CLEVELAND CLIFFS INC
Form DEF 14A
March 26, 2001

TABLE OF CONTENTS

SCHEDULE 14A

(Rule 14a)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement	**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a-11(c) or §240.14a-12

CLEVELAND-CLIFFS INC

(Name of Registrant as Specified in its Charter)

XXXXXXXXXXXXXXXXX

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.
Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

March 26, 2001

To the Shareholders of

CLEVELAND-CLIFFS INC

The Annual Meeting of Shareholders of Cleveland-Cliffs Inc will be held at The Forum Conference Center, located in One Cleveland Center, 1375 East Ninth Street, Cleveland, Ohio 44114 on Tuesday, May 8, 2001 at 11:30 A.M. (Cleveland time).

At the meeting, shareholders will act upon the election of Directors, a proposal to approve an amendment to the Cleveland-Cliffs Inc Nonemployee Directors Compensation Plan, and a proposal to ratify the appointment of Ernst & Young LLP as independent public accountants. An explanation of each of these matters is contained in the attached Proxy Statement.

The Board of Directors and management believe that the proposed actions are in the best interests of your Company. Whether or not you expect to be present at the Annual Meeting, we urge you to exercise your voting rights by signing and dating the enclosed proxy card and returning it in the accompanying envelope to ensure that your shares will be represented. In addition, record shareholders have the opportunity to appoint proxy holders to vote their shares through the Internet or via toll-free telephone if they wish. Instructions for appointing proxies through the Internet or by telephone are contained on your proxy card. Whichever of these methods you chose, the named proxies will vote your shares in accordance with your instructions. Please note that failure to vote surrenders voting power to those who exercise their voting right. If you attend the meeting, you will be entitled to vote in person.

We look forward to meeting with you at the Annual Meeting.

Sincerely,

JOHN S. BRINZO
Chairman and Chief Executive Officer

It is important that your shares be represented at the meeting. Whether or not you intend to be present, please sign and date the enclosed proxy card and return it in the enclosed postage-prepaid envelope, which requires no postage if mailed in the United States, or appoint your proxies through the Internet or by telephone as directed on your proxy card.

Table of Contents

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

March 26, 2001

Dear Shareholder:

The Annual Meeting of Shareholders of Cleveland-Cliffs Inc, an Ohio corporation (Company), will be held at The Forum Conference Center, located in One Cleveland Center, 1375 East Ninth Street, Cleveland, Ohio 44114 on Tuesday, May 8, 2001 at 11:30 A.M. (Cleveland time) for the purpose of considering and acting upon:

1. A proposal to elect 9 Directors to hold office until the next Annual Meeting of Shareholders and until their successors are elected;

2. A proposal to approve an amendment to the Cleveland-Cliffs Inc Nonemployee Directors Compensation Plan;

3. A proposal to ratify the appointment of Ernst & Young LLP as the firm of independent public accountants to examine the financial statements of the Company and its consolidated affiliates for the year 2001; and

4. Such other matters as may properly come before the Annual Meeting and any adjournment or adjournments thereof.

Shareholders of record at the close of business on March 19, 2001, are entitled to notice of and to vote at such meeting and any adjournment or adjournments thereof.

Very truly yours,

JOHN E. LENHARD
Secretary and Corporate Counsel

It is important that your shares be represented at the meeting. Whether or not you intend to be present, please sign and date the enclosed proxy card and return it in the enclosed postage-prepaid envelope, which requires no postage if mailed in the United States, or appoint your proxies through the Internet or by telephone as directed on your proxy card.

Table of Contents

PROXY STATEMENT

March 26, 2001

SOLICITATION, USE AND REVOCATION OF PROXIES

The accompanying proxy is solicited by the Board of Directors of Cleveland-Cliffs Inc, an Ohio corporation (Company), for use at the Annual Meeting of Shareholders to be held on May 8, 2001, and any adjournment or adjournments thereof (Meeting). Any proxy may be revoked by a later proxy, by notice to the Company in writing or in open meeting, without affecting any vote previously taken.

OUTSTANDING SHARES AND VOTING RIGHTS

As of March 19, 2001, the record date for the determination of persons entitled to vote at the Meeting, there were 10,143,272 of the Company s Common Shares, par value $1.00 per share (Common Shares), outstanding. Each Common Share is entitled to one vote. This Proxy Statement and accompanying proxy card are being first mailed or otherwise distributed to shareholders on or about March 26, 2001.

