

CLIFFS NATURAL RESOURCES INC.  
Form PREC14A  
June 05, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 14A

(RULE 14a-101)  
INFORMATION REQUIRED IN PROXY STATEMENT  
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No. 1)

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-12

CLIFFS NATURAL RESOURCES INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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In accordance with Rule 14a-6(d) under Regulation 14A of the Securities Exchange Act of 1934, please be advised that Cliffs Natural Resources Inc. intends to release definitive copies of the proxy statement to security holders on or about \_\_\_\_\_, 2014.

\_\_\_\_\_, 2014

Dear Shareholder,

We are pleased to invite you to attend the 2014 Annual Meeting of Shareholders of Cliffs Natural Resources Inc. The following 2014 Notice of Annual Meeting of Shareholders and Proxy Statement will serve as your guide to the business that will be conducted at the meeting. You can find financial and other information about Cliffs in the accompanying Annual Report for the fiscal year ended December 31, 2013. These and other materials are also available on Cliffs' investor relations website, <http://ir.cliffsnaturalresources.com>.

The Board of Directors recommends the approval of the proposals being presented by the Board of Directors at the 2014 Annual Meeting of Shareholders as being in the best interest of Cliffs and its shareholders. We urge you to read the Proxy Statement and give these proposals your careful attention.

The Board of Directors has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting of Shareholders and is soliciting proxies for only the nine nominees named herein.

You should know that Casablanca Capital LP, a Delaware limited partnership (together with its affiliates, "Casablanca"), has stated that it intends to nominate a slate of six nominees for election as directors at the 2014 Annual Meeting of Shareholders in opposition to the nine nominees recommended by the Board of Directors.

The Board of Directors does not endorse the election of any of Casablanca's nominees and strongly urges you to vote FOR ALL of the nine nominees recommended by the Board of Directors. You may receive solicitation materials from Casablanca or certain entities or individuals affiliated with Casablanca, including a proxy statement and a \_\_\_\_\_ proxy card. We believe that Casablanca's director nominations are intended to pressure Cliffs to adopt Casablanca's previously proposed strategic plans, which the Board does not believe are in the best interests of Cliffs' shareholders. We believe that the nine nominees proposed by the Board are better equipped to serve Cliffs and all of its shareholders than the Casablanca nominees.

Because the Board of Directors has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting of Shareholders, we expect that two nominees that were not nominated by the Board of Directors will be elected at the 2014 Annual Meeting of Shareholders. At this time, Casablanca is the only shareholder that has notified Cliffs of its intention to nominate directors for election at the 2014 Annual Meeting of Shareholders. Therefore, the Board of Directors expects that the remaining two board seats will be filled by two of the Casablanca nominees. Even if you vote FOR ALL of our nine Director nominees on the WHITE proxy card, we expect that at least two nominees that are nominated by Casablanca and/or another shareholder will be elected as directors at the 2014 Annual Meeting of Shareholders. The Board of Directors strongly urges you to vote FOR ALL of the nine nominees recommended by the Board of Directors. If cumulative voting is in effect with respect to the election of directors, which we currently anticipate will be the case, the named proxies intend to cumulate the votes represented by the proxies they receive and distribute such votes in accordance with their best judgment in order to elect as many of the nominees of the Board of Directors as possible.

Your vote is important regardless of the number of shares you own. The Board of Directors unanimously recommends that you vote FOR ALL of our nine Director nominees on the WHITE proxy card. I urge you to vote as soon as possible by telephone, by Internet or by signing, dating, marking and returning the enclosed WHITE proxy card by mail, even if you plan to attend the 2014 Annual Meeting of Shareholders.

The Board of Directors strongly urges you not to sign or return any \_\_\_\_\_ proxy card sent to you by or on behalf of Casablanca. If you previously have submitted a \_\_\_\_\_ proxy card sent to you by Casablanca, you can revoke that proxy by using the enclosed WHITE proxy card to vote your shares today by telephone, by Internet or by signing, dating, marking and returning the enclosed WHITE proxy card. Only your latest-dated proxy will count.

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In accordance with Rule 14a-6(d) under Regulation 14A of the Securities Exchange Act of 1934, please be advised that Cliffs Natural Resources Inc. intends to release definitive copies of the proxy statement to security holders on or about \_\_\_\_\_, 2014.

We look forward to seeing you at the 2014 Annual Meeting of Shareholders. Thank you for being a shareholder and for the trust you have in our Company.

Sincerely,

Gary B. Halverson  
President  
and Chief Executive Officer

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Notice of Annual Meeting of Shareholders

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To Be Held On July 29, 2014

11:30 a.m. Cleveland time

North Point, 901 Lakeside Avenue, Cleveland Ohio 44114

The 2014 Annual Meeting of Shareholders of Cliffs Natural Resources Inc., or Cliffs, will be held at North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114 at 11:30 a.m. EDT on Tuesday, July 29, 2014 for the purposes of considering and acting upon:

- (1) The election of 11 directors to act until the next Annual Meeting of Shareholders or until their respective successors are duly elected and qualified;
- (2) The approval of the 2014 Nonemployee Directors' Compensation Plan;
- (3) The approval, on an advisory basis, of our named executive officers' compensation;
- (4) The approval of the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan;
- (5) The ratification of the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2014 fiscal year; and
- (6) Any other matters that may properly come before such meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on June 2, 2014 as the record date for determining the shareholders entitled to notice of, and to vote at, the 2014 Annual Meeting of Shareholders or any adjournments thereof.

If you are a holder of our common shares or of our depositary shares, each of which represents 1/40th of a share of our 7.00% Series A mandatory convertible preferred stock, Class A, a WHITE proxy card is enclosed. Please vote your proxy promptly by Internet, telephone or mail as directed on the enclosed WHITE proxy card in order that your shares may be voted at the 2014 Annual Meeting of Shareholders.

The Board of Directors has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting of Shareholders and is soliciting proxies for only the nine nominees named herein.

You should know that Casablanca Capital LP, a Delaware limited partnership (together with its affiliates, "Casablanca"), has stated that it intends to nominate a slate of six nominees for election as directors at the 2014 Annual Meeting of Shareholders in opposition to the nine nominees recommended by the Board of Directors.

