UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2013

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ______ to ______.

Commission File Number: 1-8944

CLIFFS NATURAL RESOURCES INC.
(Exact Name of Registrant as Specified in Its Charter)

Ohio	34-1464672
(State or Other Jurisdiction of Incorporation or Organization)	*(I.R.S. Employer Identification No.)*
200 Public Square, Cleveland, Ohio	44114-2315
(Address of Principal Executive Offices)	*(Zip Code)*

Registrant's Telephone Number, Including Area Code: (216) 694-5700
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, par value $0.125 per share	New York Stock Exchange and Professional Segment of NYSE Euronext Paris
Depositary Shares, each representing a 1/40th ownership interest in a share of 7.00% Series A Mandatory Convertible Preferred Stock, Class A	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☒ NO ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES ☐ NO ☒

As of June 28, 2013, the aggregate market value of the voting and non-voting common shares held by non-affiliates of the registrant, based on the closing price of $16.25 per share as reported on the New York Stock Exchange — Composite Index, was $2,577,942,533 (excluded from this figure is the voting stock beneficially owned by the registrant's officers and directors).

The number of shares outstanding of the registrant's common shares, par value $0.125 per share, was 153,087,255 as of February 10, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for its annual meeting of shareholders scheduled to be held on May 13, 2014 are incorporated by reference into Part III.

TABLE OF CONTENTS

DEFINITIONS

The following abbreviations or acronyms are used in the text. References in this report to the “Company,” “we,” “us,” “our” and “Cliffs” are to Cliffs Natural Resources Inc. and subsidiaries, collectively. References to “A$” or “AUD” refer to Australian currency, “C$” to Canadian currency and “$” to United States currency.

Abbreviation or acronym	Term
Algoma	Essar Steel Algoma Inc.
Amapá	Anglo Ferrous Amapá Mineração Ltda. and Anglo Ferrous Logística Amapá Ltda.
AG	Autogenous Grinding
Anglo	Anglo American plc
APBO	Accumulated Postretirement Benefit Obligation
ArcelorMittal	ArcelorMittal (as the parent company of ArcelorMittal Mines Canada, ArcelorMittal USA and ArcelorMittal Dofasco, as well as, many other subsidiaries)
ArcelorMittal USA	ArcelorMittal USA LLC (including many of its North American affiliates, subsidiaries and representatives. References to ArcelorMittal USA comprise all such relationships unless a specific ArcelorMittal USA entity is referenced)
ASC	Accounting Standards Codification
Barrick	Barrick Gold Corporation Inc.
BART	Best Available Retrofit Technology
Bloom Lake	The Bloom Lake Iron Ore Mine Limited Partnership
BNSF	Burlington Northern Santa Fe, LLC
Chromite Project	Cliffs Chromite Ontario Inc.
CIRB	Canadian Industrial Relations Board
CLCC	Cliffs Logan County Coal LLC
Clean Water Act	Federal Water Pollution Control Act
Cliffs Chromite Far North Inc.	Entity previously known as Spider Resources Inc.
Cliffs Chromite Ontario Inc.	Entity previously known as Freewest Resources Canada Inc.
CN	Canadian National Railway Company
Cockatoo Island	Cockatoo Island Joint Venture
Compensation Committee	Compensation and Organization Committee
Consent Order	Administrative Order by Consent
Consolidated Thompson	Consolidated Thompson Iron Mining Limited (now known as Cliffs Quebec Iron Mining Limited)
CQIM	Cliffs Quebec Iron Mining Limited
Cr^2O^3	Chromium Oxide
CSAPR	Cross-State Air Pollution Rule
DD&A	Depreciation, depletion and amortization
DEP	U.S. Department of Environment Protection
Directors’ Plan	Nonemployee Directors’ Compensation Plan, as amended and restated 12/31/2008
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
Dofasco	ArcelorMittal Dofasco Inc.
EBITDA	Earnings before interest, taxes, depreciation and amortization
Empire	Empire Iron Mining Partnership
EPA	U.S. Environmental Protection Agency
EPS	Earnings per share
EPSL	Esperance Port Sea and Land
ERM	Enterprise Risk Management
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Fe	Iron
(Fe,Mg) (Cr,Al,Fe)2O4	Mineral Chromite
FeT	Total Iron
FIP	Federal Implementation Plan
FMSH Act	U.S. Federal Mine Safety and Health Act 1977, as amended
Freewest	Freewest Resources Canada Inc. (now known as Cliffs Chromite Ontario Inc.)
GAAP	Accounting principles generally accepted in the United States
GHG	Greenhouse gas
Hibbing	Hibbing Taconite Company

Abbreviation or acronym	Term
ICE Plan	Amended and Restated Cliffs 2007 Incentive Equity Plan, as amended
INR	INR Energy, LLC
IRS	U.S. Internal Revenue Service
Ispat	Ispat Inland Steel Company
Koolyanobbing	Collective term for the operating deposits at Koolyanobbing, Mount Jackson and Windarling
LCM	Lower of cost or market
LIBOR	London Interbank Offered Rate
LIFO	Last-in, first-out
LTVSMC	LTV Steel Mining Company
MDEQ	Michigan Department of Environmental Quality
MMBtu	Million British Thermal Units
Moody's	Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors
MPCA	Minnesota Pollution Control Agency
MPI	Management Performance Incentive Plan
MPUC	Minnesota Public Utilities Commission
MRRT	Minerals Resource Rent Tax (Australia)
MSHA	U.S. Mine Safety and Health Administration
n/m	Not meaningful
NAAQS	National Ambient Air Quality Standards
NBCWA	National Bituminous Coal Wage Agreement
NDEP	Nevada Department of Environmental Protection
Ni	Nickel
NO_2	Nitrogen dioxide
NO_x	Nitrogen oxide
Northshore	Northshore Mining Company
NPDES	National Pollutant Discharge Elimination System, authorized by the U.S. Clean Water Act
NRD	Natural Resource Damages
NYSE	New York Stock Exchange
Oak Grove	Oak Grove Resources, LLC
OCI	Other comprehensive income (loss)
OPEB	Other postretirement benefits
OPEB cap	Medical premium maximums
P&P	Proven and Probable
PBO	Projected benefit obligation
Pinnacle	Pinnacle Mining Company, LLC
Pluton Resources	Pluton Resources Limited
Portman	Portman Limited (now known as Cliffs Asia Pacific Iron Ore Holdings Pty Ltd)
Reconciliation Act	Health Care and Education Reconciliation Act
Ring of Fire properties	Black Thor, Black Label and Big Daddy chromite deposits in Ontario, Canada
RTWG	Rio Tinto Working Group
S&P	Standard & Poor's Rating Services, a division of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and its successors
SARs	Stock Appreciation Rights
SEC	U.S. Securities and Exchange Commission
Severstal	Severstal Dearborn, LLC
Silver Bay Power	Silver Bay Power Company
SIP	State Implementation Plan
SMCRA	Surface Mining Control and Reclamation Act
SO2	Sulfur dioxide
Sonoma	Sonoma Coal Project
Spider	Spider Resources Inc. (now known as Cliffs Chromite Far North Inc.)
STRIPS	Separate Trading of Registered Interest and Principal of Securities

Abbreviation or acronym	Term
Substitute Rating Agency	A "nationally recognized statistical rating organization" within the meaning of Section 3 (a)(62) of the Exchange Act, selected by us (as certified by a certificate of officers confirming the decision of our Board of Directors) as a replacement agency of Moody's or S&P, or both of them, as the case may be
Tilden	Tilden Mining Company
TMDL	Total Maximum Daily Load
TRIR	Total Reportable Incident Rate
TSR	Total Shareholder Return
U/G	Underground
UMWA	United Mineworkers of America
United Taconite	United Taconite LLC
UP 1994	1994 Uninsured Pensioner Mortality Table
U.S.	United States of America
U.S. Steel Canada	United States Steel Corporation
USW	United Steelworkers
Vale	Companhia Vale do Rio Doce
VEBA	Voluntary Employee Benefit Association trusts
VNQDC Plan	2005 Voluntary NonQualified Deferred Compensation Plan, as amended
VWAP	Volume Weighted Average Price
Wabush	Wabush Mines Joint Venture
Weirton	ArcelorMittal Weirton Inc.
WISCO	Wugang Canada Resources Investment Limited, a subsidiary of Wuhan Iron and Steel (Group) Corporation
Zamin	Zamin Ferrous Ltd
2012 Equity Plan	Cliffs Natural Resources Inc. 2012 Incentive Equity Plan

PART I

Item 1. *Business*

Introduction

Cliffs Natural Resources Inc. traces its corporate history back to 1847. Today, we are an international mining and natural resources company. A member of the S&P 500 Index, we are a major global iron ore producer and a significant producer of high- and low-volatile metallurgical coal. Driven by the core values of safety, social, environmental and capital stewardship, our associates across the globe endeavor to provide all stakeholders with operating and financial transparency. We are organized through a global commercial group responsible for sales and delivery of our products and a global operations group responsible for the production of the minerals that we market. Our operations are organized according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal, Ferroalloys and our Global Exploration Group.

In the U.S., we currently operate five iron ore mines in Michigan and Minnesota, four metallurgical coal operations located in West Virginia and Alabama, and one thermal coal mine located in West Virginia. We also operate two iron ore mines in Eastern Canada. Our Asia Pacific operations consist solely of our Koolyanobbing iron ore mining complex in Western Australia. We also have other non-producing operations and investments around the world that provide us with optionality to diversify and expand our portfolio of assets in the future.

Industry Overview

The key driver of our business is global demand for steelmaking raw materials in both emerging and developed economies, with China and the U.S. representing the two largest markets for our Company. In 2013, China produced approximately 779 million metric tons of crude steel, or approximately 49 percent of total global crude steel production, whereas the U.S. produced approximately 87 million metric tons of crude steel, or about 5 percent of total crude steel production. These figures represent an approximate 8 percent increase and a 2 percent decrease, respectively, in crude steel production when compared to 2012.

Average global capacity utilization was about 78 percent in 2013, an approximate 2 percent increase from 2012; U.S. capacity utilization was approximately 77 percent in 2013, or about a 2 percent increase over the 2012 rate. These figures indicate that broader activity in the steel industry has increased year-over-year. Global crude steel production in 2013 grew about 4 percent compared to 2012, supported by generally improved macroeconomic fundamentals and continued, albeit tame, recovery in developed markets, including the U.S. and the Eurozone, as well as by the more rapid growth of emerging markets such as China. Broader growth in the U.S. was driven by increased personal consumption expenditures, private investment and exports, which were partly offset by decreased federal government spending and increased imports. Despite the U.S. experiencing a year-over-year decline in total crude steel production, both the automobile and oil and gas industries served as sources of healthy demand for steel in 2013. In China, investment in infrastructure remained the dominant driver of domestic steel demand and production, as its commodity-intensive growth continued.

The global price of iron ore is influenced significantly by Chinese demand and worldwide supply of iron ore. While the supply of iron ore continues to increase, the increase in 2013's average spot market prices reflected slowing but continued economic growth expansion in China. The world market price that is utilized most commonly in our sales contracts is the Platts 62 percent Fe fines price. The Platts 62 percent Fe fines spot price increased 10.0 percent to an average price of $135 per ton for the three months ended December 31, 2013 compared to the respective quarter of 2012. In comparison, the year-to-date Platts pricing has increased 3.9 percent to an average price of $135 per metric ton during the full-year ended December 31, 2013. The spot price volatility impacts our realized revenue rates, particularly in our Eastern Canadian Iron Ore and Asia Pacific Iron Ore business segments because their contracts correlate heavily to world market spot pricing. However, the impact of this volatility on our U.S. Iron Ore revenues is muted and/or deferred partially because the pricing in our long-term contracts mostly is structured to be based on 12-month averages, including some contracts with established annual price collars. Additionally, contracts often are priced partially or completely on other indices instead of world market spot prices.

The metallurgical coal market continues to be in an oversupplied position due to increased supply from Australian producers. Additionally, low demand by European, Japanese and South American coking coal consumers has kept pricing low. Also, there has been recent closure of coke capacity in the U.S. impacting domestic markets.

Consistent with the above, the quarterly benchmark price for premium low-volatile hard coking coal between Australian metallurgical coal suppliers and Japanese/Korean consumers decreased to a full-year average of $159 per metric ton in 2013 from $210 per metric ton in 2012. The decline in market pricing has impacted negatively realized revenue rates for our North American Coal business segment.

In 2014, we expect economic growth in the U.S. to accelerate, in part due to continued improvement in building construction, motor vehicle production, the labor market, and due to a further reduction in fiscal drag, ultimately supporting domestic steel production and thus the demand for steelmaking raw materials. We expect China’s economy will continue to expand rapidly, primarily driven by fixed asset investment while, correspondingly, increased Chinese domestic steel production will continue to require imported steelmaking raw materials to satisfy demand. However, we do expect China’s GDP growth to slow from 2013 that, when coupled with increased supply, environmental concerns and credit-tightening, could result in a weaker pricing environment for steelmaking raw materials. Nevertheless, growth in both the U.S. and China should provide a continued source of demand for our products in 2014.

Strategy

Through a number of acquisitions executed over recent years, we have increased our portfolio of assets, enhancing our production profile and project pipeline. In recent years, we have shifted from a merger and acquisition-based strategy to one that primarily focuses on organic growth and productivity initiatives. We believe our ability to gain scale and diversify our geographic footprint will increase our profitability, mitigate risk and ultimately enhance long-term shareholder value.

We believe our ability to execute our strategy is dependent on our financial position, balance sheet strength and financial flexibility to manage through the inevitable volatility in commodity prices. Throughout 2013, we took a number of deliberate steps to improve our financial position for the near and longer term. Looking ahead, we will continue to execute initiatives that improve our cost profile and increase long-term profitability. The cash generated from our operations in excess of that used for sustaining and license-to-operate capital spending and dividends will be evaluated and allocated towards initiatives that enhance shareholder value.

Recent Developments

Throughout 2013, there have been a number of changes to our Board of Directors and senior management team. Although three members of our Board of Directors departed, we welcomed four new directors in 2013. Consistent with our ongoing commitment to best practices in corporate governance, the Board separated the roles of chairman and chief executive officer and appointed an independent director as Chairman of the Board in July 2013. Our former Chairman, President and Chief Executive Officer, Joseph A. Carrabba, retired in November 2013, and the Board selected a new President and Chief Operating Officer, Gary B. Halverson. On February 13, 2014, the Board promoted Mr. Halverson to Chief Executive Officer. Prior to joining Cliffs, Mr. Halverson served as the interim chief operating officer for Barrick since September 2013 and also as its president – North America since December 2011. Previously, he served as Barrick’s president – Australia Pacific from December 2008 until December 2011 and as its director of operations – Australia Pacific from August 2006 to December 2008. James F. Kirsch assumed the role of Chairman of the Board in July 2013, and later was appointed, on an interim basis, as an executive officer with the title "Chairman", effective January 1, 2014. Also during the second half of 2013, three other executive officers left the Company. With the exception of the role filled by Mr. Halverson, these respective positions were assumed by current executive officers.

On November 20, 2013, we indefinitely suspended our Chromite Project in Northern Ontario. Given the uncertain timeline and risks associated with the development of necessary infrastructure to bring this project online, we do not expect to allocate any significant additional capital to the project. Earlier in 2013, we suspended the environmental assessment activities because of pending issues impeding the progress of the project. We will continue to work with the Government of Ontario, First Nation communities and other interested parties to explore potential solutions related to the critical infrastructure issues for the Ring of Fire properties.

On February 11, 2014, we announced that we are exploring various strategic alternatives for our Bloom Lake mine. In the short term, we will continue to operate Bloom Lake mine Phase I operations on a reduced tailings and water management capital plan. We will continue to evaluate and will idle temporarily the operations if the pricing and operating costs justify such an alternative action. As a result, the Phase II expansion project remains on hold. We additionally announced our plan to idle our Wabush mine in Newfoundland and Labrador by the end of the first quarter of 2014. The idle is being driven by the unsustainable high cost structure, which results in operations that are not economically viable to run over time.

Business Segments

Our Company's primary operations are organized and managed according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal, Ferroalloys and our Global Exploration Group. Ferroalloys and our Global Exploration Group operating segments do not meet the criteria for reportable segments. Amapá, which was sold in the fourth quarter of 2013, previously was reported through our Latin American Iron Ore operating segment, which did not meet the criteria for a reportable segment. Additionally, Sonoma, which was sold in the fourth quarter of 2012, previously was reported through our Asia Pacific Coal operating segment, which did not meet the criteria for a reportable segment.

The U.S. Iron Ore and North American Coal business segments are headquartered in Cleveland, Ohio. The Eastern Canadian Iron Ore business segment has headquarters in Montreal, Quebec, Canada. Our Asia Pacific headquarters is located in Perth, Australia. In addition, the Ferroalloys and Global Exploration Group operating segments currently are managed from our Cleveland, Ohio location.