ELECTION OF DIRECTORS

(Proposal No. 1)

It is intended that proxies received will be voted, unless contrary instructions are given, to elect the 9 nominees named in the following table to serve until the next Annual Meeting of Shareholders and until their successors shall be elected.

Should any nominee decline or be unable to accept such nomination to serve as Director, an event which the Company does not currently anticipate, the persons named as proxies reserve the right, in their discretion, to vote for a lesser number or for substitute nominees designated by the Directors, to the extent consistent with the Company s Regulations.

Table of Contents

INFORMATION CONCERNING DIRECTORS AND NOMINEES

Based upon information received from the respective Directors and nominees as of March 19, 2001, the following information is furnished with respect to each person nominated for election as a Director.

Name, Age and Principal Occupation and Employment During Past Five Years	First Became Director
JOHN S. BRINZO, 59, Chairman and Chief Executive Officer of the Company since January 1, 2000. Mr. Brinzo served as President and Chief Executive Officer of the Company from November 10, 1997 through December 31, 1999; as the Company s Executive Vice President-Finance and Planning from July 1, 1997 through November 9, 1997 and as Executive Vice President-Finance and Chief Financial Officer since before 1996.	1997
RONALD C. CAMBRE, 62, Chairman of the Board since January, 1995 of Newmont Mining Corporation, an international mining company. Mr. Cambre served as Chief Executive Officer from November, 1993 to January, 2001 and as President from June, 1994 to July, 1999 of Newmont Mining Corporation. Mr. Cambre was previously with Freeport-McMoRan, a natural resources company, as Vice President and Senior Technical Advisor to the Office of the Chairman. Mr. Cambre is a Director of Newmont Mining Corporation and W.R. Grace & Co.	1996
RANKO CUCUZ, 57, Chairman of the Board since July, 1996 and Chief Executive Officer since October, 1992 of Hayes Lemmerz International, Inc., an international supplier of wheels to the auto industry. Mr. Cucuz is a Director of Hayes Lemmerz International, Inc., Lincoln Electric Holdings Inc. and National-Standard Company.	1999
JAMES D. IRELAND III, 51, Managing Director since January, 1993 of Capital One Partners, Inc., a private merchant banking firm. Mr. Ireland is also President since before 1996 of Briseis Capital Corporation, a private merchant banking firm. Mr. Ireland was Chairman of the Board from 1996 until March, 1998 of Sun Coast Industries, Inc., a plastics producer.	1986
LESLIE L. KANUK, 71, Professor Emeritus at the Zicklin School of Business, Baruch College, City University of New York, and since before 1996, Professor of Marketing at the Graduate School and University Center of the City University of New York. Dr. Kanuk is a former Chairman of the Federal Maritime Commission.	1991
FRANCIS R. McALLISTER, 58, Chairman and Chief Executive Officer since February 12, 2001 of Stillwater Mining Company, a palladium and platinum producer. From January, 2000 through January, 2001, Mr. McAllister privately pursued ventures in the mining and metals industry. From April, 1999 through December, 1999, Mr. McAllister served as Chairman and Chief Executive Officer of ASARCO Incorporated, an international nonferrous metals mining company. He also served as President and Chief Operating Officer from January, 1998 through April, 1999 and as Executive Vice President-Copper Operations from May, 1993 to January, 1998 of ASARCO Incorporated. Mr. McAllister is a Director of Stillwater Mining Company.	1996
JOHN C. MORLEY, 69, Chairman of the Board of the Company from November 10, 1997 to December 31, 1999. Mr. Morley serves as Chairman of the Compensation and Organization Committee of the Company. Mr. Morley is President since August, 1995 of Evergreen Ventures, Ltd., a private investment firm. Mr. Morley is also retired as President and Chief Executive Officer and Director since before 1996 of Reliance Electric Company, a manufacturer of electrical, mechanical power transmission and telecommunications products and systems. Mr. Morley is a Director of Ferro Corporation and The Lamson & Sessions Co.	1995