The Board of Directors does not endorse the election of any of Casablanca's nominees and strongly urges you to vote FOR ALL of the nine nominees recommended by the Board of Directors. You may receive solicitation materials from Casablanca or certain entities or individuals affiliated with Casablanca, including a proxy statement and a \_\_\_\_\_ proxy card. We believe that Casablanca's director nominations are intended to pressure Cliffs to adopt Casablanca's previously proposed strategic plans, which the Board of Directors does not believe are in the best interests of Cliffs' shareholders. We believe that the nine nominees proposed by the Board of Directors are better equipped to serve Cliffs and all of its shareholders than the Casablanca nominees.

Because the Board of Directors has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting of Shareholders, we expect that two nominees that were not nominated by the Board of Directors will be elected at the 2014 Annual Meeting of Shareholders. At this time, Casablanca is the only shareholder that has notified Cliffs of its intention to nominate directors for election at the 2014 Annual Meeting of Shareholders. Therefore, the Board of Directors expects that the remaining two board seats will be filled by two of the Casablanca nominees. Even if you vote FOR ALL of our nine Director nominees on the WHITE proxy card, we expect that at least two nominees that are nominated by Casablanca and/or another shareholder will be elected as directors at the 2014 Annual Meeting of Shareholders. If cumulative voting is in effect with respect to the election of directors, which we currently anticipate will be the case, the named proxies intend to cumulate the votes represented by the proxies they receive and distribute such votes in accordance with their best judgment in order to elect as many of the nominees of the Board of Directors as possible.

Your vote is important regardless of the number of shares you own. The Board of Directors unanimously recommends that you vote FOR ALL of our nine director nominees on the WHITE proxy card. I urge you to vote as soon as possible by telephone, by Internet or by signing, dating, marking and returning the enclosed WHITE proxy card by mail, even if you plan to attend the meeting.

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The Board of Directors strongly urges you not to sign or return any \_\_\_\_\_ proxy card sent to you by or on behalf of Casablanca. If you have previously submitted a \_\_\_\_\_ proxy card sent to you by Casablanca, you can revoke that proxy by using the enclosed WHITE proxy card to vote your shares today by telephone, by Internet or by signing, dating, marking and returning the enclosed WHITE proxy card. Only your latest-dated proxy will count.

\_\_\_\_\_, 2014

Very truly yours,

James D. Graham

Vice President, Chief Legal Officer & Secretary

**YOUR VOTE IS IMPORTANT. YOU CAN VOTE BY TELEPHONE, BY INTERNET, BY MAILING THE ENCLOSED WHITE PROXY CARD OR BY BALLOT IN PERSON AT THE MEETING.**

The proxy statement and Cliffs' 2013 Annual Report for the 2013 fiscal year are available at [www.viewproxymaterials.com/cliffs](http://www.viewproxymaterials.com/cliffs).

These materials also are available on Cliffs' Investor Relations website at <http://ir.cliffsnaturalresources.com> under "Financial Information," then "Proxy Materials." If your shares are not registered in your own name, please follow the voting instructions from your bank, broker, trustee, nominee or other shareholder of record to vote your shares and, if you would like to attend the 2014 Annual Meeting, please bring evidence of your share ownership with you. You should be able to obtain evidence of your share ownership from the bank, broker, trustee, nominee or other shareholder of record that holds the shares on your behalf.

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PROXY SUMMARY

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting. Page references are supplied to help you find further information.

Annual Meeting of Shareholders (pages 4, 14)

Time and Date: Tuesday, July 29, 2014 at 11:30 a.m. EDT

Place: North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114

Record Date: June 2, 2014

Voting: Shareholders of record are entitled to vote by Internet at [www.firstcoastresults.com/cliffs](http://www.firstcoastresults.com/cliffs); telephone at 800-223-9572; completing and returning the enclosed WHITE proxy card by mail; or attending the 2014 Annual Meeting in person (beneficial holders must obtain a legal proxy from their broker, banker, trustee, nominee or other shareholder of record granting the right to vote).

Voting Matters (page 12)

	Board Vote Recommendation	Page Reference (for more detail)
Election of Directors	FOR ALL	
	Director	<u>22</u>
	Nominees	
Approve the 2014 Nonemployee Directors' Compensation Plan	FOR	<u>30</u>
Approve, on an Advisory Basis, our Named Executive Officers' Compensation	FOR	<u>70</u>
Approve the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan	FOR	<u>71</u>
Ratification of Independent Registered Public Accounting Firm	FOR	<u>79</u>
Say-on-Pay Implications (page 38)		

Because Cliffs did not receive extremely strong support in 2013 for its executive compensation programs (with only 66.3 percent of votes cast approving our advisory vote in May 2013), which was in sharp contrast to the strong support received in prior years, we engaged in shareholder outreach with two of our largest shareholders who had voted against our Say-on-Pay proposal in 2013. A key takeaway from the dialogue was that our poor share price performance was a significant contributing factor to the shareholders' decisions to vote "against" Say-on-Pay in 2013. In addition, in early 2014, we reached out to our top 25 shareholders and spoke with a number of them, representing ownership of over 15 percent of our common shares outstanding. The input we received was shared with the Compensation and Organization Committee, which we refer to as our Compensation Committee, and considered when conducting its review of executive pay programs.

Although the low Say-on-Pay vote result in 2013 was due mainly to poor share price performance, in September 2013, the Compensation Committee implemented the following corporate governance enhancements to the executive compensation program because of its ongoing efforts to ensure a strong alignment between executive compensation, shareholder return and Company performance:

The vesting of all future equity grants beginning in late 2013 is subject to "double-trigger" change in control equity acceleration, rather than "single-trigger" acceleration (in other words, double-trigger provides that, generally, equity is accelerated only following a qualifying termination of employment associated with a change in control or a failure to assume, continue or replace the awards in connection with the change in control); and

We increased the required share ownership multiple of base salary from 4.5x to 6x for the CEO and COO under our Share Ownership Guidelines. We also increased the required share ownership multiple of base salary from 2.5x to 3x for senior and executive vice presidents under these same guidelines.