Segment information reflects our strategic business units, which are organized to meet customer requirements and global competition. We evaluate segment performance based on sales margin, which is defined as revenues less cost of goods sold and operating expenses identifiable to each segment. This measure of operating performance is an effective measurement as we focus on reducing production costs. Financial information about our segments, including financial information about geographic areas, is included in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* and NOTE 2 - SEGMENT REPORTING included in *Item 8. Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

U.S. Iron Ore

We are a major global iron ore producer, primarily selling production from U.S. Iron Ore to integrated steel companies in the U.S. and Canada. We manage and operate five iron ore mines located in Michigan and Minnesota. The U.S.-based mines currently have an annual rated capacity of 32.9 million tons of iron ore pellet production, representing 59 percent of total U.S. pellet production capacity. Based on our equity ownership in these mines, our share of the annual rated production capacity is currently 25.5 million tons, representing 46 percent of total U.S. annual pellet capacity.

The following chart summarizes the estimated annual pellet production capacity and percentage of total U.S. pellet production capacity for each of the respective iron ore producers as of December 31, 2013:

U.S. Iron Ore Pellet

Annual Rated Capacity Tonnage

	Current Estimated Capacity (Tons in Millions)[1]	Percent of Total U.S. Capacity
All Cliffs' managed mines	32.9	59.4 %
Other U.S. mines		
U.S. Steel's Minnesota ore operations		
Minnesota Taconite	14.3	25.8
Keewatin Taconite	5.4	9.7
Total U.S. Steel	19.7	35.5
ArcelorMittal USA Minorca mine	2.8	5.1
Total other U.S. mines	22.5	40.6
Total U.S. mines	55.4	100.0 %

[1] Tons are long tons (2,240 pounds)

Our U.S. iron ore production generally is sold pursuant to long-term supply agreements with various price adjustment provisions. For the year ended December 31, 2013, we produced a total of 27.2 million tons of iron ore pellets, including 20.3 million tons for our account and 6.9 million tons on behalf of steel company partners of the mines.

We produce various grades of iron ore pellets, including standard and fluxed, for use in our customers' blast furnaces as part of the steelmaking process. The variation in grades results from the specific chemical and metallurgical properties of the ores at each mine and whether or not fluxstone is added in the process. Although the grade or grades of pellets currently delivered to each customer are based on that customer's preferences, which depend in part on the characteristics of the customer's blast furnace operation, in many cases our iron ore pellets can be used interchangeably. Industry demand for the various grades of iron ore pellets depends on each customer's preferences and changes from time to time. In the event that a given mine is operating at full capacity, the terms of most of our pellet supply agreements allow some flexibility in providing our customers iron ore pellets from different mines.

Standard pellets require less processing, are generally the least costly pellets to produce and are called "standard" because no ground fluxstone, such as limestone or dolomite, is added to the iron ore concentrate before turning the concentrate into pellets. In the case of fluxed pellets, fluxstone is added to the concentrate, which produces pellets that can perform at higher productivity levels in the customer's specific blast furnace and will minimize the amount of fluxstone the customer may be required to add to the blast furnace.

Each of our U.S. Iron Ore mines is located near the Great Lakes. The majority of our iron ore pellets are transported via railroads to loading ports for shipment via vessel to steelmakers in North America or into the international seaborne market via the St. Lawrence Seaway.

Our U.S. Iron Ore sales are influenced by seasonal factors in the first quarter of the year as shipments and sales are restricted by the Army Corp of Engineers due to closure of the Soo Locks and the Welland Canal on the Great Lakes. During the first quarter, we continue to produce our products, but we cannot ship those products via lake vessel until the conditions on the Great Lakes are navigable, which causes our first quarter inventory levels to rise. Our limited practice of shipping product to ports on the lower Great Lakes or to customers' facilities prior to the transfer of title has somewhat mitigated the seasonal effect on first quarter inventories and sales, as shipment from this point to the customers' operations is not limited by weather-related shipping constraints. At December 31, 2013 and 2012, we had approximately 1.2 million and 1.3 million tons of pellets, respectively, in inventory at lower lakes or customers' facilities.

U.S. Iron Ore Customers

Our U.S. Iron Ore revenues primarily are derived from sales of iron ore pellets to the North American integrated steel industry, consisting of five major customers. Generally, we have multi-year supply agreements with our customers. Sales volume under these agreements largely is dependent on customer requirements, and in many cases, we are the sole supplier of iron ore to the customer. Historically, each agreement has contained a base price that is adjusted annually using one or more adjustment factors. Factors that could result in a price adjustment include international iron ore prices, measures of general industrial inflation and steel prices. Additionally, certain of our supply agreements have a provision that limits the amount of price increase or decrease in any given year. In 2010, the world's largest iron ore producers moved away from the annual international benchmark pricing mechanism referenced in certain of our customer supply agreements, resulting in a shift in the industry toward shorter-term pricing arrangements linked to the spot market. These changes caused us to assess the impact a change to the historical annual pricing mechanism would have on certain of our larger existing U.S. Iron Ore customer supply agreements and resulted in modifications to certain of these agreements for the 2011 contract year. We reached final pricing settlements, which determine the calculation for our customers' prices, with all of U.S. Iron Ore customers by the end of the 2012 contract year.

During 2013, 2012 and 2011, we sold 21.3 million, 21.6 million and 24.2 million tons of iron ore pellets, respectively, from our share of the production from our U.S. Iron Ore mines. The segment's five largest customers together accounted for a total of 85 percent, 88 percent and 83 percent of U.S. Iron Ore product revenues for the years 2013, 2012 and 2011, respectively. Refer to *Concentration of Customers* below for additional information regarding our major customers.

Eastern Canadian Iron Ore

Production from our two iron ore mines located in Eastern Canada primarily is sold into the seaborne market to Asian steel producers. During the second quarter of 2013, due to high production costs and lower pellet premium pricing, we idled production at our Pointe Noire iron ore pellet plant and transitioned to producing an iron ore concentrate product from our Wabush Scully Mine. As such, the Canadian-based mines currently have an annual rated capacity of 12.8 million metric tons of iron ore concentrate production.

The following chart summarizes the estimated annual concentrate production capacity and percentage of total Eastern Canadian concentrate production capacity for each of the respective iron ore producers as of December 31, 2013:

Eastern Canadian Iron Ore Concentrate

Annual Rated Capacity Tonnage

	Current Estimated Capacity (Metric Tons in Millions)	Percent of Total Eastern Canadian Capacity
All Cliffs' managed mines	12.8	21.8 %
Other Eastern Canadian mines		
Iron Ore Company of Canada	18.0	30.6
ArcelorMittal Mines Canada	24.0	40.8
Other[1]	4.0	6.8
Total other Eastern Canadian mines	46.0	78.2
Total Eastern Canadian mines	58.8	100.0 %

[1] Includes direct-shipped ore products

On February 11, 2014, we announced our plan to idle our Wabush mine in Newfoundland and Labrador by the end of the first quarter of 2014, which will reduce our current estimated capacity to 7.2 million metric tons or 13.5 percent of the total Eastern Canadian capacity.

We produce a concentrate product at our Bloom Lake operation and, starting in the second half of 2013 through the idle in the first quarter of 2014, we are producing a concentrate product at our Wabush operation in Eastern Canada. The concentrate products are marketed toward steel producers, predominately based in Asia, that have sintering capabilities at their steel-making operations. The Bloom Lake concentrate is blended with other sinter fines and materials at high temperatures, creating a direct charge product used in blast furnace operations.

"High manganese" pellets, both in standard and fluxed grades, were the pellets produced through June 2013 at our Wabush operation in Eastern Canada, where there is more natural manganese in the crude ore than is found at our other operations. The manganese contained in the iron ore mined at Wabush cannot be removed entirely during the concentrating process.

Our Eastern Canadian iron ore production is sold pursuant to a mix of short-term pricing arrangements that are linked to the spot market. For the year ended December 31, 2013, we produced a total of 8.7 million metric tons of iron ore pellets and concentrate.

Both Eastern Canadian Iron Ore mines are located near the St. Lawrence Seaway. Our iron ore products are transported via railroads to loading ports for shipment via vessel to steelmakers in North America or into the international seaborne market.

Eastern Canadian Iron Ore Customers

Our Eastern Canadian Iron Ore revenues are derived from sales of iron ore concentrate and pellets to customers in Asia, Europe and North America. Due to the idled production of the Pointe Noire pellet plant in June 2013, sales will be derived from iron ore concentrate once all stockpiles of remaining pellets are sold. Sales volume under the agreements is dependent on customer requirements. We have various customers for iron ore concentrate and pellets, of which our partner in the Bloom Lake mine is considered a major customer for iron ore concentrate. ArcelorMittal is a customer of our Eastern Canadian Iron Ore operations and is an individually significant customer for Cliffs, but is not a material customer for the segment. Pricing for our Eastern Canadian Iron Ore customers consists primarily of short-term pricing arrangements that are linked to the spot market.

During 2013, 2012 and 2011, we sold 8.6 million, 8.9 million and 7.4 million metric tons of iron ore pellets and concentrate, respectively, from our Eastern Canadian Iron Ore mines, with the segment's five largest customers together accounting for a total of 70 percent, 62 percent and 59 percent of Eastern Canadian Iron Ore product revenues, respectively. Refer to *Concentration of Customers* below for additional information regarding our major customers.

Asia Pacific Iron Ore

Our Asia Pacific Iron Ore operations are located in Western Australia and, as of December 31, 2013, consist solely of our wholly owned Koolyanobbing complex. Our 50 percent equity interest in Cockatoo Island also was included in these operations through September 2012, at which time we sold our interest.

The Koolyanobbing operations serve the Asian iron ore markets with direct-shipped fines and lump ore. The lump products are fed directly to blast furnaces, while the fines products are used as sinter feed. The variation in the two export product grades reflects the inherent chemical and physical characteristics of the ore bodies mined as well as the supply requirements of our customers. In September 2010, our Board of Directors approved a capital project at our Koolyanobbing operation, which was completed in the second quarter of 2012, and increased production capacity at Koolyanobbing to approximately 11.0 million metric tons annually. Production in 2013 was 11.1 million metric tons, compared with 10.7 million metric tons in 2012 and 8.2 million metric tons in 2011.

Koolyanobbing is a collective term for the operating deposits at Koolyanobbing, Mount Jackson and Windarling. There are approximately 70 miles separating the three mining areas. Banded iron formations host the mineralization, which is predominately hematite and goethite. Each deposit is characterized with different chemical and physical attributes and, in order to achieve customer product quality, ore in varying quantities from each deposit must be blended together.

Crushing and blending are undertaken at Koolyanobbing, where the crushing and screening plant is located. Once the blended ore has been crushed and screened into a direct lump and fines shipping product, it is transported by rail approximately 360 miles south to the Port of Esperance, via Kalgoorlie, for shipment to our customers in Asia.

Cockatoo Island is located off the Kimberley coast of Western Australia, approximately 1,200 miles north of Perth and is only accessible by sea and air. Cockatoo Island produced a single high-grade iron ore product known as Cockatoo Island Premium Fines, which was almost pure hematite and contained very few contaminants. Ore was mined below the sea level on the southern edge of the island, which was facilitated by a sea wall. Ore was crushed and screened on-site to the final product sizing and the premium fines product was loaded directly to the vessels berthed at the island. Our production at Cockatoo Island continued until the completion of Stage 3 mining in September 2012. Our portion of Cockatoo's annual production of iron ore premium fines totaled 0.6 million metric tons and 0.7 million metric tons in 2012 and 2011, respectively. We had no production at Cockatoo Island in 2013 due to the sale of our interest in Cockatoo Island during the third quarter of 2012, as discussed below.

On July 31, 2012, we entered into a definitive asset sale agreement with our joint venture partner, HWE Cockatoo Pty Ltd., to sell our beneficial interest in the mining tenements and certain infrastructure of Cockatoo Island to Pluton Resources, which agreement was amended on August 31, 2012. On September 7, 2012, the closing date, Pluton Resources paid a nominal sum of AUD $4.00 and assumed ownership of the assets and responsibility for the environmental rehabilitation obligations and other assumed liabilities not inherently attached to the tenements acquired. The rehabilitation obligations and assumed liabilities that inherently are attached to the tenements were transferred to Pluton Resources upon registration by the Department of Mining and Petroleum denoting Pluton Resources as the tenement holder. Upon final settlement of the sale, which was completed during the second quarter of 2013, we extinguished approximately $18.6 million related to the estimated cost of the rehabilitation. As of December 31, 2013, we have no remaining rehabilitation obligations related to Cockatoo Island.

Asia Pacific Iron Ore Customers

Asia Pacific Iron Ore's production is under contract with steel companies primarily in China and Japan. Generally, we have three-year term supply agreements with steel producers in China and two-year supply agreements in Japan. Pricing for our Asia Pacific Iron Ore customers consists of shorter-term pricing mechanisms of various durations up to one month based on the average of daily spot prices, that are generally associated with either the time of loading or unloading each shipment. The existing contracts are due to expire at various dates until March 2015 for our Chinese and Japanese customers.

During 2013, 2012 and 2011, we sold 11.0 million, 11.7 million and 8.6 million metric tons of iron ore, respectively, from our Western Australia mines. No Asia Pacific Iron Ore customer comprised more than 10 percent of Cliffs consolidated sales in 2013, 2012 or 2011. Asia Pacific Iron Ore's five largest customers accounted for approximately 42 percent of the segment's sales in 2013, 44 percent in 2012 and 50 percent in 2011.

North American Coal

We own and operate four metallurgical coal operations located in West Virginia and Alabama and one thermal coal mine located in West Virginia that currently have a rated capacity of 9.4 million tons of production annually. In 2013, we sold a total of7.3 million tons, compared with 6.5 million tons in 2012 and 4.2 million tons in 2011.

Metallurgical coal generally is sold at a premium over the more prevalently mined thermal coal, which generally is utilized to generate electricity. Metallurgical coal receives this premium because of its coking characteristics, which include contraction and expansion when heated, and volatility, which refers to the loss in mass when coal is heated in the absence of air. Coals with lower volatility are valued more highly than coals with a higher volatility.

Each of our North American coal mines are positioned near rail or barge lines providing access to international shipping ports, which allows for export of our coal production.

North American Coal Customers

North American Coal's metallurgical coal production is sold to global integrated steel and coke producers in Europe, North America, China, India and South America and its thermal coal production is sold to energy companies and distributors in North America and Europe. Approximately 70 percent of our 2013 and 2012 production was committed under contracts of at least one year. Approximately 50 percent of our projected 2014 production has been committed and priced. North American contract negotiations are largely completed, and international contract negotiations recently have begun. The remaining tonnage primarily is pending price negotiations with our international customers, which typically is dependent on settlements of Australian pricing for metallurgical coal. International customer contracts typically are negotiated on a fiscal year basis extending from April 1 through March 31, whereas customer contracts in North America typically are negotiated on a calendar year basis extending from January 1 through December 31.

International and North American sales represented 61 percent and 39 percent, respectively, of our North American Coal sales in 2013. This compares with 66 percent and 34 percent, respectively, in 2012 and 54 percent and 46 percent, respectively, in 2011. The segment's five largest customers together accounted for a total of 57 percent, 50 percent and 58 percent of North American Coal product revenues for the years 2013, 2012 and 2011, respectively. Refer to *Concentration of Customers* below for additional information regarding our major customers.

Investments

Amapá

On December 27, 2012, our Board of Directors authorized the sale of our 30 percent interest in Amapá. Per this original agreement, together with Anglo, we were to sell our respective interest in a 100 percent sale transaction to Zamin.

On March 28, 2013, an unknown event caused the Santana port shiploader to collapse into the Amazon River, preventing further ship loading by the mine operator, Anglo. In light of the March 28, 2013 collapse of the Santana port shiploader and subsequent evaluation of the effect that this event had on the carrying value of our investment in Amapá as of June 30, 2013, we recorded an impairment charge of $67.6 million in the second quarter of 2013.

On August 28, 2013, we entered into additional agreements to sell our 30 percent interest in Amapá to Anglo for nominal cash consideration, plus the right to certain contingent deferred consideration upon the two-year anniversary of the closing. The closing was conditional on obtaining certain regulatory approvals and the additional agreement provided Anglo with an option to request that we transfer our interest in Amapá directly to Zamin. Anglo exercised this option and the transfer to Zamin closed in the fourth quarter of 2013. Our interest in Amapá previously was reported as our Latin American iron ore operating segment.