Table of Contents

Name, Age and Principal Occupation and Employment During Past Five Years	First Became Director
STEPHEN B. ORESMAN, 68, President since January, 1991 of Saltash, Ltd., management consultants. Mr. Oresman was with Booz Allen & Hamilton, Inc., management consultants, for 19 years where he was Senior Vice President and Chairman of Booz Allen & Hamilton International, and previously held manufacturing positions at Bausch & Lomb and Acme Steel. Mr. Oresman is a Director of Technology Solutions Company and iStar Financial Inc.	1991
ALAN SCHWARTZ, 61, Professor of Law at the Yale Law School and Professor at the Yale School of Management since before 1996. Mr. Schwartz was a Professor of Law and Social Science at the California Institute of Technology from 1979 through July, 1987. Mr. Schwartz is a Director of Rohn Industries, Inc. 1991	

In accordance with the Company s retirement policy, Mr. G. Frank Joklik, currently a Director of the Company, is not standing for re-election. Mr. Anthony A. Massaro, currently a Director of the Company, is not standing for re-election due to other business commitments.

The Directors recommend a vote FOR each of the nominees listed above.

BOARD OF DIRECTORS AND BOARD COMMITTEES

The members of the Board of Directors have diversified professional experience in general management, mining, finance, law, education, and other fields. There is no family relationship among any of the nominees and executive officers of the Company. Eight of the nine nominees have no present or former employment relationship with the Company. All nominees are independent Directors, except Mr. Brinzo. The average age of the nominees is 61, ranging from 51 to 71. The average service of the nominees is 7 years, ranging from 1 year to 15 years.

The Company s governance process is based on formal guidelines. During 2000, ten meetings of the Board of Directors were held and twenty-six meetings of all Board committees were held. Directors also discharge their responsibilities by review of Company reports to Directors, visits to Company facilities, correspondence with the Chairman and Chief Executive Officer, and telephone conferences with the Chairman and Chief Executive Officer and Directors regarding matters of interest and concern to the Company. The Directors have Executive, Audit, Board Affairs, Compensation and Organization, Finance, Strategic Advisory, and Long Range Planning Committees. All committees regularly report their activities, actions, and recommendations to the Board. Four Directors attended 100 percent of the aggregate total of meetings of the Board of Directors and the Board Committees of which they were a member during 2000; three Directors attended at least 95 percent of such meetings; three Directors attended at least 85 percent of such meetings and one Director attended 79 percent of such meetings.

The Executive Committee consists of Messrs. Brinzo (chairman), Cambre, Ireland, McAllister, Morley, and Dr. Kanuk. This Committee normally meets only when action is required before a regular Board meeting. It is empowered to act for the full Board of Directors on all matters, except it has no authority to fill vacancies among Directors or in any Committee of Directors, change officers of the Company, or declare dividends. Its members presently include the chairmen of the other standing committees. The Committee held no meetings during 2000.

The Audit Committee, consisting of Messrs. Cambre (chairman), Cucuz, Massaro and Schwartz, reviews with the Company s management, the internal auditors and the independent public accountants, the Company s policies and procedures with respect to internal control; reviews significant accounting matters; reviews quarterly unaudited financial information prior to public release; approves the audited financial statements prior to public distribution; approves any significant changes in the Company s accounting principles or financial reporting practices; reviews independent public accounting services; and recommends to the Board of Directors the firm of independent public accountants to examine the Company s financial statements. The Committee held seven meetings during 2000. Pursuant to the rules of the Securities and Exchange Commission, the members of the Company s Audit Committee are independent, as that term is defined in the listing standards of the New York Stock Exchange.

The Board Affairs Committee, consisting of Messrs. Ireland (chairman), Joklik, Morley and Schwartz, and Dr. Kanuk, administers the Company s compensation plans for Directors; monitors the Board governance process and provides counsel to the Board Chairman and Chief Executive Officer on Board governance and other matters; recommends changes in membership and responsibility of Board committees; and acts as the Board s

3

Table of Contents

Nominating Committee and Proxy Committee in the election of Directors. Shareholders wishing to nominate director candidates for consideration by the Committee can do so by writing to the Secretary of the Company, giving the candidate s name, appropriate biographical data and qualifications. The Committee held three meetings during 2000.

The Compensation and Organization Committee, consisting of Messrs. Morley (chairman), Cambre, McAllister and Oresman, recommends to the Board of Directors the officers and compensation of officers; administers the Company s compensation plans for officers; reviews organization and management development; evaluates the performance of the Chief Executive Officer; and obtains the advice of outside experts with regard to compensation matters. The Committee held five meetings during 2000.