2013 Business Results (page 38)

Cliffs' 2013 full-year consolidated revenues were \$5.7 billion, a three percent decrease from 2012. Full-year cost of goods sold decreased year over year three percent to \$4.5 billion. We paid down approximately \$1 billion in long-term debt, primarily through the proceeds raised from an equity offering, cash from operations and proceeds collected from equipment loan financing. For the full year, we generated \$1.1 billion in cash flow from operations and ended the year

with \$336 million of cash and cash equivalents on our balance sheet.

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Director Nominees recommended by the Cliffs Board (page 25)

Name	Age	Director since	Experience/Qualification	Independent		Committee Memberships (1)	Other Company Boards
				Yes	No		
Gary B. Halverson	56	2013	President & CEO, Cliffs Natural Resources Inc.		X	• None	
Barry J. Eldridge	68	2005	Former Managing Director and CEO, Portman Limited	X		• S&S* • Comp	• Sundance Resources Ltd.
Mark E. Gaumond	63	2013	Former Senior Vice Chair - Americas, Ernst & Young LLP	X		• Audit • Comp	• Booz Allen Hamilton • Rayonier, Inc.
Susan M. Green	54	2007	Former Deputy General Counsel, U.S. Congressional Office of Compliance	X		• Audit • GNC	
Janice K. Henry	63	2009	Former SVP & CFO, Martin Marietta Materials, Inc.	X		• Audit* • Comp	• W.R. Grace & Co.
Stephen M. Johnson	62	2013	Former Chairman, President & CEO of McDermott International, Inc.	X		• Audit • GNC	
James F. Kirsch	56	2010	Chairman, Cliffs Natural Resources Inc. and Former President & CEO, Ferro Corporation	X (2)		• None	
Richard K. Riederer	70	2002	CEO, RKR Asset Management	X		• GNC* • S&S	• First American Funds • Aurora HealthCare Inc.
Timothy W. Sullivan	60	2013	Chairman & CEO, Gardner Denver Inc.	X		• Comp* • S&S	• Northwestern Mutual Life Insurance Company

\* denotes committee chair

(1) Full committee names are as follows: Audit - Audit Committee; Comp - Compensation and Organization Committee; GNC - Governance and Nominating Committee; S&S - Strategy and Sustainability Committee.

Mr. Kirsch was elected as Cliffs' non-executive Chairman in July 2013. Mr. Kirsch became interim executive (2)Chairman of the Board in January 2014. On May 23, 2014, Mr. Kirsch once again became Cliffs' non-executive Chairman.

The Board of Directors, which we refer to as our Board or the Cliffs Board, does not currently intend to nominate Susan M. Cunningham or Andrés R. Gluski for re-election as a director of Cliffs at the 2014 Annual Meeting of Shareholders (or 2014 Annual Meeting), and does not currently intend to nominate replacement candidates. The Board of Directors has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting and is soliciting proxies for only the nine nominees named herein. Please refer to the section below captioned "Election of Directors" for additional information.

Compensation Discussion and Analysis (page 37)

Impact of Company Performance on 2013 Compensation and Key Practices and Policies (page 38)

The following actions or practices demonstrate in practice our 2013 compensation objective of aligning our incentive plan outcomes with actual business and share price results over the short and long term:

•

Executive Management Incentive Plan, or EMPI Plan, paid out based on performance and in accordance with its terms at 102.2 percent of target for 2013.

• Performance shares for the 2011 - 2013 performance period did not pay out.

• An incentive compensation clawback policy applicable to our executive officers was adopted by the Board in November 2012.

• Suspension of the performance-based contribution under the 401(k) Savings Plan, which began in fiscal year 2012, continued in 2013.

• Suspension of an additional individual EMPI opportunity, which was equal to 10 percent of an individual's target EMPI opportunity. A similar program also was canceled for all salaried employees.

• Elimination of tax gross-ups on change in control payments related to excise taxes and cash paid in lieu of health and welfare benefits effective January 2012.

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• Elimination of all industry service credits related to the supplemental retirement plan benefit for all future hires effective April 2012.

• Maintenance of a long-standing insider trading policy that prohibits executive officers from profiting from short- and long-term speculative swings in the value of our shares, including but not limited to short sales, put and call options, and hedging transactions.

• Maintenance of an insider trading policy that also prohibits any officer or director pledging Cliffs' securities.

• Retention of an independent compensation consultant to advise the Compensation Committee and keep it apprised of evolving market practices.

• Maintenance of Share Ownership Guidelines that require our officers and directors to own a certain dollar amount of our common shares.

• Held annual Say-on-Pay vote.

• Offering of minimal non-compensatory perquisites and benefits for our executive officers.

• Conduct annual compensation-related risk review.

2013 Executive Compensation Summary (page 55)

The numbers in the following table showing 2013 compensation of our named executive officers were determined in the same manner as the numbers in the corresponding columns in the 2013 Summary Compensation Table (provided later in this proxy statement); however, they do not include information regarding changes in pension value and non-qualified deferred compensation earnings and information regarding all other compensation, each as required to be presented in the Summary Compensation Table under the rules of the Securities and Exchange Commission, or SEC (this table should not be viewed as a substitute for the 2013 Summary Compensation Table):

Name	Principal Position	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Total* (\$)
Gary B. Halverson	President & CEO	118,750	600,000	1,648,350	139,162	2,506,262
Terrance M. Paradie	Executive Vice President & Chief Financial Officer	415,000	—	432,452	269,808	1,117,260
P. Kelly Tompkins	Executive Vice President, External Affairs & President, Global Commercial	484,125	—	1,091,597	364,241	1,939,963
Donald J. Gallagher	Former Executive Vice President & President, Global Commercial	559,350	—	726,482	470,120	1,755,952
Colin Williams	Senior Vice President, Asia Pacific Iron Ore	449,924	—	410,573	325,512	1,186,009
William Hart	Former Senior Vice President & Chief Strategy and Marketing Officer	430,320	—	262,180	311,660	1,004,160
Joseph A. Carrabba	Former Chairman, President & CEO	937,500	—	2,625,102	—	3,562,602
Laurie Brlas	Former Executive Vice President & President, Global Operations	355,917	—	783,376	—	1,139,293

\* The amounts for Messrs. Halverson and Carrabba and Ms. Brlas reflect their actual length of service during 2013; however, this table does not include severance-related payments.

Auditors (page 78)

As a matter of good corporate governance, we are asking our shareholders to ratify the selection of Deloitte & Touche LLP as our independent auditor for 2014.