Sonoma

On July 10, 2012, we entered into a definitive share and asset sale agreement to sell our45 percent economic interest in the Sonoma joint venture coal mine located in Queensland, Australia. Upon completion of the transaction on November 12, 2012, we collected approximately AUD $141.0 million in net cash proceeds. The assets sold included our interests in the Sonoma mine along with our ownership of the affiliated wash plant, which were previously reported as our Asia Pacific Coal operating segment. Production and sales totaled approximately 2.8 million and 2.9 million metric tons of coal, respectively, through the same completion date. This compares with production and sales of approximately 3.5 million and 3.1 million metric tons in 2011, respectively.

Applied Technology, Research and Development

We have been a leader in iron ore mining and process technology for more than 160 years. We operated some of the first mines on Michigan's Marquette Iron Range and pioneered early open-pit and underground mining methods. From the first application of electrical power in Michigan's underground mines to the use of today's sophisticated computers and global positioning satellite systems, we have been a leader in the application of new technology to the centuries-old business of mineral extraction. Today, our engineering and technical staffs are engaged in full-time technical support of our operations and improvement of existing products.

We continue to leverage our advanced technical expertise to develop and execute projects that concentrate and process low grade ores into high-quality products for international markets. With state-of-the-art equipment and experienced technical professionals, we remain on the forefront of mining technology. We have an unsurpassed reputation for our pelletizing technology, delivering a world-class quality product to a broad range of sophisticated end users. We are a pioneer in the development of emerging reduction technologies, a leader in the extraction of value from challenging resources and a frontrunner in the implementation of safe and sustainable technology. Our technical experts are dedicated to excellence and deliver superior technical solutions tailored to our expanding global customer base.

Exploration

We have several projects and potential opportunities to diversify our products, expand our production volumes and develop large-scale ore bodies through early involvement in exploration activities. We achieve this by partnering with junior mining companies, which provide us low-cost entry points for potentially significant reserve additions. Our global exploration group is led by professional geologists who have the knowledge and experience to identify new projects for future development or projects that add significant value to existing operations. We spent approximately $10.8 million, $73.3 million and $48.4 million on exploration activities in 2013, 2012, and 2011, respectively. In alignment with our capital allocation strategy, we anticipate significantly decreased levels of exploration spending in 2014.

Concentration of Customers

We had one customer, ArcelorMittal, that individually accounted for more than 10 percent of our consolidated product revenue in each period during 2013, 2012 and 2011. Product revenue from ArcelorMittal represented approximately $1.0 billion, $0.9 billion, and $1.4 billion of our total consolidated product revenue in 2013, 2012 and 2011, respectively, and is attributable to our U.S. Iron Ore, Eastern Canadian Iron Ore and North American Coal business segments. The following represents sales revenue from ArcelorMittal as a percentage of our total consolidated product revenue, as well as the portion of product sales for U.S. Iron Ore, Eastern Canadian Iron Ore and North American Coal that is attributable to ArcelorMittal in 2013, 2012 and 2011, respectively:

	Percentage of Total Product Revenue[1]		
Customer[2]	**2013**	2012	2011
ArcelorMittal	**19%**	17%	21%

[1] Excluding freight and venture partners' cost reimbursements.

[2] Includes subsidiaries.

	Percentage of U.S. Iron Ore Product Revenue[1]			Percentage of Eastern Canadian Iron Ore Product Revenue[1]			Percentage of North American Coal Product Revenue[1]		
Customer[2]	**2013**	2012	2011	**2013**	2012	2011	**2013**	2012	2011
ArcelorMittal	**36%**	32%	38%	**10%**	9%	10%	**7%**	5%	7%

[1] Excluding freight and venture partners' cost reimbursements.

[2] Includes subsidiaries.

On April 8, 2011, we entered into an Omnibus Agreement with ArcelorMittal USA in order to settle pending arbitrations. The Omnibus Agreement, among other things, amends the Pellet Sale and Purchase Agreement dated December 31, 2002 (the "Supply Agreement") covering the Indiana Harbor East facility. Under the terms of the settlement, the parties established specific pricing levels for 2009 and 2010 pellet sales and revised the pricing calculation for the remainder of the term of the Supply Agreement. It was also agreed that a world market-based pricing mechanism would be used beginning in 2011 and through the remainder of the contract term covering the Supply Agreement. As a result of this new pricing, both parties agreed to forego future price re-openers.

Our pellet supply agreements with ArcelorMittal USA are the basis for supplying pellets to ArcelorMittal USA, which is based on customer requirements, except for the Indiana Harbor East facility, which is based on customer excess requirements. As discussed above, the Omnibus Agreement amended the Supply Agreement covering the Indiana Harbor East facility in April 2011. The following table outlines the expiration dates for each of the respective agreements:

Facility	**Agreement Expiration**
Cleveland Works and Indiana Harbor West facilities	2016
Indiana Harbor East facility	2015

We also have an agreement with ArcelorMittal's Weirton facility, expiring in 2018; however, it is a non-operational facility.

ArcelorMittal USA is a 62.3 percent equity participant in Hibbing and a 21.0 percent equity partner in Empire with limited rights and obligations.

In 2013, 2012 and 2011, our U.S. Iron Ore pellet sales to ArcelorMittal were 9.5 million, 8.6 million and 8.7 million tons, respectively, and our Eastern Canadian Iron Ore pellet and concentrate sales to ArcelorMittal were 0.9 million, 0.7 million and 0.7 million metric tons, respectively.

Our current North American Coal supply agreements with ArcelorMittal run through December 31, 2014 and are based on an annual tonnage commitment for the 12-month fiscal period. Contracts are renewed annually and priced on a quarterly basis, with pricing generally in line with Australian pricing for metallurgical coal. In 2013, 2012 and 2011, our North American Coal sales to ArcelorMittal were 0.5 million, 0.3 million and 0.2 million tons, respectively.

Competition

Throughout the world, we compete with major and junior mining companies, as well as metals companies, both of which produce steelmaking raw materials, including iron ore and metallurgical coal.

North America

In our U.S. Iron Ore business segment, we primarily sell our product to steel producers with operations in North America. In our Eastern Canadian Iron Ore business segment, we primarily provide our product to the seaborne market for Asian steel producers. We compete directly with steel companies that own interests in iron ore mines, including ArcelorMittal and U.S. Steel, and with major iron ore exporters from Australia and Brazil.

In the coal industry, our North American Coal business segment competes with many metallurgical coal producers of various sizes, including Alpha Natural Resources, Inc., Patriot Coal Corporation, CONSOL Energy Inc., Arch Coal, Inc., Walter Energy, Inc., Peabody Energy Corp. and other producers located in North America and globally.

A number of factors beyond our control affect the markets in which we sell our iron ore and coal. Continued demand for our iron ore and metallurgical coal and the prices obtained by us primarily depend on the consumption patterns of the steel industry in China, the U.S. and elsewhere around the world, as well as the availability, location, cost of transportation and competing prices. Coal consumption patterns primarily are affected by demand, environmental and other governmental regulations and technological developments. The most important factors on which we compete are delivered price, coal quality characteristics such as heat value, sulfur, ash, volatile matter and moisture content and reliability of supply. Metallurgical coal, which primarily is used to make coke, a key component in the steelmaking process, generally sells at a premium over thermal coal due to its higher quality and value in the steelmaking process.

Asia Pacific

In our Asia Pacific Iron Ore business segment, we export iron ore products to the Asia Pacific markets, including China, Japan and Taiwan. In the Asia Pacific marketplace, we compete with major iron ore exporters from Australia, Brazil, South Africa and India. These include Anglo, BHP Billiton, Fortescue Metals Group Ltd., Rio Tinto plc and Vale, among others.

Competition in steelmaking raw materials is predicated upon the usual competitive factors of price, availability of supply, product quality and performance, service and transportation cost to the consumer of the raw materials.

Environment

Our mining and exploration activities are subject to various laws and regulations governing the protection of the environment. We conduct our operations in a manner that is protective of public health and the environment and believe our operations are in compliance with applicable laws and regulations in all material respects.

Environmental issues and their management continued to be an important focus at each of our operations throughout2013. In the construction of our facilities and in their operation, substantial costs have been incurred and will continue to be incurred to avoid undue effect on the environment. Our capital expenditures relating to environmental matters totaled approximately $32 million, $31 million and $36 million, in 2013, 2012 and 2011, respectively. It is estimated that capital expenditures for environmental improvements will total approximately $42 million in 2014. Estimated expenditures in 2014 are comprised of approximately $25 million for projects at our Eastern Canadian Iron Ore operations, $13 million for projects in our U.S. Iron Ore operations and $4 million in our North American Coal operations for various water treatment, air quality, (dust) control, selenium management, tailings management and other miscellaneous environmental projects.

Regulatory Developments

Various governmental bodies continually are promulgating new or amended laws and regulations that affect our Company, our customers and our suppliers in many areas, including waste discharge and disposal, the classification of materials and products, air and water discharges and many other environmental, health and safety matters. Although we believe that our environmental policies and practices are sound and do not expect that the application of any current laws or regulations reasonably would be expected to result in a material adverse effect on our business or financial condition, we cannot predict the collective adverse impact of the expanding body of laws and regulations.

Specifically, there are several notable proposed or potential rulemakings or activities that could potentially have a material adverse impact on our facilities in the future depending on their ultimate outcome: Climate Change and GHG Regulation, Regional Haze, NO_2 and SO_2 National Ambient Air Quality Standards, Cross State Air Pollution Rule, increased administrative and legislative initiatives related to coal mining activities, Mercury TMDL and Minnesota Taconite Mercury Reduction Strategy, and Selenium Discharge Regulation.

Climate Change and GHG Regulation

With the complexities and uncertainties associated with the U.S. and global navigation of the climate change issue as a whole, one of our significant risks for the future is mandatory carbon legislation. Policymakers are in the design process of carbon regulation at the state, regional, national and international levels. The current regulatory patchwork of carbon compliance schemes presents a challenge for multi-facility entities to identify their near-term risks. Amplifying the uncertainty, the dynamic forward outlook for carbon regulation presents a challenge to large industrial companies to assess the long-term net impacts of carbon compliance costs on their operations. Our exposure on this issue includes both the direct and indirect financial risks associated with the regulation of GHG emissions, as well as potential physical risks associated with climate change. We are continuing to review the physical risks related to climate change utilizing a formal risk management process.

Internationally, mechanisms to reduce emissions are being implemented in various countries, with differing designs and stringency, according to resources, economic structure and politics. We expect that momentum to extend carbon regulation following the expiration in 2012 of the first commitment period under the Kyoto Protocol will continue. Australia and Canada are signatories to the Kyoto Protocol. As such, our facilities in each of these countries are impacted by the Kyoto Protocol, but in varying degrees according to the mechanisms each country establishes for compliance and each country's commitment to reducing emissions. Australia and Canada are considered Annex 1 countries, meaning that they are obligated to reduce their emissions under the Protocol. The impact of the Kyoto Protocol on our Canadian operations recently has been brought into question by the December 2011 announcement by the Canadian Environment Minister that Canada would withdraw from the Kyoto Protocol and, furthermore, that Canada would repeal its Kyoto Protocol Implementation Act.

In Australia, legislation for a carbon tax took effect in July 2012. The direct impact of the carbon tax on our Asia Pacific operations primarily occurs through increased fuel costs. The tax is estimated to result in an increase in direct costs of approximately A$3.5 million per year. However, recent developments are likely to lead to changes to the carbon legislation. In September 2013, a new government was elected and announced its intention to repeal the carbon legislation. Hence it remains uncertain whether repeal legislation will be passed.

On December 15, 2011, Quebec issued final GHG cap-and-trade regulation based on the Western Climate Initiative guidelines that became effective January 1, 2013. Phase 1 of the Quebec GHG emission reduction objective is to reduce GHG emissions by 20 percent below 1990 levels by 2020. The mining and utility sectors, among others, are sectors included in the cap-and-trade program. The Quebec framework has provisions for "free" allocations for our sector, which will minimize the impact to our business. According to Phase 1 of the GHG cap-and-trade program, the estimated direct impact to our Eastern Canadian Iron Ore operations begins at $1 million per year in 2015 and escalates to an estimated $3 million per year in 2020. Additional indirect "pass-through" financial impacts related to energy rates and transportation fuel consumption are estimated to increase our exposure; however, the overall impact is not anticipated to have a material impact on our business.

In the U.S., federal carbon regulation potentially presents a significantly greater impact to our operations. To date, the U.S. has not legislated carbon constraints. In the absence of comprehensive federal carbon legislation, numerous state and regional regulatory initiatives are under development or are becoming effective, thereby creating a disjointed approach to carbon control. On June 25, 2013, President Obama issued a memorandum directing the EPA to develop carbon emission standards for both new and existing power plants under the Clean Air Act's New Source Performance Standards (NSPS). On January 8, 2014, the EPA proposed NSPS regulating carbon dioxide emissions from new fossil fuel-fired power plants and the EPA is expected to propose standards for modified power plants and for existing plants under the Clean Air Act by June 1, 2014 in separate actions.

As an energy-intensive business, our GHG emissions inventory captures a broad range of emissions sources, such as iron ore furnaces and kilns, coal thermal driers, diesel mining equipment and a wholly owned power generation plant, among others. As such, our most significant regulatory risks are: (1) the costs associated with on-site emissions levels, and (2) the costs passed through to us from power generators and distillate fuel suppliers.

We believe our exposure can be reduced substantially by numerous factors, including currently contemplated regulatory flexibility mechanisms, such as allowance allocations, fixed process emissions exemptions, offsets and international provisions; emissions reduction opportunities, including energy efficiency, biofuels, fuel flexibility, emerging shale gas, and coal mine methane offset reduction; and business opportunities associated with new products and technology.

We have worked proactively to develop a comprehensive, enterprise-wide GHG management strategy aimed at considering all significant aspects associated with GHG initiatives to plan effectively for and manage climate change issues, including risks and opportunities as they relate to the environment, stakeholders, including shareholders and the public, legislative and regulatory developments, operations, products and markets.

Regional Haze

In June 2005, the EPA finalized amendments to its regional haze rules. The rules require states establish goals and emission reduction strategies for improving visibility in all Class I national parks and wilderness areas. Among the states with Class I areas are Michigan, Minnesota, Alabama and West Virginia in which we currently own and manage mining operations. The first phase of the regional haze rule (2008-2018) requires analysis and installation of BART on eligible emission sources and incorporation of BART and associated emission limits into SIPs.

Minnesota submitted a regional haze SIP to the EPA on December 30, 2009, and a supplement to the SIP on May 8, 2012. Michigan submitted its regional haze SIP to the EPA on November 5, 2010. During the second quarter of 2012, the EPA also sent information requests to all taconite facilities requesting information on SO_2 and NOx emissions and control technology assessments. On June 12, 2012, the EPA approved revisions to the Minnesota SIP addressing regional haze, but also announced it was deferring action on emission limitations that Minnesota intended to represent BART for taconite facilities. On August 15, 2012, the EPA proposed to deny the Michigan and Minnesota taconite SIP BART determinations and simultaneously proposed a separate FIP for taconite facilities. During the comment period for the proposed FIP rule, the taconite industry and other stakeholders developed detailed comments and shared information to address furnace specific case-by-case circumstances. On January 15, 2013, the EPA signed the final FIP for taconite facilities. The final FIP reflects progress toward a more technically and economically feasible regional haze implementation plan and eliminates the need for investing in additional SO_2 emission control equipment. However, we remain concerned about the technical and economic feasibility of EPA's BART determination for NOx emissions and are conducting detailed engineering analysis to determine the impact of the regulations on each unique iron ore indurating furnace affected by this rule. The results of this analysis will guide further dialogue with the EPA regarding our implementation of the regional haze FIP requirements.

NO_2 and SO_2 National Ambient Air Quality Standards

During the first half of 2010, the EPA promulgated rules that require states to use a combination of air quality monitoring and computer modeling to determine areas of each state that are in attainment with new NO_2 and SO_2 standards (attainment areas) and those areas that are not in attainment with such standards (nonattainment areas). During the third quarter of 2011, the EPA issued guidance to the regulated community on conducting refined air quality dispersion modeling and implementing the new NO_2 and SO_2 standards. The NO_2 and SO_2 standards have been challenged by various large industry groups. Accordingly, at this time, we are unable to predict the final impact of these standards. During June 2011, our Minnesota iron ore mining operations received a request from the MPCA to develop modeling and compliance plans and timelines by which each facility would demonstrate compliance with present and proposed NAAQS as well as regional haze requirements outlined in the SIP. Compliance must be achieved by June 30, 2017 according to the initial state orders, although the EPA has indicated that the SO_2 attainment designation timelines have been extended out to 2020. We continue to assess options by which to achieve compliance and seek alignment between the state and federal expectations.

