available. Actual costs incurred may vary from the estimates due to the inherent uncertainties involved. Any potential insurance recoveries have not been reflected in the determination of the financial reserves.

The Company provided \$2.4 million and \$13.2 million of additional environmental reserves in 1996 and 1995, respectively. In 1995, \$9.9 million (\$6.7 million after-tax) was recorded in the second quarter. The additional environmental provisions reflect the Company's continuing review of estimated investigation and remediation expense at all known sites. Net payments in 1996 were \$1.6 million (1995 - \$2.4 million).

At December 31, 1996, the Company had an environmental reserve of \$23.7 million (\$22.9 million at December 31, 1995), of which \$4.0 million was classified as current. The reserve includes the Company's obligations for:

54

- Federal and state Superfund and Clean Water Act sites where the Company is named as a potential responsible party, including the Cliffs-Dow and Kipling sites in Michigan, 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 engineering studies prepared by outside consultants engaged by the potential responsible parties. The Company continues to evaluate the recommendations of the studies and other means of site clean-up. Significant site clean-up activities have taken place at Cliffs-Dow since late 1993.
- Wholly-owned active and idle operations, including the Northshore mine and Silver Bay power plant in Minnesota, acquired on September 30, 1994. The Northshore/Silver Bay reserve is based on an environmental investigation conducted by the Company and an outside consultant in connection with the purchase.
- Other sites, including former operations, for which reserves are based on the Company's estimated cost of investigation and remediation of sites where expenditures may be incurred.

NOTE H - LONG-TERM OBLIGATIONS

In December, 1995, the Company completed a private placement of \$70.0 million of senior unsecured notes to an insurance company group. The proceeds were used to retire existing notes in the same amount, held by another group of insurance companies. The new notes, due in December, 2005, have a fixed interest rate of

7.0 percent, and replaced notes which had an average interest rate of 8.77 percent and remaining annual principal payments of \$12.1 million per year in the years 1996 through 1999 and \$7.2 million in the years 2000 through 2002. The retiring of the notes resulted in an extraordinary charge of \$3.1 million after-tax (\$4.8 million before-tax). The senior unsecured note agreement requires the Company to meet certain covenants related to net worth (\$215.3 million at December 31, 1996), leverage, and other provisions. The Company was in compliance with the debt covenants at December 31, 1996.

Effective March 1, 1995, the Company terminated its \$75 million three-year revolving credit agreement which was scheduled to expire on April 30, 1995, and entered into a five-year, \$100 million agreement. The agreement was amended in July, 1996 to extend the expiration date by one year to March 1, 2001. No borrowings are outstanding under the agreement.

55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

NOTE I - LEASE OBLIGATIONS

The Company and its managed ventures lease certain mining, production, data processing and other equipment under operating leases. The Company's operating lease expense, including its share of the ventures, was \$7.6 million in 1996, \$6.9 million in 1995 and \$4.5 million in 1994.

The Company's share of properties of the Company's managed ventures at December 31, 1996 and 1995 include \$4.3 million and \$3.3 million, respectively, of production equipment and service vehicles acquired under capital leases. The Company's share of accumulated amortization of capital leases included in respective allowances for depreciation, was \$2.0 million and \$1.2 million at December 31, 1996 and 1995, respectively.

The Company's share of future minimum payments under capital leases and noncancellable operating leases at December 31, 1996 is:

<TABLE>
<CAPTION>

Year Ending December 31 -----	(In Millions)	
	Capital Leases -----	Operating Leases -----
<S>	<C>	<C>
1997	\$.9	\$ 8.0
1998	.8	7.8
1999	.7	6.9
2000	.6	5.8
2001	.3	4.3
2002 and thereafter	.2	7.1
	----	----
Total minimum lease payments	3.5	\$39.9
		=====
Amounts representing interest	(.7)	

Present value of net minimum lease payments	\$2.8	
	=====	

</TABLE>

NOTE J - RETIREMENT BENEFITS

Pensions
- - - - -

The Company and its managed ventures sponsor defined benefit pension plans covering substantially all employees. The plans are noncontributory and benefits generally are based on employees' years of service and average earnings for a defined period prior to retirement.

Pension costs, including the Company's proportionate share of the costs of ventures, were credits of \$1.0 million and \$1.2 million, in 1996 and 1995, respectively, and a cost of \$.2 million in 1994. Components of the pension (credits) costs were as follows:

56

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
 Cleveland-Cliffs Inc and Consolidated Subsidiaries

<TABLE>
 <CAPTION>

	(In Millions)		
	1996	1995	1994
<S>	<C>	<C>	<C>
Service cost	\$ 3.8	\$ 3.4	\$ 3.7
Interest cost	13.2	15.3	14.4
Actual loss (return) on plan assets	(32.4)	(42.6)	1.5
Net amortization and deferral	14.4	22.7	(19.4)
	-----	-----	-----
	\$ (1.0)	\$ (1.2)	\$.2
	=====	=====	=====

</TABLE>

Most of the Company's pension funds are held in diversified collective trusts with the funds contributed by partners in the ventures. Plan assets principally include diversified marketable equity securities and corporate and government debt securities, which are selected by professional asset managers.

