
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
- --- SECURITIES EXCHANGE ACT OF 1934
 For the quarterly period ended June 30, 1997
 OR
- --- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
 SECURITIES EXCHANGE ACT OF 1934
 For the transition period f4e r odo r"4

OTHER LIABILITIES

48.2

44.6

SHAREHOLDERS' EQUITY

Preferred Stock

Class A - No Par Value

Authorized - 500,000 shares; Issued *4

NOTE C - ACCOUNTING POLICY CHANGE

In June, 1997, the Company redefined its accounting policy for cash equivalents to include highly liquid debt instruments with a put option. Included in cash equivalents at June 30, 1997 are \$12.4 million (\$12.3 million at December 31, 1996 - reclassified) variable rate delte

The 1992 Incentive Equity Plan was amended in May, 1997 to authorize

First-half production was 19.i *

value of \$70.0 million) at June 30, 1997, was estimated to be \$67.4 million based on a discounted cash flow analysis and estimates of '4

333
 1997, were elected to hold office until the next Annual Meeting of Shareholders and until their respective successors are elected. Each nominee received the number of votes set opposite his or her name:

NOMINEES	FOR	WITHHELD
9 of vi-Tesh-v ehotme Ire	---	-----
Ronald C. Cambre	9,748,492	30,500
Robert S. Colman	9,749,099	29,893
James D. Ireland III	9,748,692	30,300
G. Frank 13 16 10 1	9,747,715	31,277
Leslie L. Kanuk	9,747,255	31,737
Francis R. McAllister	9,749,149	29,843
M. Thomas Moore	9,748,477	30,515
John C. Morley	9,748,033	30,959
reStepheñ Mc7Oresman	9,748,419	30,573
Alan T Oresfi Xo	9, Moore	30,3è9

employment agreements

10(b)

Trust Agreement No. 2 (Amended and Restated Effectiv

AMENDMENT dated as of June 1, 1997, to t

KEYBANK NATIONAL ASSOCIATION,

by 'by 'by é Xe Xe Xe Xe Xe Xe Xe Xe Xe Xe Xe

e '4

TRUST AGREEMENN

a pending voluntary or involuntary proceeding as a debtor under the United States Bankruptcy Code, s a

maintained pursuant to Section 7(b) is not sufficient to provide for full payment of Benefits to which a Trust Beneficiary is entitled as provided herein, then Cleveland-Cliffs shall make the balance of each such payment as provided in the applicable provision of the Agreement or the Plan, as ge bnpo

Agreement applicabili *

demands on the Trust and any actuarial assumptions that may be communicated to it from time to time in accordance with the provisions of this Trust Agreement No. 1.

12

(b) In addition to authority given to the Trustee under Section 8 hereof, the Trustee is empowered with respect to the assets of the Trust:

(i) To invest and reinvest all or any part of the Trust assets, in each and every kind of property, whether real, personal or mixed, tangible or

hereunder

Cleveland-Cliffs shall refuse, from the assets of the Trust and charged pro&l

to realize income pursuant to the "economic benefit" doctrine; or (iv) pursuant to section 451 of the Code or any successor provision thereto, amounts are

EXHIBIT B

"Change of Control" shall be deemed to have occurred if
4 Cleveland-Cliffs shall merge into itself or be

merged or con

TRUST AGREEMENT NO. 2
(Amended and Restated Effective June 1, 1997)

This Trust AgreeP E

3. RIGHTS OF INDEMNITEES. (a) Nothing in this Trust Agreement No. 2 shall in any way

(g) The Trustee is empowere4

effective until the acceptance of the t

Its: V.P. - H.R.

KEYTRUST COMPANY OF OHIO, N.A.,
as Trustee

Bê ÷ OX< Oa S

FIRST AMENDMENT
TO
TRUST AGREEMENT NO. 2
(Amended and Restated Effective June 1, 1997)

WHEREAS, Cleveland-Cliffs Inc ("Cleveland-Cliffs") and AmeriTrust Company National Association entered into Trust Agreement No. 2 (the "Agreement") effective October 28, 1987; and

holds, either in person or by general or limited proxy, power of attorney or other instrument."