Cross State Air Pollution Rule

On July 6, 2011, the EPA promulgated the CSAPR, which was intended to be an emissions trading rule for SO_2 and NOx. Northshore's Silver Bay Power Plant would have been subject to this rule, however Minnesota elected to follow EPA guidance allowing CSAPR to stand as BART. CSAPR was vacated by the D.C. Circuit Court during the third quarter of 2012. Although the CSAPR requirements were vacated, this would likely result in Silver Bay Power Plant Unit 2 again being subject to a site-specific BART determination under the regional haze rule that, in 2008, included application of control equipment to reduce SO_2 and NOx. Minnesota has yet to re-evaluate BART determinations for Minnesota facilities that would have been subject to CSAPR, but emission reductions of some form are likely. We presently are re-evaluating compliance options in light of this rule change.

Increased Administrative and Legislative Initiatives Related to Coal Mining Activities

Although the focus of significantly increased government activity related to coal mining in the U.S. is generally targeted at eliminating or minimizing the adverse environmental impacts of mountaintop coal mining practices, these initiatives have the potential to impact all types of coal operations, including subsurface longwall mining typically deployed for recovering metallurgical coal. Specifically, the coordinated efforts by various federal agencies to further regulate mountaintop mining have slowed issuance of the permits required by many mining projects in Appalachia. Due to the developing nature of these initiatives and their potential to disrupt even routine mining and water permit practices in the coal industry, we are unable to predict whether these initiatives could have a material effect on our coal operations in the future. We are working closely with our trade associations to monitor the various rulemaking developments in an effort to enable us to develop viable strategies to minimize the financial impact to the business.

Mercury TMDL and Minnesota Taconite Mercury Reduction Strategy

TMDL regulations are contained in the Clean Water Act. As a part of Minnesota's Mercury TMDL Implementation Plan, in cooperation with the MPCA, the taconite industry developed a Taconite Mercury Reduction Strategy and signed a voluntary agreement to effectuate its terms. The strategy includes a 75 percent target reduction of mercury air emissions from Minnesota pellet plants collectively by 2025. It recognizes that mercury emission control technology currently does not exist and will be pursued through a research effort. Any developed technology must be economically feasible, must not impact pellet quality, and must not cause excessive corrosion in pellet furnaces, associated duct work and existing wet scrubbers on the furnaces.

According to the voluntary agreement, the mines proceeded with medium- and long-term testing of possible technologies. Initial testing will be completed on one straight-grate and one grate-kiln furnace among the mines. If technically and economically feasible, developed mercury emission control technology must then be installed on taconite furnaces by 2025. For Cliffs, the requirements in the voluntary agreement will apply to the United Taconite and Hibbing facilities. At this time, we are unable to predict the potential impacts of the Taconite Mercury Reduction Strategy. However, a number of research projects were conducted between 2011 and 2013 as the industry continues to assess options for reduction. While injection of powdered activated carbon into furnace off-gasses for mercury capture in the wet scrubbers showed positive initial results, further testing during 2013 yielded lower overall potential. Alternate technologies are presently being assessed for potential further pilot testing.

Late in 2013, Minnesota also published a draft mercury control rule for the state that would require annual mercury emissions reporting and could require installation of mercury emission control equipment on all Cliffs' Minnesota facilities. Installation of emission control equipment may be required on Northshore's Silver Bay Power Plant by January 1, 2018 to achieve a 70% reduction of mercury emissions. The rule as proposed would formalize elements of the aforementioned voluntary agreement.

Selenium Discharge Regulation

Our North American Coal operations have numerous NPDES permits with either selenium discharge limits, selenium compliance schedules with effective dates in the future, or draft permits with selenium limits. We have achieved, or have projects underway that will achieve compliance at all discharges. As such, we do not believe this issue will likely have a material impact to our North American Coal operations.

In Michigan, the MDEQ issued renewed NPDES permits for our Empire mine in December 2011 and for our Tilden mine in 2012. Our Michigan operations at Empire and Tilden are developing compliance strategies to meet new selenium process water limits according to the permit conditions. Empire and Tilden submitted the Selenium Storm Water Management Plan to the MDEQ in December 2011. The Selenium Storm Water Management Plan outlines the activities that will be undertaken to address selenium in storm water discharges from our Michigan operations. The activities include the evaluation of structural controls, non-structural controls, site specific standards, and evaluation of potential impacts to groundwater. Preliminary selenium treatability results from studies in 2013 were positive for the utilization of passive treatment systems. A pilot treatment system was installed during the third quarter of 2012 with good initial results, but evaluation work continues with the installation of an additional system in 2013. An initial estimate for full scale implementation of storm water treatment systems and structural selenium controls at both facilities is approximately $63 million. The results from the evaluation of existing pilot and demonstration scale work will determine if these structural controls are utilized, or if alternatives must be applied.

Tilden's NPDES permit renewal became effective on November 1, 2012. The permit contains a compliance schedule for selenium with a limit of five μg/l that will be effective as of November 1, 2017 at Tilden's Gribben Tailings Basin outfall. Preliminary engineering for end-of-pipe solutions indicates capital costs could range from $96 million to $146 million with annual operating and maintenance costs ranging from $2 million to $30 million. Tilden has initiated a prudent and feasible alternatives analysis to further define solutions and cost estimates with the requirement of completing pilot testing by May 1, 2015.

Other Developments

Clean Water Act Section 404

In the U.S., Section 404 of the Clean Water Act requires permits from the U.S. Army Corps of Engineers to construct mines and associated projects, such as freshwater impoundments, tailings impoundments and refuse disposal fills, in areas that affect jurisdictional waters. Any coal mining activity requiring both a Section 404 permit and a SMCRA permit in the Appalachian region currently undergoes an enhanced review from the U.S. Army Corps of Engineers, the EPA and the Office of Surface Mining. With the acquisition of the CLCC properties during the third quarter of 2010, we obtained a development surface coal mine project, the Toney Fork No. 3, which is subject to the enhanced review process adopted by federal agencies in 2009 for Section 404 permitting. There currently are two proposed valley fills in the Toney Fork No. 3 plan; therefore, an extensive review process can be expected. We expect on-going negotiations with the EPA will conclude with the issuance of the required Section 404 permit well before construction of the mine is scheduled. The other development surface mine project acquired through the acquisition of CLCC, Toney Fork West, does not require Section 404 permitting. The renewal date for the existing Toney Fork No. 2 permit is May 28, 2015.

For additional information on our environmental matters, refer to *Item 3. Legal Proceedings* and NOTE 12 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS in *Item 8. Financial Statements and Supplementary Data* of this Annual Report on Form 10-K.

Energy

Electricity

The state of Michigan is a deregulated electricity state, which affords our mines the ability to purchase electrical energy supply from various suppliers while continuing to purchase distribution service from the incumbent utility. As of September 1, 2013, our Tilden and Empire mines in Michigan exercised the right to purchase electrical supply from Integrys Energy Services while continuing to purchase distribution service from Wisconsin Electric Power Company. The pricing of electricity in the deregulated market is based on the Midwestern Independent System Operator Day-Ahead price.

Electric power for the Hibbing and United Taconite mines is supplied by Minnesota Power. On September 16, 2008, the mines finalized agreements with terms from November 1, 2008 through December 31, 2015. The agreements were approved by the MPUC in 2009.

Silver Bay Power Company, a wholly owned subsidiary of ours, with a 115 megawatt power plant, provides the majority of Northshore's electrical energy requirements. Silver Bay Power has an interconnection agreement with Minnesota Power for backup power when excess generation is necessary.

Wabush has a 20-year agreement with Newfoundland Power, which continues until December 31, 2014. This agreement allows for an exchange of water rights in return for the power needs for Wabush's mining operations. The Wabush pelletizing operation and the Bloom Lake operation in Quebec are served by Quebec Hydro, which provides power under non-negotiated rates that are set on an annual basis.

The Oak Grove mine and Concord Preparation Plant are supplied electrical power by Alabama Power under a five-year contract that continues in effect until terminated by either party providing written notice to the other in accordance with applicable rules, regulations and rate schedules. Rates of the contract are subject to change during the term of the contract as regulated by the Alabama Public Services Commission.

Electrical power to the Pinnacle Complex and CLCC is supplied by the Appalachian Power Company under two regulated electrical supply contracts. Both contracts specify the applicable rate schedule, minimum monthly charge and power capacity furnished. Rates, terms and conditions of the contracts are subject to the approval of the Public Service Commission of West Virginia.

Koolyanobbing and its associated satellite mines draw power from independent diesel-fueled power stations and generators. Diesel power generation capacity has been installed at the Koolyanobbing operations.

Process Fuel

We have a long-term contract providing for the transport of natural gas on the Northern Natural Gas Pipeline for our U.S. Iron Ore operations. Our Pinnacle and Oak Grove coal operations also use natural gas, but purchase it through their local regulated utility, Mountaineer Gas and Alabama Gas Co., respectively. At U.S. Iron Ore, the Empire and Tilden mines have the capability of burning natural gas, coal or, to a lesser extent, oil. The Hibbing and Northshore mines have the capability to burn natural gas and oil. The United Taconite mine has the ability to burn coal, natural gas and petroleum coke. Although all of the U.S. Iron Ore mines have the capability of burning natural gas, the pelletizing operations for the U.S. Iron Ore mines utilize alternate fuels where practical. At Eastern Canadian Iron Ore, the Wabush mine has the capability to burn bunker fuel, stove and furnace oils and coke breeze and the Bloom Lake mine has the ability to burn stove and furnace oils. Our Eastern Canadian Iron Ore process fuel is primarily supplied by Imperial Oil, a subsidiary of Exxon Mobil, through long-term contracts.

Employees

As of December 31, 2013, we had a total of 7,138 employees.

	U.S. Iron Ore [1]	Eastern Canadian Iron Ore [3]	North American Coal	Asia Pacific Iron Ore [3]	Corporate& Support Services	Other [2]	Total
Salaried	700	407	379	177	442	28	2,133
Hourly	2,825	973	1,207	—	—	—	5,005
Total	3,525	1,380	1,586	177	442	28	7,138

[1] Includes our employees and the employees of the U.S. Iron Ore joint ventures.

[2] Includes the employees in our Ferroalloys operating segment and our Global Exploration Group with the exception of contracted mining employees.

[3] Excludes contracted mining employees.

As of December 31, 2013, approximately 84.2 percent of our U.S. Iron Ore hourly employees, approximately 99.0 percent of our Eastern Canadian Iron Ore hourly employees and approximately 66.3 percent of our North American Coal hourly employees were covered by collective bargaining agreements.

Hourly employees at our Michigan and Minnesota iron ore mining operations, excluding Northshore, are represented by the USW. We entered into a 37-month labor contract, effective September 1, 2012 through September 30, 2015, that covers approximately 2,400 USW-represented workers at our Empire and Tilden mines in Michigan, and our United Taconite and Hibbing mines in Minnesota. Employees at our Northshore operations are not represented by a union and are not, therefore, covered by a collective bargaining agreement.

Hourly employees at our Eastern Canadian Iron Ore operations also are represented by the USW. The five-year labor agreement for our Wabush mine, effective March 1, 2009 through February 28, 2014, provides for a 15 percent increase in labor costs over the term of the agreement, inclusive of benefits.

In August 2013, we entered into a new labor agreement with the USW covering our represented employees at Bloom Lake. It has a three-year term that runs from September 1, 2013 through August 31, 2016. The new agreement provides us with workforce flexibility.

In November 2013, we entered into a new labor agreement with the USW covering our represented employees at our Pointe Noire facility, which is part of our Wabush operations. It has a six-year term and runs from March 1, 2014 to February 28, 2020. It provides for a 26 percent increase in the cost of employment over the life of the contract. We also obtained the USW's consent to an application we made to the Canadian Industrial Relations Board to have this workforce governed by Canadian federal labor law. Following entrance of this agreement, the CIRB granted our application, providing us with significantly more flexibility to manage potential future labor disruptions.

Hourly employees at our Lake Superior and Ishpeming railroads are represented by seven unions covering approximately 120 employees. We have current labor agreements with all seven railway labor unions. These employees negotiate under the Railway Labor Act and there is currently a moratorium on bargaining. That moratorium will expire on December 31, 2014. Bargaining with these unions will commence after the moratorium expires and normally continues long after the moratorium has expired. Work stoppages cannot occur until the parties have mediated under the Railway Labor Act.

Hourly production and maintenance employees at our Pinnacle Complex and Oak Grove mines are represented by the UMWA. We entered into collective bargaining agreements with the UMWA effective July 1, 2011 that expire on December 31, 2016. Those collective bargaining agreements are identical in all material respects to the NBCWA of 2011 between the UMWA and the Bituminous Coal Operators' Association. Employees at our CLCC operations are not represented by a union and are not, therefore, covered by a collective bargaining agreement.

Employees at our Asia Pacific Iron Ore, Corporate & Support Services, Ferroalloys operations and our Global Exploration Group are not represented by a union and are not, therefore, covered by collective bargaining agreements.

Safety

Safety is our primary core value as we continue towards a zero incident culture at our operating facilities. We continuously monitor, track and measure our safety performance and make changes where necessary. Best practices are shared globally to ensure each mine site can embed our policies, procedures and learnings for enhanced workplace safety.

We measure progress toward achieving our objective against regularly established benchmarks, including measuring company-wide TRIR. During 2013, our TRIR (including contractors) was 3.05 per 200,000 man-hours worked.

Refer to *Exhibit 95 Mine Safety Disclosures (filed herewith)* for mine safety information required in accordance with Section 1503(a) of the Dodd-Frank Act.

Available Information

Our headquarters are located at 200 Public Square, Cleveland, Ohio 44114-2315, and our telephone number is (216) 694-5700. We are subject to the reporting requirements of the Exchange Act and its rules and regulations. The Exchange Act requires us to file reports, proxy statements and other information with the SEC. Copies of these reports and other information can be read and copied at:

SEC Public Reference Room
100 F Street N.E.
Washington, D.C. 20549

Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

The SEC maintains a website that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC's home page at *www.sec.gov.*

We use our website, *www.cliffsnaturalresources.com*, as a channel for routine distribution of important information, including news releases, investor presentations and financial information. We also make available, free of charge on our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file these documents with, or furnish them to, the SEC. In addition, our website allows investors and other interested persons to sign up to receive automatic email alerts when we post news releases and financial information on our website.

We also make available, free of charge on our website, the charters of the Audit Committee, Governance and Nominating Committee, Compensation and Organization Committee and Strategy and Sustainability Committee as well as the Corporate Governance Guidelines and the Code of Business Conduct & Ethics adopted by our Board of Directors. These documents are available through our investor relations page on our website at *ir.cliffsnaturalresources.com*. The SEC filings are available by selecting “Financial Information” and then “SEC Filings,” material and corporate governance is available by selecting “Corporate Governance” for the Board Committee Charters, operational governance guidelines and the Code of Business Conduct and Ethics.

References to our website or the SEC’s website do not constitute incorporation by reference of the information contained on such websites, and such information is not part of this Form 10-K.

Copies of the above-referenced information are also available, free of charge, by calling (216) 694-5700 or upon written request to:

Cliffs Natural Resources Inc.
Investor Relations
200 Public Square
Cleveland, OH 44114-2315

EXECUTIVE OFFICERS OF THE REGISTRANT

Following are the names, ages and positions of the executive officers of the Company as ofFebruary 14, 2014. Unless otherwise noted, all positions indicated are or were held with Cliffs Natural Resources Inc.