## PROXY STATEMENT

### QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

1. What proposals are to be presented at the meeting?

The purpose of the meeting is to: (1) elect 11 directors; (2) consider the proposal to approve the 2014 Nonemployee Directors' Compensation Plan; (3) consider the proposal to approve, on an advisory basis, Cliffs' named executive officers' compensation; (4) consider the proposal to approve the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan; (5) consider the proposal to ratify the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2014 fiscal year; and (6) conduct such other business as may properly come before the meeting.

2. Why is the Board of Directors nominating a slate of nine directors for the available 11 seats at the 2014 Annual Meeting?

The Board has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting and is soliciting proxies for only the nine nominees named herein. If cumulative voting rights are in effect for the election of directors, allocating 11 votes among the nine director nominees named herein will ensure that the maximum number of such nominees are elected at the 2014 Annual Meeting.

Based on its discussions with various shareholders and the practical effect of cumulative voting on the election of directors, the Board of Directors currently believes that it is in the best interest of all Cliffs shareholders for the Board of Directors to nominate a slate of nine directors. The Cliffs Board does not currently intend to nominate Susan M. Cunningham or Andrés R. Gluski for re-election as a director of Cliffs at the 2014 Annual Meeting, and does not currently intend to nominate replacement candidates. Because the Board of Directors has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting of Shareholders, we expect that two nominees that were not nominated by Cliffs will be elected at the 2014 Annual Meeting. At this time, Casablanca Capital LP, a Delaware limited partnership (together with its affiliates, "Casablanca"), is the only shareholder that has notified Cliffs of its intention to nominate directors for election at the 2014 Annual Meeting. Therefore, the Board of Directors expects that the remaining two board seats will be filled by two of the Casablanca nominees. Please refer to the section below captioned "Election of Directors" for additional information.

3. Who is soliciting my vote?

In this proxy statement, the Board of Directors of Cliffs is soliciting your vote for matters being submitted for shareholder approval at the 2014 Annual Meeting. Giving us your proxy means that you authorize the proxy holders identified on the WHITE proxy card to vote your shares at the meeting in the manner you direct. You may vote for all, some or none of our director nominees. You also may abstain from voting. If you sign and return the enclosed WHITE proxy card but do not specify how your shares are to be voted, your shares will be voted in accordance with the recommendation of the Cliffs Board, including in favor of Cliffs' nominees for election to the Board. If any other matters are properly presented at the 2014 Annual Meeting for consideration, the persons named as proxies in the enclosed WHITE proxy card will vote as recommended by the Cliffs Board or, if no recommendation is given, in their own discretion.

4. How does the Cliffs Board recommend that I vote?

The Cliffs Board of Directors unanimously recommends that you vote using the WHITE proxy card:

**FOR** ALL of the nine individuals nominated by the Cliffs Board for election as directors. The Cliffs Board

unanimously recommends that you **NOT** vote for any members of the Casablanca slate of nominees;

**FOR** the approval of the 2014 Nonemployee Directors' Compensation Plan;

**FOR** the approval, on an advisory basis, of Cliffs' named executive officers' compensation;

**FOR** the approval of the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan; and

**FOR** the ratification of the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2014 fiscal year.

5. What are the possible effects if all six of Casablanca's nominees are elected to the Cliffs Board of Directors?

Pursuant to the indenture governing Cliffs' outstanding senior notes, Cliffs is required to offer to repurchase its outstanding notes if it experiences a "change of control" and corresponding ratings downgrade. Under the indenture governing Cliffs' outstanding senior notes, a "change of control" occurs on the first day on which a majority of the

members of Cliffs Board of Directors are not “continuing directors.” A “continuing director” is a member of Cliffs Board of Directors who (a) was a member of Cliffs Board of Directors on the date of the issuance of the notes, or (b) was nominated for election, elected or appointed to Cliffs Board of Directors with the approval of a majority of the “continuing directors”

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who were members of Cliffs Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of a proxy statement in which such member was named as a nominee for election as a director). Pursuant to the indenture governing Cliffs' outstanding senior notes, the corresponding ratings downgrade will only occur if each rating agency making the reduction in rating publicly announces (or confirms or informs the trustee of the notes at Cliffs' request) that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the "change of control."

Under the terms of the Participant Long-Term Incentive Grant Agreements entered into prior to September 2013, Cliffs' award recipients are entitled to certain benefits upon the occurrence of a "change in control," regardless of whether the employment of the award recipient is terminated. Effective September 2013 upon a "change in control," all future equity granted to participants will be subject to potential assumption, replacement or continuation of the award in certain circumstances in lieu of immediately vesting and payout (or immediate vesting and payout if such assumed, replaced or continued awards are not provided). For this purpose, a "change in control" generally occurs if a majority of members of the Cliffs Board of Directors is replaced by directors whose appointment or election is not endorsed by a majority of the Cliffs Board of Directors prior to the date of the appointment or election. Please refer to the section below captioned "Potential Payments Upon Termination or Change in Control-Additional Payments Upon Change in Control (Without Termination)" for additional information regarding this impact on Cliffs' named executive officers (or NEOs).

6. What is the difference between a "shareholder of record" and a "beneficial owner"?

These terms describe the manner in which your shares are held. If your shares are registered directly in your name through Wells Fargo Shareowner Services, our transfer agent, you are a "shareholder of record" or registered holder. If your shares are held through a bank, broker, nominee or other shareholder of record, you are considered the "beneficial owner" of those shares.

7. What information will be sent to shareholders?

This proxy statement, the accompanying WHITE proxy card and our 2013 Annual Report will be mailed on or about \_\_\_\_\_, 2014 to our shareholders of record as of June 2, 2014, which we refer to as the Record Date.

8. Who is entitled to vote at the meeting?

The Record Date for this meeting is June 2, 2014. On that date, we had outstanding \_\_\_\_\_ common shares, \$0.125 par value, and \_\_\_\_\_ shares of our 7.00% Series A mandatory convertible preferred stock, Class A, no par value, which we refer to as our mandatory convertible preferred stock, which are represented by \_\_\_\_\_ depositary shares (each of which represents 1/40<sup>th</sup> of a share of our mandatory convertible preferred stock). All common shareholders and mandatory convertible preferred stock, shareholders are entitled to vote.