3. A new subsection (j) shall be added to Section 8 of the Agreement to read as follows:

"(j) Each Exec'

By: /s/ R.F. Novak

Title: V5095 5 ü zO 5 zO 5

FIRST AMENDMENT TO AMENDED AND RESTATED TRUST AGREEMENT NO. 6

WHEREAS, Cleveland Cliffs Inc ("Cleveland-Cliffs") and AmeriTXr

By: /s/ Kelley Clark

Title: Vice President

and

By: /s/ Meg H. Halloran

Title: Trust Officer

By: /s/ R.F. Novak

Title: V.P. - H.R.

KEYTRUST COMPANY OF OHIO, N.A.,

By: /s/ Kelley Clark

Title: VP

and

By: /s/ J. A. Radazzo

Title: VP

As if a ("WHEREAS, C "NT FOURTH AMENDMENT
TO
TRUST AGREEMENT NO. 7

WHEREAS, Cleveland-Cliffs Inc ("Cleveland-Cliffs") and AmeriTXs"

6-30-97

Exhibit B

R
X R

I CLEVELAND-CLIFFS INC
~~SUBP 4444~~ CLEVELA

RR R R R

Employer, and approved by&

thereafter until the Ten Installment Payments have been made; provided, however, that if the Participant has effectively elected another form of distribution, such Participant's former Employer shall pay or commence payment in such other form of distribution beginning

such benefits would devolve upon anyone else or would not be enjoyed by him,
then Cleveland-Cliffs mOn

the plan administrator; provided, however, that the date on which the

By /s/ R. F. Novak

Vice President - Human Resources

EXHIBIT A

AMENDED AND RESTATED
EMPLOYMENT AGREEMENT

This AMENDED AND RESTATED EMPLOYMENT AGREEMENT

who at the beginning of any such period conshXn

disability program;

(b) participation, consistent with past practices, in
incentive compensation@r

(B) (I) A significant adverse change in the nature or scope of the a

or entitled

writing prior to the expiration of such period that it desires to cont

10. 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 a

established between KeyTrust Company of Ohio, N.A., as Trustee ("Trustee"), and
Cleveland-Cliffs. Trust Agreement No. 1 (Amend

15. WITHHOLDING

21. RIGHTS UNDER OTHER PLANS AND PROGRAMS: Anything in this Agreement to the contrary notwithstanding, no provision of this Agreement is intended, nor shall it b4

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration including the Release provided for in Section 12

Industry Service shall be defined as "Credited Years of Industry Service."

2. EMPLOYMENT; PERIOD OF EMPLOYMENT: (a) Subject to t

Cleveland-Cliffs within ten calendar days after written notice to Cleveland-Cliffs from the Executive of such determination;

(D) 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^a, consolidation, reorganization or otherwise) to w2

not taken place; plus

(B) the amount of Average Incentive Pay (as that term is hereinafter 3 R

(ii) which do not exceed 15% of the Executive's annual Base Pay, and (iii) which are incurred by the Executive within six months following the Termination Date.

(f) SE tnc

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 Se

account provided for in Section 7(b) of Trust Agreement No. 7 as of the most recent com

(e) Cleveland-Cliffs and the Executive recognize that each party will have no adequate remm

By /s/ M. Thomas Moore

Chairman and Chief
Executive Officer

/s/ John S. Br

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

(a) an annual base salary at a rate not less than the Executive's annual fixed or base compensation, (payable monthly or otherwise as in 44Pct for senior executives of nlelelandynli4P immediately prior to the

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

(ii) Termination by the Executive of his employment with Cleveland

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 employeXhad r

such advance; and PROVIDED FURTHER, HOWEVER, that any extension of the
stat

"welfare benefit plan" of Cleveland-Cliffs (Xe

transfer contrary to this Section 16, Cleveland-Cliffs shall have no liability
to _

24. 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.