The Finance Committee, consisting of Messrs. McAllister (chairman), Cucuz, Ireland and Oresman, and Dr. Kanuk, reviews the Company s financial condition, financial policies, investment plans and benefit funds management. The Committee recommends dividend and other actions to the Board of Directors. The Committee held four meetings during 2000.

The Strategic Advisory Committee, consisting of Messrs. Morley (chairman), Brinzo, Ireland, Massaro, McAllister and Oresman, reviews corporate strategy and related issues. The Committee held three meetings during 2000.

The Long Range Planning Committee, consisting of the full Board of Directors with Mr. Brinzo serving as chairman, facilitates informed decisions by the Board through review of business plans and special topics of interest. The Committee held four meetings during 2000.

AUDIT COMMITTEE REPORT

The Audit Committee of Cleveland-Cliffs Inc Board of Directors (Committee) is composed of four independent directors and operates under a written charter adopted by the Board of Directors (Appendix A). The members of the Committee are Ronald A. Cambre (Chairman), Ranko Cucuz, Anthony A. Massaro, and Alan Schwartz, all of whom are independent of the Company. The Committee recommends to the Board of Directors, subject to stockholders ratification, the selection of the Company s independent auditors.

Management is responsible for the Company s financial statements, systems of internal control and the financial reporting process. The independent auditors are responsible for performing an independent audit of the Company s consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon. The Committee s responsibility is to monitor and oversee these processes.

In this context, the Committee has met and held discussions with management and the independent auditors. The Committee has also met, in executive session, with the Company s internal auditor. Management represented to the Committee that the Company s consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by Statement on Accounting Standards No. 61 (Communication with Audit Committees), and any other matters required to be discussed under generally accepted auditing standards.

The Company s independent auditors also provided to the Committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Committee discussed with the independent auditors that firm s independence, including consideration of the compatibility of non-audit services with the auditors independence.

Based on the Committee s discussion with management and the independent auditors and the Committee s review of the representation of management and the report of the independent auditors to the Committee, the Committee recommended that the Board of Directors include the audited consolidated financial statements in the Company s Annual Report on Form 10-K for the year ended December 31, 2000 filed with the Securities and Exchange Commission.

4

Table of Contents

The foregoing report has been furnished by the members of the Audit Committee as set forth below:

R. C. Cambre, Chairman
R. Cucuz
A. A. Massaro
A. Schwartz

DIRECTORS COMPENSATION

During 2000, Directors who are not employees of the Company received an annual retainer of $25,000 and a fee of $1,000 for each Board of Directors meeting and a fee of $1,000 for each Board committee meeting attended. The committee chairmen, except Mr. Brinzo, each received an annual retainer of $2,500. Mr. Brinzo receives no retainer for his position as Chairman of the Board.

During 1996, the Board of Directors of the Company adopted a Nonemployee Directors Compensation Plan, that was approved by the Company s shareholders on May 14, 1996, providing for the award of 1,000 Restricted Shares to non-employee Directors first elected to the Board after June 30, 1995. The Plan also provided that all Directors must take 50% of their retainer in Common Shares and may elect to take up to 100% of the retainer and other fees in Common Shares. In 1999, the Plan was amended to provide that all Directors must take 40% of their retainer in Common Shares and may elect to take up to 100% of the retainer and other fees in Common Shares and that any new Director joining the Board on or after January 1, 1999 will be awarded 2,000 Restricted Shares of the Company. In addition, the Plan gives non-employee Directors the opportunity to defer all or a portion of their annual retainer and other fees, whether payable in cash or Common Shares. On March 12, 2001 the Board of Directors adopted an amendment to the Plan (Amendment), subject to the approval by the Company s Shareholders at the 2001 Annual Meeting of Shareholders, to increase the number of shares available under the Plan by 50,000 shares. The Plan originally authorized the issuance of 50,000 Common Shares, of which as of February 28, 2001, 43,534 Common Shares have been issued under the Plan and 6,466 Common Shares remain available for future use. After giving effect to the Amendment, 56,466 Common Shares will remain available under the Plan as amended by the Amendment (Amended Plan) for future awards. The Amendment does not make any other changes in the Plan as approved by shareholders in 1996.