Because each depositary share represents a 1/40<sup>th</sup> interest in a share of the mandatory convertible preferred stock, holders of depositary shares are entitled to the equivalent of 1/40<sup>th</sup> of a vote of a share of our mandatory convertible preferred stock per depositary share. Wells Fargo Bank, N.A. acts as the bank depositary with respect to the depositary shares. The bank depositary will provide the notice of the 2014 Annual Meeting to the record holders of the depositary shares. Each record holder of depositary shares on the Record Date may instruct the bank depositary as to how to vote the amount of our mandatory convertible preferred stock represented by such holder's depositary shares in accordance with these instructions. The bank depositary will endeavor, insofar as practicable, to vote the amount of our mandatory convertible preferred stock represented by such depositary shares in accordance with these instructions. The bank depositary will abstain from voting shares of our mandatory convertible preferred stock to the extent it does not receive specific instructions from the holders of depositary shares.

9. How do I vote?

You may vote using any of the following methods:

Shareholders of Record. If your shares are registered in your name, you may vote in person or by proxy. If you decide to vote by proxy, you may do so over the Internet, by telephone or by mail.

Over the Internet. After reading the proxy materials and with your WHITE proxy card in front of you, you may use a computer to access the website [www.firstcoastresults.com](http://www.firstcoastresults.com). You will be prompted to enter your control number from your WHITE proxy card. This number will identify you as a shareholder of record. Follow the simple instructions that will be given to you to record your vote.



By telephone. After reading the proxy materials and with your WHITE proxy card in front of you, you may call (800) 223-9672 using a touch-tone telephone. You will be prompted to enter your control number from your WHITE proxy card. This number will identify you as a shareholder of record. Follow the simple instructions that will be given to you to record your vote.

By mail. If you received a paper copy of the WHITE proxy card by mail, after reading the proxy materials, you may sign, date and mark your WHITE proxy card and return it in the prepaid and addressed envelope provided.

The Internet and telephone voting procedures have been setup for your convenience and have been designed to authenticate your identity, allow you to submit voting instructions and confirm that those instructions have been recorded properly.

Shares Held by Bank or Broker. If your shares are held by a bank, broker, depository, trustee, nominee or other shareholder of record, that entity will provide separate voting instructions.

If your shares are held in the name of a brokerage firm, your shares may be voted on certain items, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under applicable rules to vote shares for which their customers do not provide voting instructions on certain “routine” matters. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is referred to as a “broker non-vote.” The ratification of Deloitte & Touche LLP as our registered independent public accounting firm is the only routine matter for which the brokerage firm that holds your shares may vote your shares without your instructions. **WE STRONGLY ENCOURAGE YOU TO PROVIDE VOTING INSTRUCTIONS TO YOUR BROKER SO THAT YOUR VOTE WILL BE COUNTED.**

If you have questions or need assistance voting your shares, please contact our proxy solicitor, D.F. King & Co., Inc. by any of the methods below:

D.F. King & Co., Inc.

Mail: 48 Wall Street, 22nd Floor, New York, NY 10038

Phone: Toll Free (800) 487-4870

Collect (212) 269-5550

Email: cliffs@dfking.com

10. Has Cliffs been notified that a shareholder intends to propose its own director nominees at the meeting in opposition to the Board of Directors’ nominees?

Yes. Casablanca has notified Cliffs that it intends to nominate six nominees for election as directors at the 2014 Annual Meeting in opposition to the Cliffs Board’s recommended nine nominees. The Cliffs Board unanimously recommends that you vote FOR ALL of the nine director nominees recommended by the Cliffs Board by using the enclosed WHITE proxy card accompanying these proxy materials. The Cliffs Board strongly urges you not to sign or return any proxy card sent to you by or on behalf of Casablanca.

Casablanca’s nominees have not been endorsed by the Board. Cliffs is not responsible for the accuracy of any information provided by or relating to Casablanca contained in any proxy solicitation materials filed or disseminated by, or on behalf of, Casablanca or any other statements that Casablanca may otherwise make.

11. What should I do if I receive a \_\_\_\_\_ proxy card from Casablanca?

The Board urges you NOT to sign or return any \_\_\_\_\_ proxy card sent to you by or on behalf of Casablanca. Voting against Casablanca’s nominees on its proxy card is not the same as voting for the Cliffs Board’s nominees, because a vote against Casablanca’s nominees on its proxy card will revoke any previous proxy card submitted by you. If you have voted previously using the \_\_\_\_\_ proxy card sent to you by or on behalf of Casablanca, you can change your vote by executing the WHITE proxy card or by voting by telephone or Internet by following the instructions shown on the WHITE proxy card. Only the latest dated proxy you submit will be counted. If you have any questions or need assistance voting, please contact our proxy solicitor, D.F. King & Co. Inc., toll free at (800) 487-4870, call collect at (212) 269-5550 or email at cliffs@dfking.com.

Because the Board has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting, two nominees that were not nominated by Cliffs will be elected at the 2014 Annual Meeting. At this time, Casablanca is the only shareholder that has notified Cliffs of its intention to nominate directors for election at the 2014 Annual Meeting. Therefore, the Board expects that the remaining two board seats will be filled by two of the Casablanca nominees. Even if you vote FOR ALL of our nine Director nominees on the WHITE proxy card, we expect that at least two nominees that are nominated by Casablanca and/or another shareholder will be elected as directors at the 2014 Annual Meeting.

12. What can I do if I change my mind after I vote?

You may revoke your proxy at any time before the vote by (i) executing and submitting a revised proxy; (ii) providing a written revocation to the Secretary of Cliffs; or (iii) voting in person at the meeting. If you do not hold your shares directly, you should follow the instructions provided by your broker, bank or nominee to revoke your previously voted proxy. Only your latest dated proxy will count.

13. What vote is required to approve each proposal?

Each common share entitles its owner to one vote except with respect to the election of directors under cumulative voting. With respect to the election of directors under cumulative voting, each shareholder has the right to vote in

person or by proxy the number of shares registered in his or her name for as many persons as there are directors to be elected, or to cumulate such votes and give one candidate as many votes as shall equal the number of directors to be elected multiplied by the number of his or her shares, or to distribute the votes so cumulated among as many candidates as he or she may desire. Although the Board has nominated a slate of nine directors for the available 11 seats at the 2014 Annual Meeting, each shareholder of Cliffs common stock will still have 11 votes per share with respect to the election of directors.