IN W I D e

or consolidation less than 70% of the outsO

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

(A) The failure to elect, reelect or otherwise to maintain the Executive in the office or position, or a

(c) A termination by Cleveland-Cliffs pursuant to Section
4(a) hereof other than for & 4

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.

(b) EMPLOYEE BENEFITS. For the greater of (i) one year or (ii) the duration 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~~Executive~~

or applicable to the Executive, including but not limited to, the provisions of paragraph 4

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provided for in this Agreement by seeking other employment or otherwise, nor shall any profits, inc

No. 1") dated June 12, 1997, a2n

any amounts payable under this Agreement all federal, state, city or other taxes

6. ADOPTION OF SUPPLEMENTAL RETIREMENT BENEFIT PLAN..... 8

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Notwithstanding the foregoing, the Beneficiary of a Participant who elects the form of benefit elected by the Participant under the Pension Plan shall be the same beneficiary designated by him or her thereunder.

D. "CODE" shall mean the Internal Revenue Code of 1986, as it has been and may be amended from time to time.

E. "CODE LIMITATIONS" shall mean the limitations imposed by Sections 401(a) and 4

the amendment of such Plan as of January 1, 1991 to delete such Benefit. The acceptance by the Participant or his Beneficiary of any Su_int 2caPt krT

(4) The form of benefit distribution elected by the Participant under the Pension

competitive'

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 failny'benef0a nkey

beneficiaries of the Executives (also listed on Exhibit A hereto from time to time g

the Plan and the Agreements with respect to the Trust Beneficiary. The Trustee shall the

reallocated as directed by Cleveland-Cliffs. On or after the date of a Change of Control deposits of principal may be allocated, but not reallocated by Cleveland-Cliffs. If any deposit of principal is not allocated by the Company, such amount shall be allocated by the Court.

be deceased or adjudged incompetent, such Trust Beneficiary's personal
recp

(c) This Trust Agreement No. 1 shall be governed by and construed in accordance with the laws of the State of Ohio, ~~which shall have effect to the principles of conflict of laws thereof.~~

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(d) This Trust Agreement No. 1 may be executed in two or more counterparts, each of which shall be considered an original agreement. This Trust Agreement No. 1 shall become effective immediately upon the execution by Cleveland-Cliffs of at least one counterpart, it being understood that all parties need not sign the same counterpart, but shall not bind any Trustee until ~~substantially~~ executed at least one counterpart.

wri\p 15. NOTICES; IDENTIFICATION OF CERTAIN TRUST BENEFICIARIES.
(a) All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to be received by the Trustee at the address set forth in the Trust Agreement.

of as follows:

1. TRUST FUND. (a) Cleveland-Cliffs hereby deposits
with the Trustee in trust Ten Dollars (\$10.00) TRUST FUND bsstTR.

successor to Cleveland- Cliffs in ownershi

obligations of the Company under the Executive Agreements, Severance Plan or Retention Plan, except that any payment actually received by any Indemnitee hereunder shall reduce dollar-per-dollar amounts otherwise due to such Indemnitee pursuant to Section 13 of the Executive Agreements, Section 12 of the Severance Plan, or Article IX of the Retention Plan, as applicable.

4. PAYMENTS TO CLEVELAND-CLIFFS. Except to the extent expressly con

that a prudent corporate trustee, acting,

hereof, or to alter Section 12(b) hereof, except that amendments contemplated b

Attention: Secretary

If to an Indemnitee, to:

His or hXr r r r r r r r r n n,

This Trust Agreement ("Trust Agreement No. 7") made this 9th day of April, 1991 by and between Cleveland-Cliffs Inc, an Ohio corporation ("Cleveland-Cliffs"), and Ameritrust Company National Association, a national banking association (the "Trustee");

subsidiary;

(iv) 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 acquire 30% or more of the outstanding voting securities of Cleveland

mortgage; to any modification in the terms of any le'

Trustee written exception or objection to any such statement and account within 90 days after receipt thereof, Cleveland-Cliffs and the Participants shall be deemed to have approved such statement and account, and in such case the Trustee shall be forever released and discharged with respel\$4

Agreement No. 7 upon any written notice, ini *

incompetent, such Participant's Beneficiaries shall participaOé

(c) This Trust Agreement No. 7 shall be governed by and construed in accordance with the law of the State of New York.