Name	Age	Position(s) Held
James F. Kirsch	56	Chairman of the Board and interim executive officer of Cliffs (Jan. 2014-present); non-executive Chairman of the Board (July 2013-Dec. 2013); Director (March 2010-present); and Chairman (Dec. 2006-Nov. 2012); President and Chief Executive Officer (Nov. 2005-Nov. 2012) of Ferro Corporation, a global supplier of technology-based materials
Gary B. Halverson	55	Director, President and Chief Executive Officer (Feb. 2014-present); Chief Operating Officer (Nov. 2013-Feb. 2014); Interim Chief Operating Officer (Sept. 2013-Nov. 2013), President-North America (Dec. 2011-Nov. 2013), and President-Australia Pacific (Dec. 2008-Dec. 2011) for Barrick Gold Corporation Inc., an international gold mining company
William C. Boor	47	Executive Vice President, Corporate Development & Chief Strategy Officer (Feb. 2014-present); Senior Vice President, Strategy & Business Development (July 2013-Feb. 2014);Senior Vice President, Global Ferroalloys (Jan. 2011-July 2013); President - Ferroalloys (May 2010-Jan. 2011); and Senior Vice President, Business Development (May 2007-May 2010)
Terry G. Fedor	49	Executive Vice President, United States Iron Ore (Jan. 2014-present); Vice President (Feb. 2011 - Jan. 2014); Vice President and General Manager (March 2005 - Feb. 2011) of ArcelorMittal Cleveland, a fully integrated steelmaking facility, which included oversight for Weirton, Warren, Monessen and Lackawanna
Terrance M. Paradie	45	Executive Vice President (March 2013-present); Chief Financial Officer (Oct. 2012-present); Senior Vice President (Jan. 2011-March 2013); Assistant General Manager-Michigan Operations (March 2012-Sept. 2012); Corporate Controller (Oct. 2007-March 2012); Chief Accounting Officer (July 2009-March 2012); and Vice President (Oct. 2007-Jan. 2011)
Clifford T. Smith	54	Executive Vice President, Seaborne Iron Ore (Jan. 2014-present); Executive Vice President, Global Operations (July 2013-Jan. 2014); Executive Vice President, Global Business Development (March 2013-July 2013); Senior Vice President, Global Business Development (Jan. 2011-March 2013); Vice President, Latin American Operations (Sept. 2009-Jan. 2011); and General Manager-Business Development (Oct. 2006-Sept. 2009)
P. Kelly Tompkins	57	Executive Vice President, External Affairs & President, Global Commercial (Nov. 2013-present); Chief Administrative Officer (July 2013-Nov. 2013); Executive Vice President, Legal, Government Affairs and Sustainability (May 2010-July 2013); Chief Legal Officer (Jan. 2011-Jan. 2013); President, Cliffs China (Oct. 2012-Nov. 2013); and Executive Vice President and Chief Financial Officer (June 2008-May 2010) of RPM International Inc., a specialty coatings and sealants manufacturer
David L. Webb	56	Executive Vice President (Jan. 2014-present); Senior Vice President, Global Coal (July 2011-Jan. 2014); and Vice President and General Manager of Mid-West Operations for Patriot Coal Corp., a producer of thermal and metallurgical coal (2007-June 2011)
Carolyn E. Cheverine	51	Vice President and General Counsel (Jan. 2013-present); Secretary (Oct. 2011-present); General Counsel-Corporate Affairs (Oct. 2011-Jan. 2013); and Senior Counsel (May 2002-Oct. 2011) of The Lubrizol Corporation, a lubricant additives and specialty chemicals manufacturer
Timothy K. Flanagan	36	Vice President, Corporate Controller & Chief Accounting Officer (March 2012-present); Assistant Controller (Feb. 2010-March 2012); and Director, Internal Audit (April 2008-Feb. 2010)

All executive officers serve at the pleasure of the Board. There are no arrangements or understandings between any executive officer and any other person pursuant to which an executive officer was selected to be an officer of the Company. There is no family relationship between any of our executive officers, or between any of our executive officers and any of our directors.

Item 1A. *Risk Factors*

An investment in our common shares or other securities is subject to risk inherent to our business and our industry. Described below are certain risks and uncertainties, the occurrences of which could have a material adverse effect on us. Before making an investment decision, you should consider carefully all of the risks described below together with the other information included in this report. The risks and uncertainties described below are not the only ones we face. Although we have significant risk management policies, practices and procedures aimed to mitigate these risks, uncertainties may nevertheless impair our business operation. This report is qualified in its entirety by these factors.

Our ERM function provides a framework for management's consideration of risk when making strategic, financial, operational and/or project decisions. The framework is based on ISO 31000, an internationally recognized risk management standard. Management uses a consistent methodology to identify and assess risks, determine and implement risk mitigation actions, and monitor and communicate information about the Company's key risks. Through these processes, we have identified six categories of risk that we are subject to: (I) economic and market, (II) regulatory, (III) financial, (IV) operational, (V) development and sustainability and (VI) human capital. The following risk factors are presented according to these key risk categories.

I. ECONOMIC AND MARKET RISKS

The volatility of commodity prices, namely iron ore and coal, affects our ability to generate revenue, maintain stable cash flow and to fund our operations, including growth and expansion projects.

As a mining company, our profitability is dependent upon the price of the commodities that we sell to our customers, namely iron ore and coal. The prices of iron ore and coal have fluctuated historically and are affected by factors beyond our control, including: steel inventories; international demand for raw materials used in steel production; rates of global economic growth, especially construction and infrastructure activity that requires significant amounts of steel; recession or reduced economic activity in the U.S., China, India, Europe and other industrialized or developing countries; uncertainties or weaknesses in global economic conditions such as the sovereign debt crisis in Europe and the U.S. debt ceiling; changes in production capacity of other iron ore and metallurgical coal suppliers, especially as additional supplies come online; weather-related disruptions or natural disasters that may impact the global supply of iron ore and metallurgical coal; and the proximity, capacity and cost of infrastructure and transportation.

Our earnings, therefore, may fluctuate with the prices of the commodities we sell. To the extent that the prices of these commodities significantly decline for an extended period of time, we may have to revise our operating plans, including curtailing production, reducing operating costs and capital expenditures and discontinuing certain exploration and development programs. We also may have to take impairments on our assets, inventory and/or goodwill. Sustained lower prices also could cause us to reduce existing reserves if certain reserves no longer can be economically mined or processed at prevailing prices. We may be unable to decrease our costs in an amount sufficient to offset reductions in revenues and may incur losses. These events could have a material adverse effect on us.

Uncertainty or weaknesses in global economic conditions and reduced economic growth in China could affect adversely our business.

The world prices of iron ore and coal are influenced strongly by international demand and global economic conditions. Uncertainties or weaknesses in global economic conditions, including the ongoing sovereign debt crisis in Europe and the U.S. debt ceiling, could affect adversely our business and negatively impact our financial results. In addition, the current level of international demand for raw materials used in steel production is driven largely by industrial growth in China. If the economic growth rate in China slows for an extended period of time, or if another global economic downturn were to occur, we would likely see decreased demand for our products and decreased prices, resulting in lower revenue levels and decreasing margins. We are not able to predict whether the global economic conditions will continue or worsen and the impact it may have on our operations and the industry in general going forward.

Capacity expansions within the mining industry could lead to lower global iron ore and coal prices, impacting our profitability.

Continued global growth of iron ore and coal demand, particularly from China, resulted in iron ore and metallurgical coal suppliers expanding their production capacity. The supply of both iron ore and metallurgical coal has increased due to these expansions. In the current iron ore and coal markets, an increase in our competitors' capacity could result in excess supply of these commodities, resulting in downward pressure on prices. This decrease in pricing would adversely impact our sales, margins and profitability.

If steelmakers use methods other than blast furnace production to produce steel or if their blast furnaces shut down or otherwise reduce production, the demand for our iron ore and coal products may decrease.

Demand for our iron ore and coal products is determined by the operating rates for the blast furnaces of steel companies. However, not all finished steel is produced by blast furnaces; finished steel also may be produced by other methods that use scrap steel, pig iron, hot briquetted iron and direct reduced iron. North American steel producers also can produce steel using imported iron ore or semi-finished steel products, which eliminates the need for domestic iron ore. Environmental restrictions on the use of blast furnaces also may reduce our customers' use of their blast furnaces. Maintenance of blast furnaces may require substantial capital expenditures. Our customers may choose not to maintain, or may not have the resources necessary to maintain, their blast furnaces. If our customers use methods to produce steel that do not use iron ore and coal products, demand for our iron ore and coal products will decrease, which would affect adversely our sales, margins and profitability.

Due to economic conditions and volatility in commodity prices, our customers could approach us about their supply agreements. Modifications to our sales agreements potentially could be made due to such volatility, which could impact adversely our sales, margins, profitability and cash flows.

Although we have contractual commitments for sales in our U.S. Iron Ore and Eastern Canadian Iron Ore business for 2014 and beyond, the uncertainty in global economic conditions may adversely impact the ability of our customers to meet their obligations. As a result of such market volatility, our customers could approach us about modifying their supply agreements. Any modifications to our sales agreements could adversely impact our sales, margins, profitability and cash flows. These discussions or potential actions by our customers could also result in contractual disputes, which could ultimately require arbitration or litigation, either of which could be time consuming and costly. Any such disputes could impact adversely our sales, margins, profitability and cash flows.

II. REGULATORY RISKS

We are subject to extensive governmental regulation, which imposes, and will continue to impose, potential significant costs and liabilities on us. Future laws and regulation or the manner in which they are interpreted and enforced could increase these costs and liabilities or limit our ability to produce iron ore and coal products.

New laws or regulations, or changes in existing laws or regulations, or the manner of their interpretation or enforcement, could increase our cost of doing business and restrict our ability to operate our business or execute our strategies. This includes, among other things, the possible taxation under U.S. law of certain income from foreign operations, compliance costs and enforcement under the Dodd-Frank Act, and costs associated with complying with the Patient Protection and Affordable Care Act and the Healthcare and Education Reconciliation Act of 2010 and the regulations promulgated thereunder. In addition, we are subject to various federal, provincial, state and local laws and regulations in each jurisdiction in which we have operations for employee health and safety, air quality, water pollution, plant and wildlife protection, reclamation and restoration of mining properties, the discharge of materials into the environment, the effects that mining has on groundwater quality and availability, and related matters. Numerous governmental permits and approvals are required for our operations. We cannot be certain that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators. Compliance with the complex and extensive laws and regulations that we are subject to imposes substantial costs, which we expect will continue to increase over time because of increased regulatory oversight, adoption of increasingly stringent environmental standards, and increased demand for remediation services leading to shortages of equipment, supplies and labor, as well as other factors.

Specifically, there are several notable proposed or recently enacted rulemakings or activities to which we would be subject or that would further regulate and/or tax our customers, namely the North American integrated steel producer customers that may also require us or our customers to reduce or otherwise change operations significantly or incur additional costs, depending on their ultimate outcome. These emerging or recently enacted rules and regulations include: numerous air regulations, such as Climate Change and GHG Regulation, Regional Haze, NO_2 and SO_2 National Ambient Air Quality Standards, Cross State Air Pollution Rule; increased administrative and legislative initiatives related to coal mining activities; Mercury TMDL and Minnesota Taconite Mercury Reduction Strategy; Selenium Discharge Regulation; expansion of federal jurisdictional authority to regulate groundwater, and various other water quality regulations. Such new legislation, regulations, interpretations or orders, when enacted, could have a material adverse effect on our business, results of operations, financial condition or profitability.

Although the numerous regulations, operating permits and our management systems mitigate potential impacts to the environment, our operations may inadvertently impact the environment or cause exposure to hazardous substances, which could result in material liabilities to us.

Our operations currently use and have used in the past, hazardous materials, and, from time to time, we have generated limited quantities of hazardous waste. We may be subject to claims under federal, provincial, state and local laws and regulations for toxic torts, natural resource damages and other damages as well as for the investigation and clean up of soil, surface water, sediments, groundwater and other natural resources. Such claims for damages and reclamation may arise out of current or former conditions at sites that we own or operate currently, as well as sites that we or our acquired companies have owned or operated, and at contaminated sites that have always been owned or operated by our joint-venture parties. Our liability for such claims may be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire share. We are subject to a variety of potential liability exposures arising at certain sites where we currently do not conduct operations. These include sites where we formerly conducted iron ore and/or coal mining or processing or other operations, inactive sites that we currently own, predecessor sites, acquired sites, leased land sites and third-party waste disposal sites. We may be named as a responsible party at other sites in the future and we cannot be certain that the costs associated with these additional sites will not be material.

We also could be held liable for any and all consequences arising out of human exposure to hazardous substances used, released, or disposed of by us. In particular, we and certain of our subsidiaries are involved in various claims relating to the exposure of asbestos and silica to seamen who sailed until the mid-1980s on the Great Lakes vessels formerly owned and operated by certain of our subsidiaries. The full impact of these claims continues to be unknown. Uncertainty also remains as to whether insurance coverage will be sufficient and whether other defendants named in these claims will be able to fund any costs arising out of these claims.

Environmental impacts as a result of our operations, including exposures to hazardous substances or wastes associated with our operations, could result in costs and liabilities that could materially and adversely affect our margins, cash flow or profitability.

We may be unable to obtain and renew permits necessary for our operations, which could reduce our production, cash flows and profitability. We also could face significant permit and approval requirements that could delay our commencement or continuation of exploration and production operations, which, in turn, could affect materially our cash flows and profitability.

Prior to commencement of mining, we must submit to and obtain approval from the appropriate regulatory authority of plans showing where and how mining and reclamation operations are to occur. These plans must include information such as the location of mining areas, stockpiles, surface waters, haul roads, tailings basins and drainage from mining operations. All requirements imposed by any such authority may be costly and time-consuming and may delay commencement or continuation of exploration or production operations.

Mining companies must obtain numerous permits that impose strict conditions on various environmental and safety matters in connection with coal and iron ore mining. These include permits issued by various federal and state agencies and regulatory bodies. The permitting rules are complex and may change over time, making our ability to comply with the applicable requirements more difficult or impractical and costly, possibly precluding the continuance of ongoing operations or the development of future mining operations. The public, including special interest groups and individuals, have certain rights under various statutes to comment upon, submit objections to, and otherwise engage in the permitting process, including bringing citizens' lawsuits to challenge such permits or mining activities. Accordingly, required permits may not be issued or renewed in a timely fashion (or at all), or permits issued or renewed may be conditioned in a manner that may restrict our ability to efficiently conduct our mining activities. Such inefficiencies could reduce our production, cash flows and profitability.

Our North American coal operations are subject to increasing levels of regulatory oversight making it more difficult to obtain and maintain necessary operating permits.

The current political and regulatory environment in the U.S. is disposed negatively toward coal mining, with particular focus on certain categories of mining such as mountaintop removal techniques. Therefore, our coal mining operations in North America are subject to increasing levels of scrutiny. Emerging U.S. regulatory efforts targeted at eliminating or minimizing the adverse environmental impacts of mountaintop coal mining practices have impacted all types of coal operations. These regulatory initiatives could cause material impacts, delays, or disruptions to our coal operations due to our inability to obtain new or renewed permits or modifications to existing permits.

Underground mining is subject to increased safety regulation and may require us to incur additional compliance costs.

Recent mine disasters have led to the enactment and consideration of significant new federal and state laws and regulations relating to safety in underground coal mines. These laws and regulations include requirements for constructing and maintaining caches for the storage of additional self-contained self-rescuers throughout underground mines; installing rescue chambers in underground mines; continuous tracking of and communication with personnel in the mines; installing cable lifelines from the mine portal to all sections of the mine to assist in emergency escape; submission and approval of emergency response plans; and new and additional safety training. Additionally, new requirements for the prompt reporting of accidents and increased fines and penalties for violations of these and existing regulations have been implemented. These new laws and regulations may cause us to incur substantial additional costs, which may impact adversely our results of operations, financial condition or profitability.

III. FINANCIAL RISKS

A substantial majority of our sales are made under term supply agreements to a limited number of customers that contain price-adjustment clauses that could affect adversely the stability and profitability of our operations.

In 2013, a majority of our U.S. Iron Ore and Eastern Canadian Iron Ore sales, the majority of our North American Coal sales, and almost all of our Asia Pacific Iron Ore sales were made under term supply agreements to a limited number of customers. In 2013, five customers together accounted for approximately 60 percent of our U.S. Iron Ore, Eastern Canadian Iron Ore, and North American Coal product sales revenues (representing more than 46 percent of our consolidated revenues). For North American Coal, prices typically are agreed upon for a 12-month period and typically are adjusted each year. Our Asia Pacific Iron Ore contracts are due to expire at various dates until March 2015 for our Chinese and Japanese customers. Our U.S. Iron Ore contracts have an average remaining duration of six years. We have one major customer contract for the life of the mine with the remaining contracts set to expire no later than 2016 for our Eastern Canadian Iron Ore contracts. We cannot be certain that we will be able to renew or replace existing term supply agreements at the same volume levels, prices or with similar profit margins when they expire. A loss of sales to our existing customers could have a substantial negative impact on our sales, margins and profitability.

Our U.S. Iron Ore term supply agreements contain a number of price adjustment provisions, or price escalators, including adjustments based on general industrial inflation rates, the price of steel and the international price of iron ore pellets, among other factors, that are out of our control and that may adjust the prices under those agreements generally on an annual basis. Several of our Eastern Canadian Iron Ore customers have multi-year pricing arrangements that contain pricing adjustments that reference certain published market prices for iron ore. During the first quarter of 2010, the world's largest iron ore producers moved away from the annual international benchmark pricing mechanism in favor of a shorter-term, more flexible pricing system. The change in the international pricing system prompted modification of our sales contracts to take into account the new international pricing methodology. We finalized shorter-term pricing arrangements with our customers by the end of 2012.

Changes in credit ratings issued by nationally recognized statistical rating organizations could affect adversely our cost of financing and the market price of our securities.