With respect to Proposal 1, the 11 nominees receiving a plurality vote of the shares will be elected. In the event that cumulative voting is in effect, which we currently anticipate will be the case, the 11 nominees receiving the highest number of votes shall be elected. Because Casablanca has proposed six nominees for election at the 2014 Annual Meeting, the number of director nominees will exceed the number of directors to be elected, and, consequently, Cliffs' majority voting policy would not apply to this election. Otherwise, under our majority voting policy (adopted by the Cliffs Board) in an uncontested election, any director-nominee that is elected by a plurality vote but fails to receive a majority of votes

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cast (which excludes abstentions and broker non-votes) is expected to tender his or her resignation, which resignation will be considered by the Governance and Nominating Committee and our Board.

With respect to Proposal 2, the approval of the 2014 Nonemployee Directors' Compensation Plan will pass with the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2014 Annual Meeting and entitled to vote on the proposal.

With respect to Proposal 3, the approval, on an advisory basis, of our named executive officers' compensation requires the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2014 Annual Meeting and entitled to vote on the proposal.

With respect to Proposal 4, approval of the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan will pass with the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2014 Annual Meeting and entitled to vote on the proposal.

With respect to Proposal 5, the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the 2014 fiscal year will pass with the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2014 Annual Meeting and entitled to vote on the proposal.

## MEETING INFORMATION

The accompanying proxy is solicited by the Board of Directors of Cliffs Natural Resources Inc., or Cliffs or the Company, for use at the Annual Meeting of Shareholders to be held on July 29, 2014, which we refer to as our 2014 Annual Meeting, and any adjournments or postponements thereof. This proxy statement, the accompanying WHITE proxy card and our 2013 Annual Report will be mailed on or about \_\_\_\_\_, 2014 to our shareholders of record as of the Record Date.

### Voting Rights

Shareholders of record on the Record Date are entitled to vote at the meeting. On the Record Date, there were outstanding \_\_\_\_\_ common shares and \_\_\_\_\_ shares of our mandatory convertible preferred stock, which are represented by \_\_\_\_\_ depositary shares (each of which represents 1/40<sup>th</sup> of a share of our mandatory convertible preferred stock), entitled to vote at the meeting. The common shares and mandatory convertible preferred stock will vote together as a single class. A majority of the common shares and shares of mandatory convertible preferred stock entitled to vote must be represented at the 2014 Annual Meeting, in person or by proxy, to constitute a quorum and to transact business. Each outstanding share is entitled to one vote in connection with each item to be acted upon at the 2014 Annual Meeting. As stated on page 22, we have received notice of a shareholder's desire to exercise cumulative voting in the election of directors. If cumulative voting is invoked and in effect with respect to the election of directors, which we currently anticipate will be the case, each shareholder will be able to allocate among the director nominees the total number of votes equal to the number of director positions to be filled multiplied by the number of common shares and/or shares of mandatory convertible preferred stock held by such shareholder (for example, because there are 11 directors to be elected at the 2014 Annual Meeting, a shareholder will be able to choose to vote each of its shares 11 times for a single director). Cumulative voting is described in more detail below under "Cumulative Voting". You may submit a proxy by telephone, by Internet or by mail, as explained on your WHITE proxy card.

### Voting of Proxies

The common shares and shares of mandatory convertible preferred stock represented by properly authorized proxies will be voted as specified. It is intended that the shares represented by proxies on which no specification has been made will be voted: FOR ALL of the nine nominees for director named herein or such substitute nominees as the Board may designate (or if cumulative voting is in effect, which we currently anticipate will be the case, to elect as many of such nominees as possible); FOR the new Nonemployee Director Compensation Plan; FOR the approval, on an advisory basis, of our named executive officers' compensation; FOR the Cliffs Natural Resources Amended and Restated 2012 Incentive Equity Plan; FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm to serve for the 2014 fiscal year; and, at the discretion of the persons named as proxies, on all other matters that may properly come before the 2014 Annual Meeting.

### Cumulative Voting

Under Ohio law, if a shareholder desires cumulative voting for the election of directors, then the shareholder must provide written notice to the President, a Vice President or the Secretary of Cliffs at least 48 hours before the meeting. The notice must state that the shareholder desires that the voting at the election of directors be cumulative. As stated on page 22, the Company has received such a notice from a shareholder. Other shareholders also may deliver such a notice any time at least 48 hours before the meeting.

For voting at the election of directors to be cumulative, an announcement of Cliffs' receipt of the shareholder's intent to exercise cumulative voting rights must be made when the annual meeting is convened by the Chairman of the Board, the Secretary or by or on behalf of a shareholder giving proper notice. Each shareholder that has delivered proper notice will be eligible to make the requisite announcement at the meeting and trigger cumulative voting. We cannot predict whether any eligible shareholder will make such an announcement. In some instances, an eligible shareholder will elect not to make such an announcement (even after having earlier given proper notice) for reasons of the shareholder's own choosing.

Even if no eligible shareholder elects to make an announcement and trigger cumulative voting, the chairperson or secretary of Cliffs may make such an announcement at the meeting if Cliffs chooses. Cliffs has not yet made a determination as to whether its Chairman or Secretary will

do so if the circumstance arises. Cliffs' determination as to whether it will make such an announcement and trigger cumulative voting in such a circumstance will depend on which method of voting it believes will result in the election of the greatest number of the nominees for directors named on page 21 based on the proxies it receives before the 2014 Annual Meeting.