Participant's Beneficiary are in existence, the amount of any payment to the Beneficiary under this Plan shall be divided equally among such persons unless the Participant's designation specifically provided to the contrary. Notwithstanding the foregoing, the Beneficiary of a Participant who elects the form of benefit elected by the Participant under the Pension Plan shall be the same beneficiary designated by him or her thereunder.

D. "CODE" shall mean the Internal Revenue Code of 1986, as it has been and may be amended from time to time.

E. "CODE LIMITATIONS" shall mean the limitations imposed by Sections 401(a) and 415 of the Code, or any successor thereto, or mean

Benefit") is payable in a form other than a monthly benefit, such Actual Pension Plan Benefit shall be adjusted to a monthly benefit which is the actuarial equivalent of such Actual Pension Plan Benefit for the pu

6. ADOPTION OF SUPPLEMENTAL RETIREMENT BENEFIT PLAN. Any member of the Controlled Group or any Affiliate which is an employer under the Pension Plan may become an Employer hereunder with the written Affi

5. In the event a Participant is transferred from the employ of another Participating Employer to the Subsidiary, effective on the date of such transfer, the Subsidiary may agree that upon the assignment by such Participating Employer to the Subsidiary of assets with a value equal to, or greater or lesser than, the value of the transferred Executive's account under Section 7(b) of the Trust, in exchange therefor, the Subsidiary will assume and be responsible for the Participating Employer's liabilities and obligations to such participant under the Plan.

6. The Subsidiary agrees to bear its pro rata share (as determined by Cleveland-Cliffs) of any and all expenses of the Trust.

IN WITNESS WHEREOF, the Subsidiary has caused this Deposit Agreement, to be executed on its behalf on , 199 .

Subsidiary

By: _____

SEVERANCE PAY PLAN FOR
KEY EMPLOYEES OF CLEVELAND-CLIFFS INC

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2000 (the "Termination Date") if there has been no Change of Control prior to such date.

3. Definitions.

a. AVERAGE IN

to any incentive compensation plans and arrangements of the Company including, but not limited to, the Incentive Bonus Plan and the 1992 Incentive Equidddddd'4

received

any successor \dot{e} - - =

of termination until the earlier of (A) the

share awards under the Long-Term Performance Share Program under the 1992 Incentive Equity Plan for which the measurement period has not yet expired shall be earned assuming management objectives have been met at the target level.

- e. OUTPLACEMENT COUNSELING. Each Key Employee who is terminated in accordance with Section 4.b. shall be reimc o

Gross-Up 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 ~~shall~~ Y. P

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
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

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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 representative, executor, administrator, successors, heirs, distributees and/or legatees.

u0 cfi s or The rights under this Plan shall inure to the benefit of and neither
whg at has Company nor any Key Employee shall be liable for the consent of
x the other, assign, transfer or delegate this Plan or any
rights or obligations hereunder except as expressly provided
e0 fi the in this Section 15. Without limiting the generality of the foregoing

f. EXECUTION OF RECEIPT. Upon receipt of any Severance Compensation or Gross-Up Payment hereunder, Cleveland-Cliffs reserves the rXs

CLEVELAND-CLIFFS INC
SUPPLEMENTAL RETIREMENT BENEFIT PLAN
(as Amended and Restated Effective January 1, 1997)

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Employer, and approver

the Participant beginning on the first day of the month following the Participant's retirement under the Pension Plan, and on each anniversary thereafter until the Ten Installment Payments have been made<

other person by filing a later signed written
e&

under this Supplemental Retirement B O

termination of the Plan, each affected Participant's Supplemental Benefit shall be

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.

the relative position of sucè

ARTICLE VII

HARDSHIP, TERMR

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 Parnt

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM STATEMENTS
OF CONSOLIDATED INCOME, CONSOLIDATED FINANCIAL POSITION AND COMPUTATION OF
EARNINGS PXN