The following table presents a reconciliation of the funded status of the Company's plans, including its proportionate share of the plans of ventures, at December 31, 1996 and 1995:

<TABLE>
 <CAPTION>

	(In Millions)	
	1996	1995
<S>	<C>	<C>
Plan assets at fair value	\$ 247.9	\$ 249.1
Actuarial present value of benefit obligation:		
Vested benefits	152.1	187.9
Nonvested benefits	21.5	22.4
	-----	-----
Accumulated benefit obligation	173.6	210.3
Effect of projected compensation levels	14.0	23.3
	-----	-----
Projected benefit obligation	187.6	233.6
	-----	-----
Plan assets in excess of projected benefit obligation	60.3	15.5
Unrecognized prior service costs	7.0	8.3
Unrecognized net asset at date of adoption of FAS 87, net of amortization	(23.7)	(26.2)
Unrecognized net loss (gain)	(14.1)	25.9
	-----	-----
Prepaid cost	\$ 29.5	\$ 23.5
	=====	=====

</TABLE>

At December 31, 1996 and 1995, the Company had an additional liability of \$2.3 million and \$1.6 million, respectively, for certain plans where the fair value of plan assets was less than the accumulated benefit obligation. The minimum liability recognition resulted in the recording of a \$2.3 million and \$1.6 million intangible asset at December 31, 1996 and 1995, respectively.

The discount rate and weighted average rate of increase in compensation levels used in determining the actuarial present value of the projected benefit obligation were 7.75% and 4.30% at December 31, 1996 (7.25% and 4.32% at December 31, 1995), respectively. The expected long-term rate of return assumption utilized for determining pension (credit) cost for the years 1996, 1995 and 1994 was 8.75%, 8.5% and 8%, respectively. The assumption remained unchanged at 8.75% on December 31, 1996 for year 1997 pension cost (credit) determination.

income tax purposes. For Plan Year 1996 (largely funded in calendar year 1997), the Company plans to contribute \$3.0 million, including its share of associated companies' funding, a decrease of \$2.1 million from Plan Year 1995. In the event of plan termination, the sponsors could be required to fund shutdown and early retirement obligations which are not included in the accumulated benefit obligation.

Other Postretirement Benefits ("OPEB")

In addition to the Company's defined benefit pension plans, the Company and its managed ventures currently provide retirement health care and life insurance benefits to most full-time employees who meet certain length of service and age requirements (a portion of which are pursuant to collective bargaining agreements). These benefits are provided through programs administered by insurance companies whose charges are based on the benefits paid during the year. If such benefits are continued, most active employees would become eligible for these benefits when they retire.

The following table presents a reconciliation of the funded status of the Company's OPEB obligations, including its proportionate share of the obligations of ventures, at December 31, 1996 and 1995:

<TABLE>

<CAPTION>

	(In Millions)	
	1996	1995
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees	\$ 54.6	\$ 67.5
Fully eligible active plan participants	6.2	3.2
Other active plan participants	20.7	24.8
Total obligation	81.5	95.5
Plan assets	(14.3)	(12.1)
Accumulated postretirement benefit cost obligation in excess of plan assets	67.2	83.4
Unrecognized prior service (cost)	(.1)	(.1)
Unrecognized gain (loss)	6.5	(9.2)
Accrued postretirement benefit cost	\$ 73.6	\$ 74.1

</TABLE>

Net periodic postretirement benefit cost, including the Company's proportionate share of the costs of ventures, includes the following components:

<TABLE>

<CAPTION>

	(In Millions)		
	1996	1995	1994
<S>	<C>	<C>	<C>
Service cost	\$ 1.3	\$ 1.2	\$ 1.1
Interest cost	5.9	5.8	5.6
Return on plan assets	(.9)	(.6)	(.5)
Net amortization and deferral	--	(.4)	.1
Net periodic postretirement benefit cost	\$ 6.3	\$ 6.0	\$ 6.3

</TABLE>

The Company's medical cost trend rate assumption reflects projected medical cost growth of 8.0% in 1997, decreasing by .5% per year to a growth rate of 5% for the year 2003 and annually thereafter. The medical cost trend rate assumption has a significant effect on the amounts reported. For example, changing the assumed medical cost trend rate by one percentage point in each year would change the accumulated postretirement benefit obligation, as of December 31, 1996 by \$11.0 million, and the aggregate of the service and interest cost components of net periodic postretirement benefit cost for 1996 by \$1.1 million. Amounts include the Company's proportionate share of the costs of ventures.

