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SECR===

principles. Es

(owned 40 percent by the Company).

The $1.0 million increase in administrative expense principally reflects the effect of a 17 percent increase in the Company's stock price in the first quarter of 1998 on the cost of Performance Share grants, a key component of senior management compensation. Grant expense is accrued over a three-year vesting period, with stock prices marked to market on a cumulative basis. Lower investment income as a result of lower cash balances was largely offset by reduced interest expense due to increased capitalization of interest on the Company's share of construction costs on the Cliffs and Associates Limited reduced iron project.

The Company's North American iron ore p4w outstanding under this agreement, which

expires on March 1, 2002. The Company was in compliance with all financial covenants and restrictions of the agreements.

The fair value of the CompanyB

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 anYto ş

PART II - OTHER INFORMATION

Item 6. Exhibits O4

Exhibit 10

Agreement No. 1 as of the most recent completĎ4

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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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