Credit rating agencies could downgrade our ratings (which currently are deemed “investment grade” levels) either due to our capital structure, factors specific to our business, changes in our geographical footprint, a prolonged cyclical downturn in the mining industry, or macroeconomic trends (such as global or regional recessions) and trends in credit and capital markets more generally. There can be no assurance that we will maintain our current ratings. Any decline in our credit ratings, including a loss of investment-grade status, could result in an increase in our cost of funds, limit our access to the capital markets, trigger additional collateral or funding requirements, decrease the number of investors and counterparties that are willing to lend to us, significantly harm our financial condition and results of operations, hinder our ability to refinance existing indebtedness on acceptable terms and have an adverse effect on the market price of our securities.

We rely on our joint venture partners in our mines to meet their payment obligations and we are subject to risks involving the acts or omissions of our joint venture partners when we are not the manager of the joint venture.

We co-own and manage three of our five U.S. Iron Ore mines and one of our two Eastern Canadian Iron Ore mines with various joint venture partners that are integrated steel producers or their subsidiaries, including ArcelorMittal, U.S. Steel Canada Inc., and WISCO. We rely on our joint venture partners to make their required capital contributions and to pay for their share of the iron ore that each joint venture produces. Our U.S. Iron Ore and Eastern Canadian Iron Ore joint venture partners are also our customers. If one or more of our joint venture partners fail to perform their obligations, the remaining joint venture partners, including ourselves, may be required to assume additional material obligations, including significant capital contribution, pension and postretirement health and life insurance benefit obligations. The premature closure of a mine due to the failure of a joint venture partner to perform its obligations could result in significant fixed mine-closure costs, including severance, employment legacy costs and other employment costs; reclamation and other environmental costs; and the costs of terminating long-term obligations, including energy and transportation contracts and equipment leases.

We cannot control the actions of our joint venture partners, especially when we have a minority interest in a joint venture. Further, in spite of performing customary due diligence prior to entering into a joint venture, we cannot guarantee full disclosure of prior acts or omissions of the sellers or those with whom we enter into joint ventures. Such risks could have a material adverse effect on the business, results of operations or financial condition of our joint venture interests.

We may not be able to recover the carrying value when divesting assets or businesses.

When we divest assets or businesses, we may not be able to recover the carrying value of these assets, which potentially could have a material adverse impact on our results of operations, shareholders' equity and capital structure. Also, if we were to sell a percentage of a business, there are inherent risks of a joint venture relationship as noted in the risk factor above.

Our ability to collect payments from our customers depends on their creditworthiness.

Our ability to receive payment for products sold and delivered to our customers depends on the creditworthiness of our customers. With respect to our Asia Pacific and Eastern Canadian Iron Ore business units, payment typically is received as the products are shipped and much of the product is secured by bank letters of credit. By contrast, in our U.S. Iron Ore business unit, generally, we deliver iron ore products to our customers' facilities in advance of payment for those products. Under this practice for our U.S. customers, title and risk of loss with respect to U.S. Iron Ore products does not pass to the customer until payment for the pellets is received; however, there is typically a period of time in which pellets, for which we have reserved title, are within our customers' control. Where we have identified credit risk with certain customers, we have put in place alternate payment terms from time to time.

Consolidations in some of the industries in which our customers operate have created larger customers. These factors have caused some customers to be less profitable and increased our exposure to credit risk. Customers in other countries may be subject to other pressures and uncertainties that may affect their ability to pay, including trade barriers, exchange controls, and local, economic and political conditions. Downturns in the economy and disruptions in the global financial markets in recent years have affected the creditworthiness of our customers from time to time. The extreme market disruption in 2008, among other things, severely limited liquidity and credit availability. Some of our customers are highly leveraged. If economic conditions worsen or prolonged global, national or regional economic recession conditions return, it is likely to impact significantly the creditworthiness of our customers and could, in turn, increase the risk we bear on payment default for the credit we provide to our customers and could limit our ability to collect receivables. Failure to receive payment from our customers for products that we have delivered could affect adversely our results of operations, financial condition and liquidity.

Our operating expenses could increase significantly if the price of electrical power, fuel or other energy sources increases.

Our mining operations and development projects require significant use of energy. Operating expenses at all of our mining locations are sensitive to changes in electricity prices and fuel prices, including diesel fuel and natural gas prices. These items make up approximately 20 to 25 percent in the aggregate of our operating costs in our U.S. Iron Ore locations, for example. Prices for electricity, natural gas and fuel oils can fluctuate widely with availability and demand levels from other users. During periods of peak usage, supplies of energy may be curtailed and we may not be able to purchase them at historical rates. A disruption in the transmission of energy, inadequate energy transmission infrastructure, or the termination of any of our energy supply contracts could interrupt our energy supply and affect adversely our operations. While we have some long-term contracts with electrical suppliers, we are exposed to fluctuations in energy costs that can affect our production costs. As an example, our mines in Minnesota are subject to changes in Minnesota Power's rates, such as rate changes that are reviewed and approved by the state public utilities commission in response to an application filed by Minnesota Power. We also enter into market-based pricing supply contracts for electricity, natural gas and diesel fuel for use in our operations. Those contracts expose us to price increases in energy costs, which could cause our profitability to decrease significantly.

In addition, U.S. public utilities are expected to pass through additional capital and operating cost increases related to new, pending U.S. environmental regulations that are expected to require significant capital investment and use of cleaner fuels over the next 10 years and may impact U.S. coal-fired generation capacity. We are estimating that power rates for our electricity-intensive operations could increase above 2013 levels by up to 8 percent by 2016, representing an annual power spend increase of approximately $21 million by 2016 for our U.S. operations.

The availability of capital for exploration, acquisitions and mine development may be limited.

In order to grow our business or sustain current development, we may need to access the capital markets to finance exploration, acquisitions and continued development of existing mining properties. During the global economic crisis, access to capital to finance new projects and acquisitions was extremely limited. We cannot predict the general availability or accessibility of capital to finance such projects in the future.

We are subject to a variety of financial market risks.

Financial market risks include those caused by changes in the value of investments, changes in commodity prices, interest rates and foreign currency exchange rates. We have established policies and procedures to manage such risks; however, certain risks are beyond our control and our efforts to mitigate such risks may not be effective. These factors could have a material adverse effect on our results of operations.

We may not pay dividends on our common shares.

Holders of our common shares are entitled to receive only such dividends as our Board of Directors may declare out of funds legally available for such payments. We are incorporated in Ohio and governed by the Ohio General Corporation Law, which allows a corporation to pay dividends, in general, in an amount that cannot exceed its surplus, as determined under Ohio law. Furthermore, holders of our common shares may be subject to prior dividend rights of holders of our preferred stock or depositary shares representing such preferred stock then outstanding. Our ability to pay dividends will be subject to our future earnings, capital requirements and financial condition, as well as our compliance with covenants and financial ratios related to existing or future indebtedness. Although we historically have declared cash dividends on our common shares, we are not required to declare cash dividends on our common shares and our Board of Directors may reduce, defer or eliminate our common share dividend in the future.

IV. OPERATIONAL RISKS

Mine closures entail substantial costs. If we close one or more of our mines, our results of operations and financial condition would likely be affected adversely.

If we close any of our mines, our revenues would be reduced unless we were able to increase production at our other mines, which may not be possible. The closure of a mining operation involves significant fixed closure costs, including accelerated employment legacy costs, severance-related obligations, reclamation and other environmental costs, and the costs of terminating long-term obligations, including customer, energy and transportation contracts and equipment leases. We base our assumptions regarding the life of our mines on detailed studies we perform from time to time, but those studies and assumptions are subject to uncertainties and estimates that may not be accurate. We recognize the costs of reclaiming open pits and shafts, stockpiles, tailings ponds, roads and other mining support areas based on the estimated mining life of our property. If we were to significantly reduce the estimated life of any of our mines, the mine-closure costs would be applied to a shorter period of production, which would increase production costs per ton produced and could significantly and adversely affect our results of operations and financial condition.

A North American mine permanent closure could increase significantly and accelerate employment legacy costs, including our expense and funding costs for pension and other postretirement benefit obligations. A number of employees would be eligible for immediate retirement under special eligibility rules that apply upon a mine closure. All employees eligible for immediate retirement under the pension plans at the time of the permanent mine closure also could be eligible for postretirement health and life insurance benefits, thereby accelerating our obligation to provide these benefits. Certain mine closures would precipitate a pension closure liability significantly greater than an ongoing operation liability. Finally, a permanent mine closure could trigger severance-related obligations, which can equal up to sixteen weeks of pay per employee in some jurisdictions, depending on length of service. As a result, the closure of one or more of our mines could adversely affect our financial condition and results of operations.

Our sales and competitive position depend on the ability to transport our products to our customers at competitive rates and in a timely manner.

In our U.S. Iron Ore operations, disruption of the lake and ocean-going vessels and rail transportation services because of weather-related problems, including ice and winter weather conditions on the Great Lakes or St. Lawrence Seaway, strikes, lock-outs, or other events and lack of alternative transportation sources, could impair our ability to supply iron ore to our customers at competitive rates or in a timely manner and, thus, could adversely affect our sales, margins and profitability. Similarly, our North American Coal operations depend on international vessels and rail transportation services, as well as the availability of dock capacity, and any disruptions to those services or the lack of dock capacity could impair our ability to supply coal to our customers at competitive rates or in a timely manner and, thus, could adversely affect our sales and profitability. Further, reduced dredging and environmental changes, particularly at Great Lakes ports, could impact negatively our ability to move our iron ore and coal products because lower water levels restrict the tonnage that vessels can haul, resulting in higher freight rates.

Our Asia Pacific Iron Ore and Eastern Canadian Iron Ore operations also are dependent upon rail and port capacity. Disruptions in rail service or availability of dock capacity could similarly impair our ability to supply iron ore to our customers, thereby adversely affecting our sales and profitability. In addition, our Asia Pacific Iron Ore operations are also in direct competition with the major world seaborne exporters of iron ore and our customers face higher transportation costs than most other Australian producers to ship our products to the Asian markets because of the location of our major shipping port on the south coast of Australia. Further, increases in transportation costs, including volatile fuel rates, decreased availability of ocean vessels or changes in such costs relative to transportation costs incurred by our competitors could make our products less competitive, restrict our access to certain markets and have an adverse effect on our sales, margins and profitability.

Natural disasters, weather conditions, disruption of energy, unanticipated geological conditions, equipment failures, and other unexpected events may lead our customers, our suppliers or our facilities to curtail production or shut down operations.

Operating levels within the mining industry are subject to unexpected conditions and events that are beyond the industry's control. Those events could cause industry members or their suppliers to curtail production or shut down a portion or all of their operations, which could reduce the demand for our iron ore and coal products, and could affect adversely our sales, margins and profitability.

Interruptions in production capabilities inevitably will increase our production costs and reduce our profitability. We do not have meaningful excess capacity for current production needs, and we are not able to quickly increase production at one mine to offset an interruption in production at another mine.

A portion of our production costs are fixed regardless of current operating levels. As noted, our operating levels are subject to conditions beyond our control that can delay deliveries or increase the cost of mining at particular mines for varying lengths of time. These include weather conditions (for example, extreme winter weather, tornadoes, floods, and the lack of availability of process water due to drought) and natural disasters, pit wall failures, unanticipated geological conditions, including variations in the amount of rock and soil overlying the deposits of iron ore and coal, variations in rock and other natural materials and variations in geologic conditions and ore processing changes.

The manufacturing processes that take place in our mining operations, as well as in our processing facilities, depend on critical pieces of equipment. This equipment may, on occasion, be out of service because of unanticipated failures. In addition, many of our mines and processing facilities have been in operation for several decades, and the equipment is aged. In the future, we may experience additional material plant shutdowns or periods of reduced production because of equipment failures. Further, remediation of any interruption in production capability may require us to make large capital expenditures that could have a negative effect on our profitability and cash flows. Our business interruption insurance would not cover all of the lost revenues associated with equipment failures. Longer-term business disruptions could result in a loss of customers, which adversely could affect our future sales levels and, therefore, our profitability.

Regarding the impact of unexpected events happening to our suppliers, many of our mines are dependent on one source for electric power and for natural gas. A significant interruption in service from our energy suppliers due to terrorism, weather conditions, natural disasters, or any other cause can result in substantial losses that may not be fully recoverable, either from our business interruption insurance or responsible third parties.

We are subject to risks involving operations and sales in multiple countries.

We supply raw materials to the global integrated steel industry with substantial assets located outside of the U.S. We conduct operations in the U.S., Canada and Australia. As such, we are subject to additional risks beyond those relating to our U.S. operations, such as fluctuations in currency exchange rates; potentially adverse tax consequences due to overlapping or differing tax structures; burdens to comply with multiple and potentially conflicting foreign laws and regulations, including export requirements, tariffs and other barriers, environmental health and safety requirements, and unexpected changes in any of these laws and regulations; the imposition of duties, tariffs, import and export controls and other trade barriers impacting the seaborne iron ore and coal markets; difficulties in staffing and managing multi-national operations; political and economic instability and disruptions, including terrorist attacks; disadvantages of competing against companies from countries that are not subject to U.S. laws and regulations, including the Foreign Corrupt Practices Act; and uncertainties in the enforcement of legal rights and remedies in multiple jurisdictions. If we are unable to manage successfully the risks associated with expanding our global business, these risks could have a material adverse effect on our business, results of operations or financial condition.

Our profitability could be affected adversely by the failure of outside contractors to perform.

Asia Pacific Iron Ore and Eastern Canadian Iron Ore use contractors to handle many of the operational phases of their mining and processing operations and, therefore, we are subject to the performance of outside companies on key production areas. A failure of any of these contractors to perform in a significant way would result in additional costs for us, which also could affect adversely our production rates and results of operations.

Coal mining is complex due to geological characteristics of the region.

The geological characteristics of coal reserves, such as depth of overburden and coal seam thickness, make them complex and costly to mine. As mines become depleted, replacement reserves may not be available when required or, if available, may not be capable of being mined at costs comparable to those characteristic of the depleting mines, and, therefore, decisions to defer mine development activities may adversely impact our ability to substantially increase future coal production. These factors could materially adversely affect our mining operations and cost structures, which could affect adversely our sales, profitability and cash flows.

V. DEVELOPMENT AND SUSTAINABILITY RISKS

The cost and time to implement a strategic capital project may prove to be greater than originally anticipated.

We undertake strategic capital projects in order to enhance, expand or upgrade our mines and production capabilities. Our ability to achieve the anticipated increased volumes, revenues or otherwise realize acceptable returns on strategic capital projects that we may undertake is subject to a number of risks, many of which are beyond our control, including a variety of market (such as a volatile pricing environment for iron ore), operational, permitting and labor-related factors. Further, the cost to implement any given strategic capital project ultimately may prove to be greater and may take more time than originally anticipated. For example, we have invested in the Bloom Lake mine, our large-scale seaborne iron ore project in Eastern Canada. Maximizing the Bloom Lake mine's production capabilities through the Phase II expansion project has the potential to increase sales volumes and reduce unit operating costs. Nonetheless, due to the higher than anticipated costs and changes in the pricing environment, we have put on hold the Phase II expansion, including completion of the concentrator and load-out facility, while we explore various strategic alternatives. Further, we will continue to operate Bloom Lake mine Phase I operations but on a reduced tailings capital plan as long as the pricing environment is constructive. Inability to achieve the anticipated results from the implementation of this expansion or any of our strategic capital projects, or the incurring of unanticipated implementation costs, penalties or inability to meet contractual obligations could affect adversely our results of operations and future earnings and cash flow generation.

We may be unable to successfully identify, acquire and integrate strategic acquisition candidates.

Our ability to grow successfully through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain necessary financing. We cannot provide assurance that we will be able to identify successfully strategic candidates or acquire any such businesses. In addition, the costs of acquiring other businesses could increase if competition for acquisition candidates increases. Additionally, the success of an acquisition is subject to other risks and uncertainties, including our ability to realize operating efficiencies and various assumptions expected from an acquisition; the size or quality of the mineral potential; delays in realizing the benefits of an acquisition; difficulties in retaining key employees, customers or suppliers of the acquired businesses; difficulties in maintaining uniform controls, procedures, standards and policies throughout acquired companies; the risks associated with the assumption of contingent or undisclosed liabilities of acquisition targets; the impact of changes to our allocation of purchase price; and the ability to generate future cash flows or the availability of financing.

Moreover, any acquisition opportunities we pursue could affect materially our liquidity and capital resources and may require us to incur indebtedness, seek equity capital or both. Future acquisitions could also result in us assuming more long-term liabilities relative to the value of the acquired assets than we have assumed in our previous acquisitions.

We continually must replace reserves depleted by production. Our exploration activities may not result in additional discoveries.

Our ability to replenish our ore reserves is important to our long-term viability. Depleted ore reserves must be replaced by further delineation of existing ore bodies or by locating new deposits in order to maintain production levels over the long term. Resource exploration and development are highly speculative in nature. Our exploration projects involve many risks, require substantial expenditures and may not result in the discovery of sufficient additional mineral deposits that can be mined profitably. Once a site with mineralization is discovered, it may take several years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish recoverable proven and probable reserves and to construct mining and processing facilities. As a result, there is no assurance that current or future exploration programs will be successful and there is a risk that depletion of reserves will not be offset by discoveries or acquisitions.