For the reasons stated above, it is not yet certain whether cumulative voting will be in effect at the 2014 Annual Meeting, and it may not be certain until the time that the meeting is convened. If and when a proper notice is announced at the 2014 Annual Meeting, each shareholder will have cumulative voting rights. Cumulative voting means that each shareholder is entitled to that number of votes equal to the number of shares that he or she owns multiplied by the number of directors to be elected. Each shareholder may cast all of his or her votes for a single nominee or may distribute his or her votes among as many nominees as he or she sees fit. Although the Board has nominated a slate of only nine directors for the available 11 seats at the 2014 Annual Meeting, each shareholder of Cliffs common stock will still have 11 votes per share. For example, if a shareholder owns 100 common shares, because there are 11 directors to be elected at the 2014 Annual Meeting, such shareholder may allocate 1,100 "FOR" votes (11 times 100) to one director nominee or distribute such votes among two or more of the director nominees to be voted on at the 2014 Annual Meeting as such shareholder chooses. As indicated on page 13 above, if the election of directors is by cumulative voting, the persons appointed by the accompanying proxy intend to cumulate the votes represented by the proxies they receive and distribute such votes in accordance with their best judgment in order to elect as many of the nominees for directors named on page 21 as possible. The Board of Directors strongly urges you to vote FOR ALL of the nine nominees recommended by the Board of Directors. Those nominees receiving the largest number of votes for the director positions to be filled will be elected to those positions.

#### Counting Votes

The results of shareholder voting will be tabulated by the independent inspector of elections appointed for the 2014 Annual Meeting, IVS Associates, Inc. We intend to treat properly authorized proxies as "present" for purposes of determining whether a quorum has been achieved at the 2014 Annual Meeting.

Abstentions and broker non-votes will have no effect with respect to the election of directors. Abstentions will have the effect of votes against Proposals 2, 3, 4 and 5. Broker non-votes will have no effect with respect to Proposals 2, 3 and 4.

#### Proxy Solicitation

Cliffs will bear the cost of solicitation of proxies. In addition, employees and representatives of the Company may solicit proxies, and we will request that banks and brokers or other similar agents or fiduciaries transmit the proxy materials to beneficial owners for their voting instructions and we will reimburse them for their expenses in so doing. We have engaged D.F. King & Co. Inc. to assist in the solicitation of proxies for fees and disbursements not expected to exceed \$1.35 million in the aggregate. Our expenses related to the solicitation of shareholders (excluding the amount normally expended for a solicitation for an election of directors in the absence of a contest and salaries and wages of regular employees and officers) currently are expected to be approximately \$\_\_\_\_\_, of which approximately \$\_\_\_\_\_ has been incurred to date. Proxies may be solicited personally, by mail, by telephone, by email or via the Internet.

#### Householding

We are permitted to send a single set of proxy materials to shareholders who share the same last name and address. This procedure is called "householding" and is designed to reduce our printing and postage costs. If you are the beneficial owner, but not the record holder, of Cliffs shares, your broker, bank or other nominee may only deliver one set of proxy materials and, as applicable, any other proxy materials that are delivered until such time as you or other shareholders sharing an address notify your nominee that you want to receive separate copies. A shareholder who wishes to receive a separate copy of the proxy statement and annual report, either now or in the future, should submit this request by writing to our Secretary at Cliffs Natural Resources Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114, or calling our Investor Relations department at (800) 214-0739, and they will be delivered promptly. Beneficial owners sharing an address who are receiving multiple copies of proxy materials and annual reports and who wish to receive a single copy of such materials in the future will need to contact their broker, bank or other nominee to request that only a single copy of each document be mailed to all shareowners at the shared address in the future.

## CORPORATE GOVERNANCE

### Board Leadership Structure

Consistent with its ongoing commitment to best practices in corporate governance, in July 2013, our Board separated the roles of Chairman of the Board and chief executive officer, or CEO. James F. Kirsch, an independent director, was appointed as non-executive Chairman of the Board on July 9, 2013. Previously, Joseph A. Carrabba was the Chairman of our Board and also served as our President and CEO. Our Corporate Governance Guidelines state that when the Chairman is a Cliffs' executive a Lead Director needs to be appointed. As a result, the Board had appointed Francis R. McAllister as our Lead Director, a position he held for nine years until he resigned from the Board in June 2013, at which time the Board appointed Mr. Kirsch as our Lead Director.

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Under this leadership structure, the Chairman is responsible for overseeing and facilitating communications between our management and the Board, for setting the meeting schedules and agendas, and leading Board discussions during Board meetings. During his tenure in the combined role, Mr. Carrabba had the benefit of Cliffs' personnel to help with extensive meeting preparation, responsibility for the process of recordkeeping of all Board deliberations, and the benefit of direct daily contact with management and the internal audit department. He worked closely with the Lead Director in setting meeting agendas and in ensuring that essential information was communicated effectively to the Board. Once Mr. Kirsch became Chairman, he also had the benefit of being on site and working directly with our management.

Pursuant to our Corporate Governance Guidelines, the Chairman's responsibilities include: chairing executive session meetings of the independent directors; leading the Board's processes for evaluating the President/CEO; meeting separately at least annually with each director; and ensuring that he or she is available for consultation and direct communication, if requested by major shareholders. Mr. Kirsch became interim executive Chairman of the Board on January 1, 2014. Because Mr. Kirsch was not independent while acting in this capacity, our Corporate Governance Guidelines specified that the chair of our Governance and Nominating Committee, Richard K. Riederer, would act as Lead Director, would serve as a liaison between the Chairman and the independent directors, would chair executive session meetings of the independent directors and would evaluate the performance of the independent directors with the Chairman. Accordingly, Mr. Riederer was our Lead Director during this time. In May 2014, Mr. Kirsch once again became the non-executive Chairman of the Board. As the non-executive Chairman, Mr. Kirsch is an independent director and will act as the Lead Director.

Our governance process is discussed in our Corporate Governance Guidelines, which are available on our website at <http://www.cliffsnaturalresources.com>.

In accordance with the New York Stock Exchange's, or NYSE, corporate governance listing standards, our non-management directors meet at regularly scheduled executive sessions without management present.

#### Board's Role in Risk Oversight

The Board as a whole oversees our enterprise risk management, or ERM, process. The Board executes its risk oversight role in a variety of manners. The full Board regularly discusses the key strategic risks facing Cliffs, and the Board has an annual meeting devoted to strategic planning, including discussion of Cliffs' principal strategic risks. In addition, the Board delegates oversight responsibility for certain areas of risk to its committees. Generally, each committee oversees risks that are associated with the purpose of and responsibilities delegated to that committee. For example, the Audit Committee oversees risks related to accounting and financial reporting. In addition, pursuant to its charter, the Audit Committee periodically reviews our ERM process. The Strategy and Sustainability Committee addresses risk exposures related to the strategic plan, including financial, economic, reputational and hazard risks. The Compensation Committee monitors risks related to development and succession planning for executive officers, and compensation and related policies and programs for executive and non-executive officers and management. The Governance and Nominating Committee handles risks with respect to board organization, membership and structure, director succession planning and corporate governance matters. As appropriate, the respective committees' Chairpersons provide reports to the full Board.