Plan assets include deposits relating to funded life insurance contracts that are available to fund retired employees' life insurance obligations. Additionally, as part of the 1993 labor contracts at Empire, Hibbing, and Tilden, Voluntary Employee Benefit Association Trusts ("VEBAs") were established. Funding of the VEBAs began in 1994 to cover a portion of the postretirement benefit obligations of these ventures. As a participant, the Company's minimum annual contribution is \$.7 million per year. The Company's estimated actual contribution will approximate \$1.3 million per year based on its share of tons produced. The discount rate used in determining the accumulated postretirement benefit obligation was 7.75% at December 31, 1996 (7.25% and 8.5% at December 31, 1995 and 1994, respectively). The expected long-term rate of return on life insurance contract deposits was decreased to 6.0% at December 31, 1996 from 8.0% at December 31, 1995 to reflect contract provisions. The expected return on VEBAs was increased to 7.75% at December 31, 1996 from 5.5% at December 31, 1995.

NOTE K - INCOME TAXES

Significant components of the Company's deferred tax assets and liabilities as of December 31, 1996 and 1995 are as follows:

<TABLE>
<CAPTION>

	(In Millions)	
	1996	1995
	----	----
<S>	<C>	<C>
Deferred tax assets:		
Postretirement benefits other than pensions	\$21.2	\$20.9
Other liabilities	18.8	20.1
Reserve for capacity rationalization	8.2	7.3
Deferred development	8.0	9.2
Product inventories	1.9	3.6
Current liabilities	--	6.7
Other	4.5	2.4
	-----	-----
Total deferred tax assets	62.6	70.2
Deferred tax liabilities:		
Investment in ventures	25.2	24.5
Other	21.1	20.4
	-----	-----
Total deferred tax liabilities	46.3	44.9
	-----	-----
Net deferred tax assets	\$16.3	\$25.3
	=====	=====

</TABLE>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

The components of provisions for income taxes before the extraordinary item are as follows:

<TABLE>
<CAPTION>

	(In Millions)		
	1996	1995	1994
	----	----	----
<S>	<C>	<C>	<C>
Current	\$23.6	\$11.9	\$16.5
Deferred	10.9	(1.2)	(1.8)
	-----	-----	-----
	\$34.5	\$10.7	\$14.7
	=====	=====	=====

</TABLE>

In 1995, the Company and the Internal Revenue Service reached agreement on several issues raised during the examination of the Company's federal income tax returns for the tax years 1986 through 1988. The income tax settlement favorably resolved a number of audit issues primarily arising from the Company's restructuring program in the late 1980s when mining partnerships were

reorganized to cope with steel company bankruptcies and non-core businesses were divested. During that period, the Company had reserved the potential tax liabilities. Accordingly, a tax credit of \$12.2 million was recorded in the second quarter of 1995. As a result of the settlement and its related impact on the tax years 1989 through 1993, the Company made additional tax and interest payments of \$11.8 million in the third quarter of 1995 and is entitled to tax and interest refunds of \$5.3 million of which \$2.3 million was received in 1996.

The provision for income taxes included Australian federal income taxes of \$7.5 million, \$3.7 million, and \$1.9 million for the years 1996, 1995 and 1994, respectively.

The reconciliation of effective income tax rate before the extraordinary item and United States statutory rate is as follows:

	1996	1995	1994
	----	----	----
<S>	<C>	<C>	<C>
Statutory tax rate	35.0%	35.0%	35.0%
Increase (decrease) due to:			
Percentage depletion in excess of cost depletion	(5.9)	(7.8)	(7.9)
Effect of foreign taxes	5.3	1.7	.2
Prior years' tax adjustment	(.2)	(15.2)	(1.5)
Corporate dividends received	--	--	(1.0)
Other items - net	2.0	1.3	.8
	----	----	----
Effective tax rate	36.2%	15.0%	25.6%
	=====	=====	=====

</TABLE>

Prior years' tax adjustment in 1995 includes the effect of the \$12.2 million tax credit.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

NOTE L - FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amount and fair value of the Company's financial instruments at December 31, 1996 are as follows:

	(In Millions)	
	Carrying Amount	Fair Value
	-----	-----
<S>	<C>	<C>
Cash and cash equivalents	\$152.3	\$152.3
Marketable securities:		
Available-for-Sale	26.3	26.3
Held-to-Maturity	1.6	1.6
	-----	-----
Total securities	27.9	27.9
Long-term debt	70.0	68.0

</TABLE>

The fair value of the Company's long-term debt was determined based on a discounted cash flow analysis and estimated borrowing rates. The Company, including its share of the Trinidad venture, also has forward currency contracts with a contract value of \$20.6 million and a fair value of \$20.1 million at December 31, 1996.

