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**SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2001
OR
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
Commission File Number: 1-8944

**CLEVELAND-CLIFFS INC**
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Ohio | 34-1464672 |
| (State or other jurisdiction of | (I |

(Exact n

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

See notes to consolidated financial statements.



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## CLEVELAND-CLIFFS INC AND CONSOLIDATED SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## MARCH 31, 2001

### NOTE A —BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and should be read in conjunction with the financial statement footnotes and other information in the Company’s 2000 Annual Report on Form 10-K. In management’s opinion, the quarterly unaudited consolidated financial statements present fairly the Company’s financial position and results in accordance with generally accepted accounting principles.

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

References to the “Company” mean Cleveland-Cliffs Inc and c ompany’s fil man CompCol mCl

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- Included in income (loss) before income taxes. Includes equity losses from Cliffs and Associates Limited. In November 2000, the Company acquired controlling interest and subsequent results were consolidated.



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

**COMPARISON OF FIRST QUARTER —2001 AND 2000**

Net loss for the first quarter of 2001 was $9.6 million, or $.95 per share (all per share earnings are "diluted earnings per share" unless stated

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

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

**<u>NORTH AMERICAN IRON ORE</u>**

Production at the Company’s managed mines in the first three months of 2001 was 6.9 million tons, down from 9.8 million tons in 2000. The Company’s share of production was 2.8 million tons, unchanged from 2000. The 2.9 million ton decrease in total production was principally due to the permanent closure of LTV Steel Mining Company at the beginning of 2001, and production curtailments at the Northshore and Hibbing Mines. On January 9, 2001, Northshore idled its smaller pelletizing line for an estimas 03 mhyigh d

Exhibit 99(a)

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

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# CLEVELAND-CLIFFS REPORTS FIRST QUARTER 2001 RESULTS

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

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

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

## OPERATIONS

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

<TABLE>
<CAPTION>

(Tons in Millions)

| | First Quarter 2001 | | First Quarter 2000 | |
|---|---|---|---|---|
| | Total | Cliffs' Share | Total | Cliffs' Share |
| Empire | 1.9 | .7 | 1.8 | .4 |
| Hibbing | 1.0 | .2 | 2.0 | .3 |
| LTV Steel Mining | -- | -- | 1.8 | -- |
| Northshore | .9 | .9 | 1.1 | 1.1 |
| Tilden | 1.7 | .7 | 1.7 | .7 |
| Wabush | 1.4 | .3 | 1.4 | .3 |
| Total | 6.9 | 2.8 | 9.8 | 2.8 |

</TABLE>

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

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

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

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

* * *

Cleveland-Cliffs is the largest supplier of iron ore products to the North American steel industry and is developing a significant ferrous metallics business. Subsidiaries of

the Company manage and hold equity interests in five iron ore mines in Michigan, Minnesota and Eastern Canada. Cliffs has a major iron ore reserve position in the United States and is a substantial iron ore merchant. References in this news release to "Cliffs" and "Company" include subsidiaries and affiliates as appropriate in the context.

This news release contains predictive statements that are intended to be made as "forward-looking" within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties.

Actual results may differ materially from such statements for a variety of factors; such as displacement of iron production by North American integrated steel producers due to electric furnace production or imports of semi-finished steel or pig iron; changes in the financial condition of the Company's partners and/or customers; rejection of major contracts and/or venture agreements by customers and/or participants under provisions of the U. S. Bankruptcy Code or similar statutes in other countries; changes in imports of steel, iron ore, or ferrous metallic products; changes due to the ability of Cliffs and Associates Limited to forecast revenue rates, costs and production levels; domestic or international economic and political conditions; major equipment failure, availability and magnitude and duration of repairs; process difficulties, including the failure of new technology to perform as anticipated; and availability and cost of key components of production (e.g., labor, electric power, fuel, water).

Reference is made to the detailed explanation of the many factors and risks that may cause the predictive statements to turn out differently, as set forth in the Company's Annual Report for 2000 and Reports on Form 10-K and 10-Q

| | | |
|---|---|---|
| Interest income | 1.1 | 1.0 |
| Other income | 2.4 | 1.0 |
| TOTAL REVENUES | 33.2 | 36.3 |
| COSTS AND EXPENSES | | |
| Cost of goods sold and operating expenses | 36.0 | 31.1 |
| Administrative, selling and general expenses | 2.8 | 3.4 |
| Pre-operating loss in Cliffs and Associates Limited | 5.8 | 2.9 |
| Interest expense | 2.1 | 1.2 |
| Other expenses | 2.5 | 2.4 |
| TOTAL COSTS AND EXPENSES | 49.2 | 41.0 |

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| | | |
|---|---|---|
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | $ 25.6 | $ (32.3) |
| | ======= | ======= |

</TABLE>

CLEVELAND-CLIFFS INC

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

<TABLE>
<CAPTION>

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

</TABLE>

UNAUDITED FINANCIAL STATEMENTS

In management's opinion, the unaudited financial statements present fairly the company's financial position and results. All supplementary information required bou ‿o he 'ntoniaboiponLĎí qufny's fina