Through the ERM process, management is responsible for the day-to-day management of Cliffs' risks. Cliffs' Chief Risk Officer leads the administration of the ERM process, which includes the involvement of management in the identification, assessment, mitigation and monitoring of Cliffs' key risks. The Chief Risk Officer and/or executive management regularly reports to the Board or relevant Committees regarding Cliffs' key risks and the actions being taken to manage these risks.

The Company believes that its leadership structure supports the risk oversight function of the Board. The Company has separated the roles of Chairman of the Board and President and independent directors chair our committees, which are each involved with risk oversight, and all directors actively participate in the Board's risk oversight function.

#### Board Meetings and Committees

During 2013, 14 meetings of the Cliffs Board and a total of 41 meetings of the Cliffs Board committees were held. Our independent directors held 12 meetings in executive session without the presence of Mr. Carrabba through November 2013. Mr. McAllister served as Lead Director beginning May 2004 until his resignation in June 2013, at which time the Board appointed Mr. Kirsch as our Lead Director and then our Chairman of the Board. Messrs.



McAllister and Kirsch chaired five and nine of the Board's executive session meetings, respectively, in 2013. Directors also discharge their responsibilities by reviewing reports to directors, visiting our facilities, corresponding with the CEO, and conducting telephone conferences with the CEO and directors regarding matters of interest and concern to Cliffs. In addition, directors have regular access to senior management of Cliffs. The directors attend Audit, Governance and Nominating, Compensation, and Strategy and Sustainability Committee meetings as well as ad hoc committee meetings when needed.

All committees regularly report their activities, actions and recommendations to the Cliffs Board. During 2013, one independent director attended at least 86 percent of the aggregate total of the Cliffs Board and committee meetings while the remaining independent directors attended at least 95 percent of the aggregate total of the Cliffs Board and committee meetings. No director attended less than 75 percent of the aggregate total of the Cliffs Board and committee meetings of which they were members.

#### Board Committee Membership

The Board of Directors has four standing committees: Audit, Compensation, Governance and Nominating and Strategy and Sustainability. The table below indicates the members of each committee as of July 1, 2013 through today except as noted below.

Director	Audit	Compensation & Organization	Governance & Nominating	Strategy & Sustainability
Gary B. Halverson				
Susan M. Cunningham			ü	ü
Barry J. Eldridge		ü		μ
Mark E. Gaumond (1)	ü	ü		
Andrés R. Gluski	ü			ü
Susan M. Green	ü		ü	
Janice K. Henry (2)	μ	ü		
Stephen M. Johnson (3)	ü		ü	
James F. Kirsch				
→ LD (4)				
Richard K. Riederer			μ	ü
Timothy W. Sullivan		μ		ü
→ Chairman of the Board	LD Lead Director	μ Committee Chair	ü Member	

(1) Mr. Gaumond has been a member of the Audit Committee and the Compensation Committee since his election to the Board effective in July 2013.

(2) Ms. Henry became chair of the Audit Committee in April 2013 when Richard A. Ross resigned from the Board.

(3) Mr. Johnson has been a member of the Audit Committee and the Governance and Nominating Committee since his election to the Board effective October 1, 2013.

(4) Mr. Kirsch became our Lead Director when Francis McAllister retired from the Board in June 2013. Mr. Kirsch was elected as Cliffs' non-executive Chairman in July 2013. Mr. Kirsch became interim executive Chairman of the Board in January 2014. On May 23, 2014, Mr. Kirsch once again became Cliffs' non-executive Chairman of the Board and Lead Director.

Audit Committee. The Audit Committee reviews with our management, the internal auditors and the independent registered public accounting firm, the adequacy and effectiveness of our system of internal control over financial reporting; reviews significant accounting matters; reviews quarterly unaudited financial information prior to public release; approves the audited financial statements prior to public distribution; approves our assertions related to internal controls prior to public distribution; reviews any significant changes in our accounting principles or financial reporting practices; reviews, approves and retains the services performed by our independent registered public accounting firm; has the authority and responsibility to evaluate our independent registered public accounting firm; discusses with the independent registered public accounting firm their independence and considers the compatibility of non-audit services with such independence; annually selects and retains our independent registered public accounting firm to examine our financial statements; approves management's appointment, termination or replacement of the Chief Risk Officer; and conducts a legal compliance review at least annually. The members of the Audit Committee are independent under applicable SEC rules and the NYSE listing standards. The Cliffs Board has identified Messrs. Gaumond and Johnson and Ms. Henry, as well as Mr. Gluski, who is currently serving as a director but is not expected to be nominated for re-election, as audit committee financial experts (as defined in Item 407(d)(5)(ii) of Regulation S-K of the SEC rules). No member of the Audit Committee serves on the audit committees of more than three public companies. The Audit Committee held 10 meetings during 2013. The charter of the Audit Committee is available at <http://www.cliffsnaturalresources.com>.

Governance and Nominating Committee. The Governance and Nominating Committee is involved in determining director compensation and reviews and administers our director compensation plans; monitors the Board governance process and provides counsel to the CEO on Board governance and other matters; recommends changes in membership and responsibility of Board committees; and acts as the Board's Nominating Committee and Proxy Committee in the election of directors. The Governance and Nominating Committee held five meetings during 2013. The charter of the Governance and Nominating Committee is available at <http://www.cliffsnaturalresources.com>.

As noted above, the Governance and Nominating Committee is involved in determining compensation for our directors. The Governance and Nominating Committee reviews and administers our director compensation plans, and makes recommendations to the Board with respect to compensation plans and equity-based plans for directors. The Governance and Nominating Committee annually reviews director compensation in relation to comparable companies and other relevant factors. Any change in director compensation must be approved by the Cliffs Board. From time to time, the Governance and Nominating Committee or the Cliffs Board may engage the services of a compensation consultant to provide information regarding director compensation at comparable companies.

Compensation and Organization Committee. The Compensation Committee recommends to the Cliffs Board the election and compensation of officer