NOTE M - STOCK PLANS

The 1987 Incentive Equity Plan authorizes the Company to make grants and awards of stock options, stock appreciation rights and restricted or deferred stock awards to officers and key employees, for up to 750,000 Common Shares (plus an additional 89,045 Common Shares reserved for issuance, but not issued, under the

Company's 1979 Restricted Stock Plan). The 1992 Incentive Equity Plan authorizes the Company to issue up to 595,000 Common Shares upon the exercise of Options Rights, as Restricted Shares, in payment of Performance Shares or Performance Units that have been earned, as Deferred Shares, or in payment of dividend equivalents paid with respect to awards made under the Plan. Such shares may be shares of original issuance or treasury shares or a combination of both. Stock options may be granted at a price not less than the fair market value of the stock on the date the option is granted and must be exercisable not later than ten years and one day after the date of grant. Stock appreciation rights may be granted either at or after the time of grant of a stock option. Common Shares may be awarded or sold to certain employees with restrictions as to disposition over specified periods. The market value of restricted stock awards and Performance Shares is charged to expense over the vesting period. Option prices were adjusted in 1991 and 1993 to recognize the effect of special dividends to shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

The 1996 Nonemployee Directors' Compensation Plan authorizes the Company to issue up to 50,000 Common Shares to nonemployee Directors. The Plan provides for the grant of 1,000 Restricted Shares to nonemployee Directors first elected after June 30, 1995 and also provides that nonemployee Directors must take at least 50%, and may elect up to 100%, of their annual retainer and all other fees in Common Shares. The Restricted Shares vest five years from the date of award.

In accordance with the provisions of the Financial Accounting Standards Board Statement 123, "Accounting for Stock-Based Compensation," ("FASB 123") the Company has elected to continue applying the provisions of the Accounting Principles Board Opinion No. 25 and related Interpretations in accounting for its stock-based compensation plans and, accordingly, does not recognize compensation expense for stock options when the stock option price at the grant date is equal to or greater than the fair market value of the stock at that date. Had the Company applied the fair value method for valuing stock options, as prescribed by FASB 123, the impact would not have been material to reported net income or earnings per share for 1996 or 1995.

Stock option, restricted stock award, and performance share activities are summarized as follows:

<TABLE>
<CAPTION>

1994	1996		1995		
	Shares	Price	Shares	Price	
Price					Shares
<S>	<C>	<C>	<C>	<C>	<C>
<C>					
Stock options:					
Options outstanding beginning of year	72,775	\$ 8.51-40.56	82,182	\$ 8.51-37.13	105,125
\$ 8.51-34.80					
Granted	109,500	41.69-45.00	5,000	39.44-40.56	5,500
35.50-37.13					
Exercised	(6,250)	20.12-24.32	(14,407)	8.51-35.50	(27,943)
8.51-34.80					
Cancelled	(18,600)	45.00	--	--	(500)
35.50					
Options outstanding at end of year	157,425	8.51-45.00	72,775	8.51-40.56	82,182
8.51-37.13					
Options exercisable at end of year	72,525	8.51-41.69	72,775	8.51-40.56	82,182
8.51-37.13					
Restricted awards:					
Awarded and restricted at beginning of year	10,854		13,264		20,218
Awarded during the year	30,000		-0-		8,000
Vested	(1,189)		(2,410)		(14,954)
Cancelled	--		--		--
Awarded and restricted at end of year	39,665		10,854		13,264

Performance shares:

Allocated beginning of year	88,767	41,317	--
Allocated during the year	57,400	47,450	42,067
Forfeited	(1,000)	--	(750)
	-----	-----	-----
Allocated end of year	145,167	88,767	41,317
Reserved for future grants or awards at end of year	342,157	469,457	521,907

</TABLE>

62

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
Cleveland-Cliffs Inc and Consolidated Subsidiaries

NOTE N - SHAREHOLDERS' EQUITY

As of December 31, 1996, the Company is authorized to issue up to 500,000 shares of Class A voting preferred stock, without par value, and up to 4,000,000 shares of Class B non-voting preferred stock, without par value.

A share purchase right ("Right") is attached to each of the Company's Common Shares outstanding as of December 31, 1996, or subsequently issued. Each Right entitles the holder to buy from the Company eleven one-thousandths (.011) of one Common Share at an exercise price per whole share of \$39.11. The Rights become exercisable if a person or group acquires, or tenders for, 20% or more of the Company's Common Shares. The Company is entitled to redeem the Rights at 5 cents per Right at any time until ten days after any person or group has acquired 20% of the Common Shares and in certain circumstances thereafter. If a party owning 20% or more of the Company's Common Shares merges with the Company or engages in certain other transactions with the Company, each Right, other than Rights held by the acquiring party, entitles the holder to buy \$78.22 worth of the shares of the surviving company at a 50% discount. The Rights expire on September 18, 1997 and are not exercisable until the occurrence of certain triggering events, which include the acquisition of, or a tender or exchange offer for, 15% or more of the Company's Common Shares. There are approximately 185,000 Common Shares reserved for these Rights.