We rely on estimates of our recoverable reserves, which is complex due to geological characteristics of the properties and the number of assumptions made.

We regularly evaluate our U.S. iron ore, Eastern Canadian iron ore, and coal reserves based on revenues and costs and update them as required in accordance with SEC Industry Guide 7 and Canada's National Instrument 43-101. In addition, our Asia Pacific Iron Ore business segment has published reserves that follow the Joint Ore Reserve Code in Australia, with certain changes to our Western Australian reserve values to make them comply with SEC requirements. There are numerous uncertainties inherent in estimating quantities of reserves of our mines, including many factors beyond our control.

Estimates of reserves and future net cash flows necessarily depend upon a number of variable factors and assumptions, such as production capacity, effects of regulations by governmental agencies, future prices for iron ore and coal, future industry conditions and operating costs, severance and excise taxes, development costs and costs of extraction and reclamation, all of which may vary considerably from actual results. Estimating the quantity and grade of reserves requires us to determine the size, shape and depth of our mineral bodies by analyzing geological data, such as samplings of drill holes, tunnels and other underground workings. In addition to the geology assumptions of our mines, assumptions are also required to determine the economic feasibility of mining these reserves, including estimates of future commodity prices and demand, the mining methods we use, and the related costs incurred to develop and mine our reserves. For these reasons, estimates of the economically recoverable quantities of mineralized deposits attributable to any particular group of properties, classifications of such reserves based on risk of recovery and estimates of future net cash flows prepared by different engineers or by the same engineers at different times may vary substantially as the criteria change. Estimated ore and coal reserves could be affected by future industry conditions, geological conditions and ongoing mine planning. Actual volume and grade of reserves recovered, production rates, revenues and expenditures with respect to our reserves will likely vary from estimates, and if such variances are material, our sales and profitability could be affected adversely.

Any defects in title of leasehold interests in our properties could limit our ability to mine these properties or could result in significant unanticipated costs.

We conduct a significant part of our mining operations on properties that we lease. These leases were entered into over a period of many years by some of our predecessors, and title to our leased properties and mineral rights may not be thoroughly verified until a permit to mine the property is obtained. Our right to mine some of our proven and probable reserves, for iron ore or coal, may be materially adversely affected if there were defects in title or boundaries. In order to obtain leases or mining contracts to conduct our mining operations on property where these defects exist, we may in the future have to incur unanticipated costs, which could affect adversely our profitability.

In order to continue to foster growth in our business and maintain stability of our earnings, we must maintain our social license to operate with our stakeholders.

As a mining company, maintaining a strong reputation and consistent operational and safety history is vital in order to continue to foster growth and maintain stability in our earnings. As sustainability expectations increase and regulatory requirements continue to evolve, maintaining our social license to operate becomes increasingly important. We strive to incorporate social license expectations in our ERM program. Our ability to maintain our reputation and strong operating history could be threatened, including by circumstances outside of our control. If we are not able to respond effectively to these and other challenges to our social license to operate, our reputation could be damaged significantly. Damage to our reputation could affect adversely our operations and ability to foster growth in our Company.

Estimates and timelines relating to new development and expansion projects are uncertain and we may incur higher costs and lower economic returns than estimated.

Mine development projects typically require a number of years and significant expenditures during the development phase before production is possible. Such projects could experience unexpected problems and delays during development, construction and mine start-up. For example, our Chromite project, which was moved into the feasibility study stage of development in May 2012, was suspended in November 2013 because of an uncertain timeline and risks associated with the development of necessary infrastructure critical to the project's economic viability.

Our decision to develop a project typically is based on the results of feasibility studies, which estimate the anticipated economic returns of a project. The actual project profitability or economic feasibility may differ from such estimates as a result of any of the following factors, among others:

- changes in tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- estimated future prices of the relevant ore;
- changes in customer demand;
- higher construction and infrastructure costs;
- the quality of the data on which engineering assumptions were made;
- higher production costs;
- adverse geotechnical conditions;
- availability of adequate labor force;
- availability and cost of water and power;
- availability and cost of transportation;
- fluctuations in inflation and currency exchange rates;
- availability and terms of financing;
- delays in obtaining environmental or other government permits or changes in the laws and regulations related to those permits;
- weather or severe climate impacts; and
- potential delays relating to social and community issues.

Our future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new production sites or facilities may be less profitable than currently anticipated, or may not be profitable at all, any of which could have a material adverse effect on our sales, margins and cash flows.

VI. HUMAN CAPITAL RISKS

Our profitability could be affected adversely if we fail to maintain satisfactory labor relations.

Production in our mines is dependent upon the efforts of our employees. We are party to labor agreements with various labor unions that represent employees at our operations. Such labor agreements are negotiated periodically, and, therefore, we are subject to the risk that these agreements may not be able to be renewed on reasonably satisfactory terms. It is difficult to predict what issues may arise as part of the collective bargaining process, and whether negotiations concerning these issues will be successful. Due to union activities or other employee actions, we could experience labor disputes, work stoppages, or other disruptions in our production of coal and iron ore that could affect us adversely. The USW represents all hourly employees at our U.S. Iron Ore and Eastern Canadian Iron Ore operations owned and/or managed by Cliffs or its subsidiary companies except for Northshore.

Effective September 1, 2012, our Empire and Tilden mines in Michigan, and United Taconite and Hibbing mines in Minnesota, entered into 37-month labor agreements with the USW that cover approximately 2,400 USW-represented employees at those mines. Those agreements terminate on September 30, 2015. Effective March 1, 2009, Wabush entered into a five-year labor agreement with the USW that covers approximately 700 hourly employees, which is effective through February 28, 2014. In August 2013, our Bloom Lake operation in Quebec entered into a new labor agreement with the USW covering approximately 370 hourly employees. It has a three-year term that runs from September 1, 2013 through August 31, 2016. In November 2014, our Pointe Noire operation in Quebec entered into a new labor agreement with the USW that covers approximately 180 hourly employees. It has a six-year term and runs from March 1, 2014 through February 28, 2020. The UMWA represents approximately 800 hourly employees at our Pinnacle location in West Virginia and our Oak Grove location in Alabama. A new five and one-half year labor agreement with respect to those mines was entered into with the UMWA, effective July 1, 2011 through December 31, 2016. Approximately 120 hourly employees at the railroads we own that transport products among our facilities are represented by seven separate rail unions. We have current labor agreements with all seven of those unions. The moratorium for bargaining as to each of those unions under the Railway Labor Act will expire on December 31, 2014. If we enter into a new labor agreement with any union that significantly increases our labor costs relative to our competitors or fail to come to an agreement upon expiry, our ability to compete may be materially and adversely affected.

We may encounter labor shortages for critical operational positions, which could affect adversely our ability to produce our products.

We are predicting a long-term shortage of skilled workers for the mining industry and competition for the available workers limits our ability to attract and retain employees. The mining industry is experiencing a skills shortage in Australia and Canada and other countries in which we do not have operations currently. Additionally, at our mining locations, many of our mining operational employees are approaching retirement age. As these experienced employees retire, we may have difficulty replacing them at competitive wages.

Our expenditures for post-retirement benefit and pension obligations could be materially higher than we have predicted if our underlying assumptions differ from actual outcomes, there are mine closures, or our joint venture partners fail to perform their obligations that relate to employee pension plans.

We provide defined benefit pension plans and OPEB to certain eligible union and non-union employees in North America, including our share of expense and funding obligations with respect to unconsolidated ventures. Our pension expense and our required contributions to our pension plans are affected directly by the value of plan assets, the projected and actual rate of return on plan assets, and the actuarial assumptions we use to measure our defined benefit pension plan obligations, including the rate at which future obligations are discounted.

We cannot predict whether changing market or economic conditions, regulatory changes or other factors will increase our pension expenses or our funding obligations, diverting funds we would otherwise apply to other uses.

Signatories to labor agreements with the UMWA have participated for decades in the UMWA 1974 Pension Plan (the "1974 PP"). The 1974 PP has been underfunded for a number of years and has a current total underfunded liability in excess of $5 billion. Our Pinnacle and Oak Grove mines are signatories to labor agreements with the UMWA, making them participants in the 1974 PP. As of the most recent estimate, Pinnacle and Oak Grove's combined share of this underfunded liability was estimated to be approximately $342 million. If Pinnacle or Oak Grove were to withdraw from the 1974 PP or if a mass withdrawal were to occur, we would become obligated to pay this amount to the 1974 PP.

We have calculated our unfunded pension and OPEB obligations based on a number of assumptions. If our assumptions do not materialize as expected, cash expenditures and costs that we incur could be materially higher. Moreover, we cannot be certain that regulatory changes will not increase our obligations to provide these or additional benefits. These obligations also may increase substantially in the event of adverse medical cost trends or unexpected rates of early retirement, particularly for bargaining unit retirees. At our U.S. iron ore mines where the hourly employees are represented by the USW, the new labor agreement includes a retiree medical cap effective for those hourly employees who retire after January 1, 2015. Early retirement rates likely would increase substantially in the event of a mine closure.

We depend on our senior management team and other key employees, and the loss of these employees could adversely affect our business.

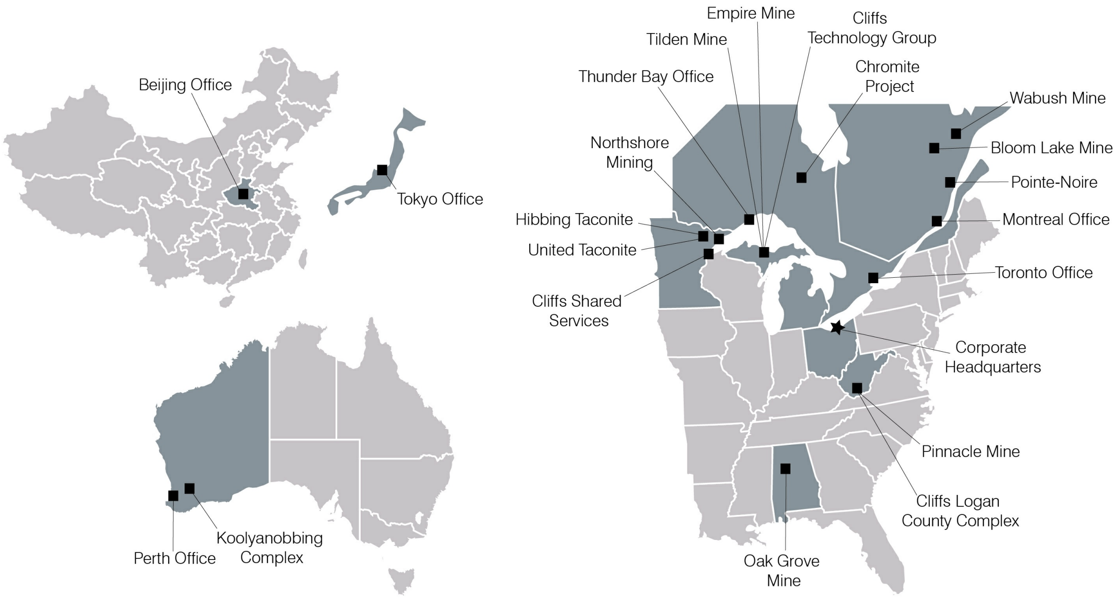
Our success depends in part on our ability to attract and motivate our senior management and key employees. Achieving this objective may be difficult due to a variety of factors, including fluctuations in the global economic and industry conditions, competitors' hiring practices, cost reduction activities, and the effectiveness of our compensation programs. Competition for qualified personnel can be intense. We must continue to recruit, retain, and motivate our senior management and key personnel in order to maintain our business and support our projects. A loss of senior management and key personnel could prevent us from capitalizing on business opportunities, and our operating results could be adversely affected.

Item 1B. *Unresolved Staff Comments*

We have no unresolved comments from the SEC.

Item 2. *Properties*

The following map shows the locations of our operations and offices as ofDecember 31, 2013:



General Information about the Mines

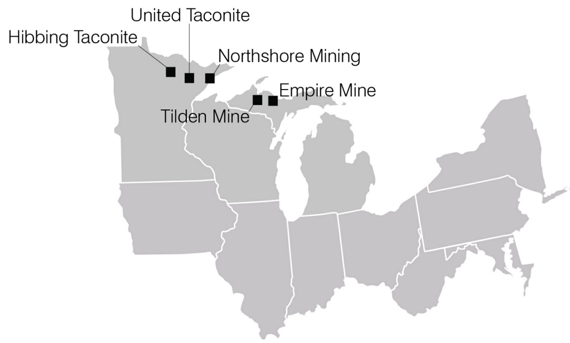
All of our iron ore mining operations are open-pit mines that are in production. Additional pit development is underway as required by long-range mine plans. At our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore mines, drilling programs are conducted periodically for the purpose of refining guidance related to ongoing operations.

Our North American Coal operations consist of both underground and surface mines. Drilling programs are conducted periodically for the purpose of refining guidance related to ongoing operations.

Geologic models are developed for all mines to define the major ore and waste rock types. Computerized block models for iron ore and stratigraphic models for coal are constructed that include all relevant geologic and metallurgical data. These are used to generate grade and tonnage estimates, followed by detailed mine design and life of mine operating schedules.

U.S. Iron Ore

The following map shows the locations of our U.S. Iron Ore operations as of December 31, 2013:



We directly or indirectly own and operate interests in five U.S. Iron Ore mines located in Michigan and Minnesota from which we produced 20.3 million, 22.0 million and 23.7 million tons of iron ore pellets in 2013, 2012 and 2011, respectively, for our account. We produced 6.9 million, 7.5 million and 7.3 million tons, respectively, on behalf of the steel company partners of the mines.

Our U.S. Iron Ore mines produce from deposits located within the Biwabik and Negaunee Iron Formation, which are classified as Lake Superior type iron formations that formed under similar sedimentary conditions in shallow marine basins approximately two billion years ago. Magnetite and hematite are the predominant iron oxide ore minerals present, with lesser amounts of goethite and limonite. Quartz is the predominant waste mineral present, with lesser amounts of other chiefly iron bearing silicate and carbonate minerals. The ore minerals liberate from the waste minerals upon fine grinding.

Mine	Cliffs Ownership	Infrastructure	Mineralization	Operating Since	Current Annual Capacity[1,2]	2013 Production[2,3]	Mineral Owned	Rights Leased
Empire	79%	Mine, Concentrator, Pelletizer	Magnetite	1963	5.5	3.0	53%	47%
Tilden	85%	Mine, Concentrator, Pelletizer, Railroad	Hematite & Magnetite	1974	8.0	7.5	100%	—%
Hibbing	23%	Mine, Concentrator, Pelletizer	Magnetite	1976	8.0	7.7	3%	97%
Northshore	100%	Mine, Concentrator, Pelletizer, Railroad	Magnetite	1990	6.0	3.9	—%	100%
United Taconite	100%	Mine, Concentrator, Pelletizer	Magnetite	1965	5.4	5.2	—%	100%

[1] Annual capacity is reported on a wet basis in millions of long tons, equivalent to 2,240 pounds.

[2] Figures reported on 100% basis.

[3] 2013 Production from Empire includes 1.7 million long tons tolled to Tilden.

Empire Mine

The Empire mine is located on the Marquette Iron Range in Michigan's Upper Peninsula approximately 15 miles southwest of Marquette, Michigan. The Empire mine has produced between 3.0 million and 4.9 million tons of iron ore pellets annually over the past five years, of which between 0.7 million and 1.9 million long annually over the past five years were tolled to Tilden mine.

We own 79 percent of Empire and a subsidiary of ArcelorMittal USA has retained the remaining 21 percent ownership in Empire with limited rights and obligations, which it has a unilateral right to put to us at any time. This right has not been exercised. Each partner takes its share of production pro rata; however, provisions in the partnership agreement allow additional or reduced production to be delivered under certain circumstances. We own directly approximately one-half of the remaining ore reserves at the Empire mine and lease them to Empire. A subsidiary of ours leases the balance of the Empire reserves from other owners of such reserves and subleases them to Empire. Operations consist of an open pit truck and shovel mine, a concentrator that utilizes single stage crushing, AG mills, magnetic separation and floatation to produce a magnetite concentrate that is then supplied to the on-site pellet plant.