Directors who joined the Board before January 1, 1999 also participate in either the Retirement Plan for Non-Employee Directors adopted in 1984 (1984 Plan) or the Non-employee Directors Supplemental Compensation Plan established in 1995 (1995 Plan). The 1984 Plan provides that a non-employee Director elected before July 1, 1995, with at least five years of service, receives during his or her lifetime after retirement an amount equal to the annual retainer then paid to non-employee Directors. Under the 1995 Plan, a non-employee Director elected on or after July 1, 1995, with at least five years of service, receives after retirement a quarterly amount equal to fifty percent of the stated quarterly retainer in effect at the time of retirement for the period equal to the Director s service. Under either Plan, in the event of a change of control causing the Director s retirement, he or she receives the retirement payment prorated for any service less than five years. Directors who join the Board on or after January 1, 1999 are not eligible to participate in either Plan. Mr. Colman, formerly a Director of the Company with nine years of service, who did not stand for re-election to the Board in 2000, and was not eligible to receive retirement benefits under the 1984 Plan, received 2000 Common Shares of the Company upon his voluntary departure from the Board.

The Company has entered into trust agreements with Key Trust Company of Ohio, N.A. relating to the Nonemployee Directors Compensation Plan, the Retirement Plan for Non-Employee Directors and the Nonemployee Directors Supplemental Compensation Plan, in order to establish arrangements for the funding and payment of the Company s obligations to beneficiaries under such Plans.

Table of Contents

SECURITIES OWNERSHIP OF MANAGEMENT AND CERTAIN OTHER PERSONS

The following table sets forth the amount and percent of Common Shares which, as of March 19, 2001 (except as otherwise indicated), are deemed under the rules of the Securities and Exchange Commission (SEC) to be beneficially owned by each Director (excluding the Chairman and Chief Executive Officer), by each nominee for Director, by the Company s five most highly compensated executive officers, by such persons and the other executive officers as a group, and by any person or group (as that term is used in the Securities Exchange Act of 1934) known to the Company as of that date to be a beneficial owner of more than 5% of the outstanding Common Shares.

	Amount and Nature of Beneficial Ownership (1)					
		Investment Power		Voting Power		
Directors and Nominees (excluding Director, Chairman and Chief Executive Officer J.S. Brinzo)	**Beneficial Ownership(2)**	**Sole**	**Shared**	**Sole**	**Shared**	**Percent of Class(3)**
Ronald C. Cambre	4,523	4,523	-0-	4,523	-0-	
Ranko Cucuz	2,733	2,733	-0-	2,733	-0-	

James D. Ireland III	273,171	6,529	266,642(4)	6,529	266,642(4)	2.69%
G. Frank Joklik	3,253	3,253	-0-	3,253	-0-	
Leslie L. Kanuk	3,908	3,908	-0-	3,908	-0-	
Anthony A. Massaro	3,047	3,047	-0-	3,047	-0-	
Francis R. McAllister	7,627	7,627	-0-	7,627	-0-	
John C. Morley	18,011	18,011	-0-	18,011	-0-	
Stephen B. Oresman	3,908	3,908	-0-	3,908	-0-	
Alan Schwartz	2,408	2,408	-0-	2,408	-0-	

	Amount and Nature of Beneficial Ownership (1)					
		Investment Power		Voting Power		
Named Executive Officers	Beneficial Ownership(2)	Sole	Shared	Sole	Shared	Percent of Class(3)
John S. Brinzo	58,338	58,338	-0-	58,338	-0-	
Thomas J. O Neil	27,281	27,281	-0-	27,281	-0-	
William R. Calfee	30,855	30,855	-0-	30,855	-0-	
Edward C. Dowling	5,718	5,718	-0-	5,718	-0-	
Cynthia B. Bezik	19,528	19,528	-0-	19,528	-0-	
All Directors and Executive Officers as a Group (16 Persons)	477,106	210,464	266,642	210,464	266,642	4.70%

	Amount and Nature of Beneficial Ownership (1)					
		Investment Power		Voting Power		
Other Persons	Beneficial Ownership(2)	Sole	Shared	Sole	Shared	Percent of Class(3)
Artisan Partners Limited Partnership (5) 1000 North Water Street, #1770 Milwaukee, WI 53202	1,238,100	-0-	1,238,100	-0-	1,238,100	12.21%
Wellington Management Company, LLP (6) 75 State Street Boston, MA 02109	900,600	-0-	900,600	-0-	788,000	8.88%
Dimensional Fund Advisors Inc. (7) 1299 Ocean Avenue, 11th Floor Santa Monica, CA 90401	739,136	739,136	-0-	739,136	-0-	7.29%
T. Rowe Price Associates, Inc. (8) 100 E. Pratt Street Baltimore, MD 21202						