In January, 1995, the Company announced a program to repurchase up to .6 million of its Common Shares in the open market or in negotiated transactions. In July, 1996, the Company announced the expansion of this program to 1.0 million shares. Under the combined program, the Company has repurchased 780,300 shares through December 31, 1996 at a total cost of \$30.3 million (average price of \$38.84 per share). The shares will initially be retained as Treasury Stock.

NOTE O - LITIGATION

The Company and its managed ventures are periodically involved in litigation incidental to their operations. Management believes that any pending litigation will not result in a material liability in relation to the Company's consolidated financial statements.

63

QUARTERLY RESULTS OF OPERATIONS-(Unaudited)
(In Millions, Except Per Share Amounts)

Exhibit 13(h)

<TABLE>
<CAPTION>

	1996				

	Quarters				
	First	Second	Third	Fourth	Year
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Total Revenues	\$59.8	\$140.8	\$166.7	\$150.8	\$518.1
Gross Profit	10.4	30.1	37.1	32.7	110.3
Net Income					
Amount	3.6	17.8	21.3	18.3	61.0
Per Common Share	.30	1.52	1.84	1.60	5.26

Second quarter results included a \$1.3 million after-tax property damage insurance recovery on a January, 1996 ore train derailment.

	1995				
	Quarters				
	First	Second	Third	Fourth	Year
Total Revenues	\$63.6	\$118.9	\$144.6	\$146.0	\$473.1
Gross Profit	10.4	26.4	33.4	34.1	104.3
Income Before Extraordinary Item					
Amount	5.0	20.9	17.3	17.7	60.9
Per Common Share	.41	1.75	1.45	1.49	5.10
Extraordinary Item	--	--	--	(3.1)	(3.1)
Net Income					
Amount	5.0	20.9	17.3	14.6	57.8
Per Common Share	.41	1.75	1.45	1.23	4.84

Second quarter results included two special items: a \$12.2 million tax credit resulting from the settlement of prior years' tax issues, and a \$6.7 million after-tax increase in the reserve for environmental expenditures. Third quarter results included a \$1.8 million reserve against McLouth receivables. The fourth quarter included an extraordinary after-tax charge of \$3.1 million for refinancing long-term debt.

Earnings per share reflect the favorable periodic repurchase of shares under the Company's stock repurchase program. Total shares repurchased through December 31, 1996 were 780,300 shares (through December 31, 1995 - 284,500).

<TABLE>
<CAPTION>

Common Share Price Performance and Dividends

	Price Performance				Dividends	
	1996		1995		1996	1995
	High	Low	High	Low		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
First Quarter	\$46-7/8	\$40-1/4	\$40-1/8	\$36-1/2	\$.325	\$.325
Second Quarter	44-1/4	37-3/4	40-5/8	36-1/8	.325	.325
Third Quarter	40-1/8	36-1/4	46-3/4	38-5/8	.325	.325
Fourth Quarter	46-1/8	38	41-1/8	37	.325	.325
Year	46-7/8	36-1/4	46-3/4	36-1/8	\$1.30	\$1.30

</TABLE>

64

INVESTOR AND CORPORATE INFORMATION

Exhibit 13(i)

STOCK EXCHANGE INFORMATION

The principal market for Cleveland-Cliffs Inc common shares (ticker symbol CLF) is the New York Stock Exchange. The common shares are also listed on the Chicago Stock Exchange.

65

SUMMARY OF FINANCIAL AND OTHER STATISTICAL DATA
Cleveland-Cliffs Inc and Consolidated Subsidiaries

Exhibit 13(j)

<TABLE>
<CAPTION>

	1996	1995	1994
<S>	<C>	<C>	<C>

FINANCIAL DATA (IN MILLIONS, EXCEPT PER SHARE AMOUNTS)
FOR THE YEAR

Operating Earnings From Continuing Operations:

Operating Revenues - Product Sales and Services	\$451.7	\$411.2	\$334.8
- Royalties and Management Fees	51.5	49.5	44.7
- Total	503.2	460.7	379.5
Cost of Goods Sold and Operating Expenses and AS&G Expenses . . .	409.6	371.5	315.8
Operating Earnings	93.6	89.2	63.7
Net Income (Loss) - From Continuing Operations (a)	61.0	57.8	42.8
- From Discontinued Operations	---	---	---
- Total	61.0	57.8	42.8
Net Income (Loss) Per Common Share - From Continuing Operations(a)	5.26	4.84	3.54
- From Discontinued Operations	---	---	---
- Total	5.26	4.84	3.54
Distributions to Common Shareholders:			
Quarterly Cash Dividends - Per Share	1.30	1.30	1.23
- Total	15.1	15.5	14.8
Special Dividends - Per Share	---	---	---
- Total	---	---	---
Spin-off of Securities - Per Share	---	---	---
- Total	---	---	---
Repurchase (Sale) of Common Shares	19.5	10.7	---
Capital Expenditures (c)	36.7	22.5	10.9
AT YEAR-END			
Cash and Marketable Securities	169.4	148.8	141.4
Total Assets	673.7	644.6	608.6
Long-Term Obligations Effectively Serviced (c)	72.9	76.3	84.2
Shareholders' Equity	370.6	342.6	311.4
Book Value Per Common Share	32.59	28.96	25.74
Market Value Per Common Share	45.38	41.00	37.00

IRON ORE PRODUCTION AND SALES STATISTICS (MILLIONS OF GROSS TONS)

Production From Mines Managed By Cliffs:

North America	39.9	39.6	35.2
Australia	1.6	1.5	1.5
Total	41.5	41.1	36.7
Cliffs' Share	12.0	11.3	8.3
Cliffs' Sales From:			
North American Mines	11.0	10.4	8.2
Australian Mine	1.7	1.5	1.5
Total	12.7	11.9	9.7

OTHER INFORMATION

Common Shares Outstanding (Millions) - Average For Year	11.6	11.9	12.1
Common Shares Outstanding (Millions) - At Year End	11.4	11.8	12.1
Common Shares Price Range - High	\$46-7/8	\$46-3/4	\$45-1/2
Common Shares Price Range - Low	36-1/4	36-1/8	34
Employees at Year-End (d)	6,065	6,224	6,309

</TABLE>

(a) Results include after-tax net contributions of special items and extraordinary charge of \$2.4 million in 1995, recoveries on bankruptcy claims of \$23.2 million (\$1.93 per share) and \$47.1 million (\$4.03 per share) in 1993 and 1990, respectively, and a \$38.7 million (\$3.23 per share) after-tax charge for accounting changes in 1992. In addition, see note B to the consolidated financial statements.

66

<TABLE>
<CAPTION>

	1993	1992	1991	1990	1989	1988	1987
<S>	\$268.1	<C> \$266.9	<C> \$271.6	<C> \$272.2	<C> \$294.9	<C> \$247.9	<C> \$303.5
	39.7	43.8	45.8	37.7	55.6	50.2	40.8
	307.8	310.7	317.4	309.9	350.5	298.1	344.3
	268.5	275.5	275.0	279.7	257.8	227.6	327.5

39.3	35.2	42.4	30.2	92.7	70.5	16.8
54.6	(7.9)	53.8	73.8	62.5	42.6	30.2
---	---	---	---	(1.9)	(3.4)	(17.5)
54.6	(7.9)	53.8	73.8	60.6	39.2	12.7
4.55	(.66)	4.55	6.31	5.37	3.12	1.88
---	---	---	---	(.17)	(.26)	(1.31)
4.55	(.66)	4.55	6.31	5.20	2.86	.57
1.20	1.18	1.03	.80	.40	---	---
14.4	14.1	12.1	9.3	4.7	---	---
2.70 (b)	---	4.00	---	---	.79 (b)	---
32.4 (b)	---	47.0	---	---	12.8 (b)	---
---	---	---	---	---	3.55 (b)	---
---	---	---	---	---	41.3 (b)	---
---	---	---	---	---	125.2	(62.4)
5.0	5.2	7.3	11.2	14.6	8.4	2.0
161.0	128.6	95.9	96.0	95.5	52.4	109.8
549.1	537.2	478.7	510.9	415.2	390.6	665.6
88.6	92.1	65.0	82.4	93.4	145.7	183.5
280.4	269.5	290.8	290.8	226.0	168.6	395.4
23.25	22.47	24.40	24.88	19.36	14.53	21.02
37.38	35.63	36.13	27.13	29.00	26.63	14.88
32.3	32.9	32.1	31.7	39.3	39.0	34.3
1.5	1.5	1.3	2.2	2.3	2.4	2.0
33.8	34.4	33.4	33.9	41.6	41.4	36.3
6.8	7.3	7.0	6.6	8.9	9.1	5.0
6.4	6.0	6.0	6.5	7.5	6.7	5.5
1.4	1.3	1.3	0.3	---	---	---
7.8	7.3	7.3	6.8	7.5	6.7	5.5
12.0	12.0	11.8	11.7	11.6	13.2	13.4
12.1	12.0	11.9	11.7	11.7	11.6	16.4
\$37-1/2	\$40-3/8	\$36-1/2	\$35	\$34	\$28	\$21-3/8
28-3/4	29-1/2	25	19-5/8	25-3/4	14-1/4	9-1/4
5,973	6,388	6,500	6,695	7,522	7,638	8,328

<FN>

(b) Includes securities at market value on distribution date.

(c) Includes Cliffs's share of associated companies and equipment acquired on capital leases.

(d) Includes employees of managed mining ventures.

At December 31, 1996, the Company had 2,942 shareholders of record.