604,300	604,300	-0-	112,700	-0-	5.96%

(1) Under the rules of the SEC, beneficial ownership includes having or sharing with others the power to vote or direct the investment of securities. Accordingly, a person having or sharing the power to vote or direct the investment of securities is deemed to beneficially own the securities even if he or she has no right to receive any part of the dividends on or the proceeds from the sale of the securities. Also, because beneficial ownership extends to persons, such as co-trustees under a trust, who share power to vote or control the disposition of the securities, the very same securities may be deemed beneficially owned by two or more persons shown in the table. Information with respect to beneficial ownership

Table of Contents

shown in the table above is based upon information supplied by the Directors, nominees and executive officers of the Company and filings made with the SEC or furnished to the Company by any shareholder.

(2) Included in the shares shown are Common Shares subject to options granted by the Company which entitle the holder to acquire said shares within 60 days from March 19, 2001. Each of the Directors (excluding Mr. Brinzo) has such options as follows: Mr. Cambre, 500; Mr. Cucuz, -0-; Mr. Ireland, 2,500; Mr. Joklik, 2,000; Dr. Kanuk, 2,500; Mr. Massaro, -0-; Mr. McAllister, 500; Mr. Morley, -0-; Mr. Oresman, 2,500 and Mr. Schwartz, 1,000; and the Directors as a group have 11,500 options. Performance shares earned for the performance period 1998 - 2000 by Messrs. Brinzo, O Neil, Calfee, Dowling, and Ms. Bezik, (the value of which is shown in the LTIP Payouts column of the Summary Compensation Table on page 8), are included in the shares shown in the table.

(3) Less than 1%, except as otherwise indicated.

(4) Of the 273,171 shares deemed under the rules of the SEC to be beneficially owned by Mr. Ireland, he is a beneficial holder of 6,529 shares. The remaining 266,642 shares are held in trusts, substantially for the benefit of a charitable foundation, as to which Mr. Ireland is a co-trustee with shared voting and investment powers. Of such shares in trusts, Mr. Ireland has an interest in the income or corpus with respect to 18,474 shares.

(5) Except for Percent of Class, the information shown above was taken from the Schedule 13G, dated February 9, 2001 as filed by Artisan Partners Limited Partnership (Artisan Partners), Artisan Investment Corporation, the general partner of Artisan Partners (Artisan Corp.), and the principal stockholders of Artisan Corp., Mr. Andrew A. Ziegler and Ms. Carlene Murphy Ziegler.

(6) Except for Percent of Class, the information shown above was taken from the Schedule 13G, dated February 14, 2001 as filed by Wellington Management Company, LLP with the SEC.

(7) Except for Percent of Class, the information shown above was taken from the Schedule 13G, dated February 2, 2001, as filed by Dimensional Fund Advisors Inc. with the SEC.

(8) Except for Percent of Class, the information shown above was taken from the Schedule 13G, dated February 14, 2001 as filed by T. Rowe Price Associates, Inc. with the SEC.

Table of Contents

EXECUTIVE COMPENSATION

The following table sets forth all compensation earned by the Company s five most highly compensated executive officers (named executive officers) with respect to the years shown for services rendered to the Company and its subsidiaries.

Summary Compensation Table

		Annual Compensation			Long Term Compensation			
					Awards			
Name and Principal Position	Year	Salary ($)	Bonus ($)	Other Annual Compensation(1) ($)	Restricted Stock Awards(2) ($)	Securities Underlying Options (#)	LTIP Payouts(3) ($)	All Other Compensation(4) ($)
John S. Brinzo	2000	490,416	100,000	253(5)	92,344(6)	-0-	83,349	70,105
Chairman and	1999	421,000	-0-		-0-	80,000	123,485	17,250
Chief Executive Officer	1998	400,000	291,000		-0-	-0-	220,593	16,400
Thomas J. O Neil	2000	328,167	55,100	275(5)	46,172(6)	-0-	41,674	13,455
President and Chief	1999	263,417	55,000		-0-	40,000	123,485	10,795
Operating Officer	1998	250,000	155,000		-0-	-0-	220,593	10,249
William R. Calfee	2000	278,250	45,000	73(5)	33,244(6)	-0-	41,674	33,908
Executive Vice	1999	268,625	-0-		-0-	40,000	123,485	11,008
President-Commercial	1998	262,500	140,000		-0-	-0-	220,593	10,761
Edward C. Dowling, Jr.	2000	226,667	65,000		22,163(6)	-0-	20,847	9,294
Senior Vice President-	1999	190,833	40,000		-0-	20,000	-0-	7,824
Operations	1998	138,750	80,000	77,138	273,125(7)	-0-	-0-	7,870
Cynthia B. Bezik	2000	220,417	45,000	325(5)	22,163(6)	-0-	16,670	66,525
Senior Vice President-	1999	191,667	30,000		-0-	30,000	33,257	7,858
Finance	1998	175,000	100,000		-0-	-0-	58,832	7,175