</TABLE>

Subsidiaries of Cleveland-Cliffs Inc

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Cleveland-Cliffs Company (1)	Ohio
Cleveland-Cliffs Ore Corporation (1), (2)	Ohio
Cliffs and Associates Limited (3)	Trinidad
Cliffs Biwabik Ore Corporation (2)	Minnesota
Cliffs Copper Corp.	Ohio
Cliffs Empire, Inc. (1), (4)	Michigan
Cliffs Engineering, Inc. (1)	Colorado
Cliffs Forest Products Company (1)	Michigan
Cliffs Fuel Service Company (1)	Michigan
Cliffs IH Empire, Inc. (1)	Michigan
Cliffs Marquette, Inc. (1), (2)	Michigan
Cliffs MC Empire, Inc. (1), (4)	Michigan
Cliffs Mining Company	Delaware
Cliffs Mining Services Company	Delaware
Cliffs Minnesota Minerals Company	Minnesota
Cliffs Oil Shale Corp.	Colorado
Cliffs of Canada Limited (1)	Ontario, Canada
Cliffs Reduced Iron Corporation	Delaware
Cliffs Reduced Iron Management Company (5)	Delaware
Cliffs Resources, Inc.	Delaware
Cliffs Synfuel Corp.	Utah
Cliffs TIOP, Inc. (1), (6)	Michigan
Empire-Cliffs Partnership (4)	Michigan
Empire Iron Mining Partnership (7)	Michigan
Escanaba Properties Company (1), (8)	Michigan
Escanaba Properties Partnership (8)	Michigan
Hibbing Taconite Company, a joint venture (9)	Minnesota
Kentucky Coal Company	Delaware
Lake Superior & Ishpeming Railroad Company (10)	Michigan
Lasco Development Corporation (10)	Michigan
Marquette Iron Mining Partnership (2)	Michigan
Mattagami Mining Co. Limited (11)	Ontario, Canada
Mesabi Radio Corporation (11)	Minnesota
Minerais Midway Ltee-Midway Ore Company Ltd. (11)	Quebec, Canada
Mines Hilton Ltee-Hilton Mines, Ltd. (11)	Quebec, Canada
Northshore Mining Company (12)	Delaware
Northshore Sales Company (13)	Ohio
Peninsula Land Corporation (11)	Michigan

See footnote explanation on pages 69-70.

68

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Pickands Erie Corporation (11)	Minnesota
Pickands Hibbing Corporation (9)	Minnesota
Pickands Mather & Co. International	Delaware
Pickands Mather Services Inc. (11)	Delaware
Pickands Radio Co. Ltd. (11)	Quebec, Canada
Robert Coal Company (14)	Delaware
Savage River Motor Inn Pty. Ltd. (15)	Tasmania
Seignelay Resources, Inc. (11)	Delaware
Silver Bay Power Company (13)	Delaware
Syracuse Mining Company (11)	Minnesota
Tetapaga Mining Company Limited (1)	Ohio
The Cleveland-Cliffs Iron Company	Ohio
The Cleveland-Cliffs Steamship Company (1)	Delaware
Tilden Mining Company L.C. (6)	Michigan
Virginia Eastern Shore Land Co. (1)	Delaware

-
- (1) The named subsidiary is a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.
 - (2) Marquette Iron Mining Partnership is a Michigan partnership. Cleveland-Cliffs Ore Corporation and Cliffs Marquette, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in Marquette Iron Mining Partnership. Cleveland-Cliffs Ore Corporation also owns 100% of Cliffs Biwabik Ore Corporation.
 - (3) Cliffs and Associates Limited is a Trinidad corporation. Cliffs Reduced Iron Corporation has a 46.5% interest in Cliffs and Associates Limited.
 - (4) Empire-Cliffs Partnership is a Michigan partnership. Cliffs MC Empire, Inc. and Cliffs Empire, Inc., wholly-owned subsidiaries of The Cleveland-Cliffs Iron Company, have a combined 100% interest in Empire-Cliffs Partnership.
 - (5) The named subsidiary is a wholly-owned subsidiary of Cliffs Reduced Iron Corporation, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.
 - (6) Tilden Mining Company L.C. is a Michigan limited liability company. Cliffs TIOP, Inc., a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, has a 40% interest in Tilden Mining Company L.C.

69

- (7) Empire Iron Mining Partnership is a Michigan partnership. The Cleveland-Cliffs Iron Company has a 22.56% indirect interest in the Empire Iron Mining Partnership.
- (8) Escanaba Properties Partnership is a Michigan partnership. Escanaba Properties Company, a wholly-owned subsidiary of The Cleveland-Cliffs Iron Company, has a 87.5% interest in the Escanaba Properties Partnership.
- (9) Cliffs Mining Company has a 10% and Pickands Hibbing Corporation, a wholly-owned subsidiary of Cliffs Mining Company, has a 5% interest in Hibbing Taconite Company, a joint venture.
- (10) Cliffs Resources, Inc. owns a 99.5% interest in Lake Superior & Ishpeming Railroad Company. Lasco Development Corporation is a wholly-owned subsidiary of Lake Superior & Ishpeming Railroad Company.
- (11) The named subsidiary is a wholly-owned subsidiary of Cliffs Mining Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.
- (12) The named subsidiary is a wholly-owned subsidiary of Cliffs Minnesota Minerals Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.
- (13) The named subsidiary is a wholly-owned subsidiary of Northshore Mining Company, which in turn is a wholly-owned subsidiary of Cliffs Minnesota Minerals Company.
- (14) The named subsidiary is a wholly-owned subsidiary of Kentucky Coal Company, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.
- (15) The named subsidiary is a wholly-owned subsidiary of Pickands Mather & Co. International, which in turn is a wholly-owned subsidiary of Cleveland-Cliffs Inc.

70

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in Post-Effective Amendment Number 1 to the Registration Statement (Form S-8 No. 33-4555) pertaining to the Restricted Stock Plan of Cleveland-Cliffs Inc, in the Registration Statement (Form S-8 No. 33- 208033) pertaining to the 1987 Incentive Equity Plan of Cleveland-Cliffs Inc and the related prospectus, in the Registration Statement (Form S-8 No. 33-48357) pertaining to the 1992 Incentive Equity Plan and the related prospectus, in the Registration Statement (Form S-8 No. 33-56661) pertaining to the Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan and the related prospectus, and in the Registration Statement (Form S-8 No. 333-06049) pertaining to the Cleveland-Cliffs Inc Nonemployee Director's Compensation Plan of our report dated February 13, 1997, with respect to the consolidated financial statements and schedule of Cleveland-Cliffs Inc and consolidated subsidiaries included in this Annual Report (Form 10-K) for the year ended December 31, 1996.

ERNST & YOUNG LLP

Cleveland, Ohio
March 24, 1997

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Directors and officers of Cleveland-Cliffs Inc, an Ohio corporation ("Company"), hereby constitute and appoint M. Thomas Moore, John S. Brinzo, Frank L. Hartman, and John E. Lenhard and each of them, their true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for them and in their name, place and stead, to sign on their behalf as a Director or officer of the Company, or both, as the case may be, an Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 10-K for the fiscal year ended December 31, 1996, and to sign any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney or attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorney or attorneys-in-fact or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed as of the 11th day of March, 1996.

/s/M. T. Moore

M. T. Moore
Chairman, President and Chief
Executive Officer and Director
(Principal Executive Officer)

/s/J. C. Morley

J. C. Morley, Director

/s/S. B. Oresman

S. B. Oresman, Director

/s/R. S. Colman

R. S. Colman, Director

/s/J. H. Wade

J. H. Wade, Director

/s/J. D. Ireland III

J. D. Ireland III, Director

/s/A. W. Whitehouse

A. W. Whitehouse, Director

/s/G. F. Joklik

G. F. Joklik, Director

/s/J. S. Brinzo

J. S. Brinzo
Executive Vice President-Finance
(Principal Financial Officer)

/s/E. B. Jones

E. B. Jones, Director

/s/R. Emmet

R. Emmet
Vice President and Controller
(Principal Accounting Officer)

/s/F. R. McAllister

F. R. McAllister, Director

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This schedule contains summary financial information extracted from statements of consolidated income, consolidated financial position and computation of earnings per share and is qualified in its entirety by reference to such financial statements.

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CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES
 Schedule II - Valuation and Qualifying Accounts
 (Dollars in Millions)

<TABLE>
 <CAPTION>

Balance at End Classification Of Year ----- -----	Balance at Beginning Of Year ----- -----	Additions -----		Deductions -----
		Charged to Cost and Expenses	Charged to Other Accounts	
<S> <C>	<C>	<C>	<C>	<C>
Year Ended December 31, 1996:				
Reserve for Capacity Rationalization	\$ 34.8	\$ 6.6	\$ --	\$ 7.7
\$ 33.7				
Allowance for Doubtful Accounts	7.7	--	--	6.6
1.1				
Other	12.8	.7	1.5	6.7
8.3				
Year Ended December 31, 1995:				
Reserve for Capacity Rationalization	\$ 34.3	\$ 2.7	\$ --	\$ 2.2
\$ 34.8				
Allowance for Doubtful Accounts	19.5	--	.2	12.0
7.7				
Other	18.6	2.5	2.2	10.5
12.8				
Year Ended December 31, 1994:				
Reserve for Capacity Rationalization	\$ 30.5	\$ 5.4	\$ --	\$ 1.6
\$ 34.3				
Allowance for Doubtful Accounts	19.5	--	--	--
19.5				
Other	13.7	.4	5.8	1.3
18.6				

</TABLE>

Additions charged to other accounts in 1996, 1995 and 1994 were charged to revenues.

Deductions to the reserve for capacity rationalization represent charges associated with idle expense in 1996, 1995 and 1994. Deductions to the allowance for doubtful accounts in 1996 and 1995 represent write-off of bankruptcy receivables against the reserve.