(1) The executive officers are reimbursed for business club membership expenses and other business perquisites, in amounts that are less than the reporting thresholds established by the Securities and Exchange Commission. In 1998, Mr. Dowling was reimbursed for moving, temporary living and real estate expenses in the amount of $49,411 and also received a signing bonus of $25,000.

(2) The aggregate number of shares of Restricted Stock and of Retention Units held by Messrs. Brinzo, O Neil, Calfee, Dowling and Ms. Bezik as of December 31, 2000 was 3,750, 5,475, 6,823, 4,900, and 900, respectively. The aggregate value of such shares as of December 31, 2000 was $80,859, $118,055, $147,121, $105,656, and $19,406, respectively. Dividends are payable on the shares of Restricted Stock reported in this column at the same rate as dividends on the Company s other Common Shares. Dividends are not payable on Retention Units.

(3) The payout indicated for 2000 was determined in early 2001 for the 1998-2000 performance period under the Company s performance share program. The Company s closing stock price on March 12, 2001 of $18.90 per share was used to determine the value of the payout, which payout was made in shares of Common Stock.

(4) Amounts indicated for 2000 include (i) cash contributed by the Company under the Cliffs Salaried Employees Supplemental Retirement Savings Plan as follows: $7,350, $7,219, $6,920, $9,294 and $9,037 on behalf of Messrs. Brinzo, O Neil, Calfee, Dowling and Ms. Bezik, respectively; (ii) cash contributed by the Company under the Voluntary Non-Qualified Deferred Compensation Plan as follows: $12,757, $6,236, $4,489, $-0- and $-0- on behalf of Messrs. Brinzo, O Neil, Calfee, Dowling and Ms. Bezik, respectively; and (iii) the market value, based on the closing price of the Company s Common Stock on the date of award, of matching shares awarded by the Company to the named executive officers pursuant to the Company s Voluntary Non-Qualified Deferred Compensation Plan, as follows: $49,998, $-0-, $22,499, $-0-, and $57,488 on behalf of Messrs. Brinzo, O Neil, Calfee, Dowling and Ms. Bezik, respectively.

(5) Above-market earnings on deferred compensation payable during 2000 and deferred.

(6) On May 8, 2000, the Company awarded to Messrs. Brinzo, O Neil, Calfee, Dowling and Ms. Bezik, 3,750, 1,875, 1,350, 900, and 900, Retention Units, respectively. A Retention Unit is a bookkeeping entry that records a unit equivalent of one Common Share and is paid-out only in cash based on the value of a Common Share at the end of the three-year retention period. The value shown represents the value of the Retention Units based on the closing price of the Company s Common Stock on the date of award.

(7) On April 1, 1998, the Company awarded 5,000 shares of Restricted Stock to Mr. Dowling. One-tenth of such award vested on the first and second anniversaries of the date of the award, an additional one-tenth of such award will vest on each of the third and fourth anniversaries of the date of the award, and six-tenths of such award will vest on the fifth anniversary of the date of award.

8

Table of Contents

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

The following table sets forth information about stock options exercised during the last fiscal year by the named executive officers, and the number of Common Shares covered by unexercised options and the aggregate value of options held at the end of such fiscal year.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at FY-End (#)		Value of Unexercised In-the-Money Options at FY-End ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
John S. Brinzo	7,000	20,213	-0-	80,000	$ -0-	-0-
Thomas J. O Neil	-0-	-0-	-0-	40,000	-0-	-0-
William R. Calfee	4,375					