Tilden Mine

The Tilden mine is located on the Marquette Iron Range in Michigan's Upper Peninsula approximately five miles south of Ishpeming, Michigan. Over the past five years, the Tilden mine has produced between 4.9 million and 7.8 million tons of iron ore pellets annually. We own 85 percent of Tilden, with the remaining minority interest owned by a subsidiary of U.S. Steel Canada Inc. Each partner takes its share of production pro rata; however, provisions in the partnership agreement allow additional or reduced production to be delivered under certain circumstances. We own all of the ore reserves at the Tilden mine and lease them to Tilden. Operations consist of an open pit truck and shovel mine, a concentrator that utilizes single stage crushing, AG mills, magnetite separation and floatation to produce hematite and magnetic concentrates that are then supplied to the on-site pellet plant.

The Empire and Tilden mines are located adjacent to each other. The logistical benefits include a consolidated transportation system, more efficient employee and equipment operating schedules, reduction in redundant facilities and workforce and best practices sharing. Two railroads, one of which is wholly owned by us, link the Empire and Tilden mines with Lake Michigan at the loading port of Escanaba, Michigan and with the Lake Superior loading port of Marquette, Michigan.

Hibbing Mine

The Hibbing mine is located in the center of Minnesota's Mesabi Iron Range and is approximately ten miles north of Hibbing, Minnesota and five miles west of Chisholm, Minnesota. Over the past five years, the Hibbing mine has produced between 1.7 million and 8.1 million tons of iron ore pellets annually. We own 23 percent of Hibbing, a subsidiary of ArcelorMittal has a 62.3 percent interest and a subsidiary of U.S. Steel has a 14.7 percent interest. Each partner takes its share of production pro rata; however, provisions in the joint venture agreement allow additional or reduced production to be delivered under certain circumstances. Mining is conducted on multiple mineral leases having varying expiration dates. Mining leases routinely are renegotiated and renewed as they approach their respective expiration dates. Hibbing operations consist of an open pit truck and shovel mine, a concentrator that utilizes single stage crushing, AG mills and magnetic separation to produce a magnetite concentrate, which is then delivered to an on-site pellet plant. From the site, pellets are transported by BNSF rail to a ship loading port at Superior, Wisconsin operated by BNSF.

Northshore Mine

The Northshore mine is located in northeastern Minnesota, approximately two miles south of Babbitt, Minnesota on the northeastern end of the Mesabi Iron Range. Northshore's processing facilities are located in Silver Bay, Minnesota, near Lake Superior. Crude ore is shipped by a wholly owned railroad from the mine to the processing and dock facilities at Silver Bay. Over the past five years, the Northshore mine has produced between 3.2 million and 5.8 million tons of iron ore pellets annually. As previously announced, two of the four production lines at Northshore were idled beginning January 5, 2013. The idled lines are expected to reopen during the first quarter of 2014. The Northshore mine began production under our management and ownership on October 1, 1994. We own 100 percent of the mine. Mining is conducted on multiple mineral leases having varying expiration dates. Mining leases routinely are renegotiated and renewed as they approach their respective expiration dates. Northshore operations consist of an open pit truck and shovel mine where two stages of crushing occur before the ore is transported along a wholly owned 47-mile rail line to the plant site in Silver Bay. At the plant site, two additional stages of crushing occur before the ore is sent to the concentrator. The concentrator utilizes rod mills and magnetic separation to produce a magnetite concentrate, which is delivered to the pellet plant located on-site. The plant site has its own ship loading port located on Lake Superior.

United Taconite Mine

The United Taconite mine is located on Minnesota's Mesabi Iron Range in and around the city of Eveleth, Minnesota. The United Taconite concentrator and pelletizing facilities are located ten miles south of the mine, near the town of Forbes, Minnesota. Over the past five years, the United Taconite mine has produced between 3.8 million and 5.4 million tons of iron ore pellets annually. We own 100 percent of the mine. Mining is conducted on multiple mineral leases having varying expiration dates. Mining leases routinely are renegotiated and renewed as they approach their respective expiration dates. United Taconite operations consist of an open pit truck and shovel mine where two stages of crushing occur before the ore is transported by rail to the plant site located ten miles to the south. At the plant site an additional stage of crushing occurs before the ore is sent to the concentrator. The concentrator utilizes rod mills and magnetic separation to produce a magnetite concentrate, which is delivered to the pellet plant. From the site, pellets are transported by CN rail to a ship loading port at Duluth, Minnesota operated by CN.

Eastern Canadian Iron Ore

The following map shows the locations of our Eastern Canadian Iron Ore operations as of December 31, 2013:

We own and operate interests in two iron ore mines in the Canadian Provinces of Quebec and Newfoundland and Labrador from which we produce iron ore concentrate and produced iron ore pellets through June 2013. We produced 8.7 million, 8.5 million and 6.9 million metric tons of iron ore product in 2013, 2012 and 2011, respectively, from these two mines. In May 2011, we acquired Consolidated Thompson along with its 75 percent interest in the Bloom Lake property. In the fourth quarter of 2013, our interest increased by an aggregate of 7.8 percent, bringing our interest to 82.8 percent in the Bloom Lake property.

Our Eastern Canadian mines produce from deposits located within the area known as the Labrador Trough and are composed of iron formations, which are classified as Lake Superior type. Lake Superior type iron formations consist of banded sedimentary rocks that formed under similar conditions in shallow marine basins approximately two billion years ago. The Labrador Trough region experienced considerable metamorphism and folding of the original iron deposits. Magnetite and hematite are the predominant iron oxide ore minerals present, with lesser amounts of goethite and limonite. Quartz is the predominant waste mineral present, with lesser amounts of other chiefly iron bearing silicate minerals. The ore minerals liberate from the waste minerals upon fine grinding.

Mine	Cliffs Ownership	Infrastructure	Mineralization	Operating Since	Current Annual Capacity[1, 2]	2013 Production[2]	Mineral Owned	Rights Leased
Wabush	100%	Mine, Concentrator, Pelletizer, Railroad	Hematite	1965	5.6	2.8	—%	100%
Bloom Lake	82.8%	Mine, Concentrator, Railroad	Hematite	2010	7.2	5.9	100%	—%

[1] Annual capacity is reported on a wet basis in millions of metric tons, equivalent to 2,205 pounds.

[2] Figures reported on 100% basis.

Wabush Mine

The Wabush mine has been in operation since 1965. Over the past five years, the Wabush mine has produced between 2.7 million and 3.9 million metric tons of iron ore pellets and concentrate annually. Mining is conducted on several mineral leases having varying expiration dates. Mining leases are routinely renegotiated and renewed as they approach their respective expiration dates. The Wabush mine and concentrator are located in Wabush, Newfoundland and Labrador, and the pelletizing operations and dock facility are located in Pointe Noire, Quebec. At the mine, operations consist of an open pit truck and shovel mine, a concentrator that utilizes single stage crushing, AG mills and gravity separation to produce an iron concentrate. Concentrates are shipped by rail 300 miles to Pointe Noire where they were pelletized for shipment via vessel within Canada, to the U.S. and other international destinations. Concentrates are shipped directly from Pointe Noire for sinter feed.

On February 11, 2014, we announced our plan to idle our Wabush mine in Newfoundland and Labrador by the end of the first quarter of 2014. The idle is being driven by the unsustainable high cost structure, which results in operations that are not economically viable to run over time. Additionally, during the second quarter of 2013, the pellet plant operations were idled at Pointe Noire.

Bloom Lake Mine

The Bloom Lake mine and concentrator are located approximately nine miles southwest of Fermont, Quebec. As previously mentioned, our acquisition of Consolidated Thompson in May 2011 included a 75 percent majority ownership in the Bloom Lake operation. During the fourth quarter of 2013, CQIM's interest in the property increased by an aggregate of 7.8 percent to 82.8 percent after CQIM paid both its own and WISCO’s proportionate shares of the cash call for the first half of 2013. As a result, WISCO's interest was diluted to 17.2 percent. Since the acquisition in May 2011, the Bloom Lake mine has produced between 3.5 million and 5.9 million metric tons of iron ore concentrate annually. Phase I of the Bloom Lake mine was commissioned in March 2010, and it consists of an open pit truck and shovel mine, a concentrator that utilizes single stage crushing, an AG mill and gravity separation to produce an iron concentrate. From the site, concentrate is transported 320 miles by rail to a ship loading port in Pointe Noire, Quebec.

On February 11, 2014, we announced that we are exploring various strategic alternatives for our Bloom Lake mine. In the short term, we will continue to operate Bloom Lake mine Phase I operations on a reduced tailings and water management capital plan. We will continue to evaluate and will idle temporarily the operations if the pricing and operating costs justify such an alternative action. As a result, the Phase II expansion project remains on hold.

Asia Pacific Iron Ore

The following map shows the location of our Asia Pacific Iron Ore operation as ofDecember 31, 2013:

In Australia, we own and operate the Koolyanobbing operations and owned and operated a50 percent interest in the Cockatoo Island iron ore mine until we sold it in September 2012. We produced 11.1 million metric tons, 11.3 million metric tons and 8.9 million metric tons in 2013, 2012 and 2011, respectively. The 2012 and 2011 production tons include tons produced at the Koolyanobbing operations and the Cockatoo Island iron ore mine.

The mineralization at the Koolyanobbing operations is predominantly hematite and goethite replacements in greenstone-hosted banded iron formations. Individual deposits tend to be small with complex ore-waste contact relationships. The reserves at the Koolyanobbing operations are derived from 14 separate mineral deposits distributed over a 70 mile operating radius.

Mine	Cliffs Ownership	Infrastructure	Mineralization	Operating Since	Current Annual Capacity[1]	2013 Production	Mineral Owned	Rights Leased
Koolyanobbing	100%	Mine, Road Haulage, Crushing-Screening Plant	Hematite & Goethite	1994	11.0	11.1	—%	100%

[1] Annual capacity is reported on a wet basis in millions of metric tons, equivalent to 2,205 pounds.

Koolyanobbing

The Koolyanobbing operations are located 250 miles east of Perth and approximately 30 miles northeast of the town of Southern Cross. Koolyanobbing produces lump and fines iron ore. Mining is conducted on multiple mineral leases having varying expiration dates. Mining leases routinely are renewed as they approach their respective expiration dates. Ongoing exploration programs targeting extensions to the iron ore mineralization, including regional exploration targets in the Yilgarn Mineral Field, were active in 2013. In 2011, a significant permitting milestone was achieved with the granting of regulatory approvals necessary to develop above the water table at Windarling's W1 deposit. In 2013, environmental approvals were obtained for deepening of the Windarling W1 pit and deepening of the Koolyanobbing A/B/C pits. Final environmental approvals also were received in 2013 for the Deception project.

Over the past five years, the Koolyanobbing operation has produced between 8.2 million and 11.1 million metric tons annually. The expansion project at Koolyanobbing increasing annual capacity to 11 million metric tons was completed in 2012. Ore material is sourced from nine separate open pit mines and delivered by typical production trucks or road trains to a crushing and screening facility located at Koolyanobbing. All of the ore from the Koolyanobbing operations is transported by rail to the Port of Esperance, 360 miles to the south, for shipment to Asian customers.

North American Coal

The following map shows the locations of our North American Coal operations as of December 31, 2013:

We directly own and operate three North American coal mining complexes from which we produced a total of 7.2 million, 6.4 million and 5.0 million tons of coal in 2013, 2012 and 2011, respectively. Our coal production at each mine is shipped within the U.S. by rail or barge. Coal for international customers is shipped through the ports of Mobile, Alabama; Newport News, Virginia; and New Orleans, Louisiana.

Coal seams mined at all of our North American Coal operations are Pennsylvanian Age and derived from the Pocahontas 3 and 4 seams at the Pinnacle Complex and the Blue Creek Seam at Oak Grove, which produce high quality, low ash metallurgical products, while multiple seams are mined at the CLCC underground and surface mines producing both metallurgical and thermal products.

Mine	Cliffs Ownership	Infrastructure	Primary Coal Type	Operating Since	Current Annual Capacity[1]	2013 Production	Mineral Owned	Rights Leased
Pinnacle Complex	100%	U/G Mine, Preparation Plant, Load-out	Low-Vol Metallurgical	1969	4.0	2.8	—%	100%
Oak Grove	100%	U/G Mine, Preparation Plant, Load-out	Low-Vol Metallurgical	1972	2.5	2.3	—%	100%
Cliffs Logan County Coal	100%	U/G Mine, Preparation Plant, Load-out	High-Vol Metallurgical	2008	1.7	1.5	—%	100%
Cliffs Logan County Coal	100%	Surface Mine	Thermal	2005	1.2	0.6	—%	100%

[1] Annual capacity is on a wet basis in millions of short tons, equivalent to 2,000 pounds.

Pinnacle Complex

The Pinnacle Complex includes the Pinnacle and Green Ridge mines and is located approximately 30 miles southwest of Beckley, West Virginia. The Pinnacle mine has been in operation since 1969. Over the past five years, the Pinnacle mine has produced between 0.7 million and 2.8 million tons of coal annually. The Green Ridge mines have been in operation since 2004 and have ranged from no production to 0.2 million tons of coal annually. In February 2010, the Green Ridge No. 1 mine was closed permanently due to exhaustion of the economic reserves at the mine. In addition, the Green Ridge No. 2 mine was idled in January 2012. Pinnacle utilizes continuous miners and a longwall plow system; Green Ridge utilizes only continuous miners. Both facilities share preparation, processing and load-out facilities.

Oak Grove

The Oak Grove mine is located approximately 25 miles southwest of Birmingham, Alabama. The mine has been in operation since 1972. Over the past five years, the Oak Grove mine has produced between 0.9 million and 2.3 million tons of coal annually. In 2011, a new shaft and support facilities were commissioned in order to reduce the transport time for supplies and personnel to the working face. The previous shaft still is utilized in a support role. Oak Grove utilizes a long wall shearer with continuous miners. Preparation, processing and rail load-out facilities are located on-site. The preparation plant at Oak Grove incurred significant tornado damage during 2011. The plant rebuild included new equipment and improvements to the process design that enhanced the performance of the plant, which returned to normal operating capacity in January 2012.

Cliffs Logan County Coal

Cliffs Logan County Coal property is located within Boone, Logan and Wyoming counties in southern West Virginia. CLCC currently produces metallurgical and thermal coal from surface and underground mines that are served by a preparation plant and unit-train load out facility on the CSX Transportation. Two underground mines, the Powellton No. 1 and Lower War Eagle, produce high-volatile metallurgical coal using room and pillar retreat mining methods using continuous miner equipment. The Toney Fork No. 2 surface mine produces thermal coal with a combination of contour strip area mining and point removal methods.

The Powellton and Dingess-Chilton mines have been in operation since 2008. The Lower War Eagle mine was in development in 2011 and became fully operational in November 2012. Over the past five years, the Powellton mine has produced between 0.3 million and 0.8 million tons of coal annually and the Dingess-Chilton mine production has ranged from 0.1 million tons to 0.6 million tons of coal annually. In March 2013, the Dingess-Chilton mine was closed permanently due to exhaustion of economic reserves. Lower War Eagle produced 0.6 million tons in 2013 and 0.1 million tons in 2012 after moving out of the development phase. The Toney Fork No. 2 mine has been in operation since 2005. Over the past five years, the Toney Fork No. 2 mine has produced between 0.6 million and 1.2 million tons of coal annually.

Advanced Exploration and Development Properties

The following map shows the locations of our advanced exploration and development properties as of December 31, 2013:

We have several advanced exploration projects located in the Canadian provinces of British Columbia, Ontario and Québec in different stages of evaluation at this time. Work completed on these properties includes geological mapping, drilling and sampling programs, and initial and advance stage engineering studies.

Chromite Project

Cliffs Chromite Ontario's primary assets are situated in the Ring of Fire area, James Bay lowlands, of northern Ontario. These chromite properties are located approximately 155 miles north of the town of Nakina (on the CN railroad mainline) and about 50 miles east of the First Nations community of Webequie. We have a controlling position in three chromite deposits that occur in close proximity to each other: a 100 percent interest in each of the Black Label and Black Thor chromite deposits and a 70 percent interest in the Big Daddy chromite deposit. KWG Resources Inc. owns the remaining 30 percent. We have completed a prefeasibility study on the Black Thor deposit, the largest of the three deposits. On November 20, 2013, we indefinitely suspended our Chromite Project in Northern Ontario. Given the uncertain timeline and risks associated with the development of necessary infrastructure to bring this project online, we do not expect to allocate any significant additional capital to the project. Earlier in 2013, we suspended the environmental assessment activities because of pending issues impeding the progress of the project. We will continue to work with the Government of Ontario, First Nation communities and other interested parties to explore potential solutions related to the critical infrastructure issues for the Ring of Fire properties.

These chromite deposits are orthomagmatic stratiform deposits of unusual thickness and size. Mineralization consists of chromite crystals [(Fe,Mg) $(Cr,Al,Fe)_2O_4$] ranging from massive chromite bands to interbedded and disseminated chromite.

Decar Property

The Decar Property is located 56 miles northwest of Fort St. James, British Columbia, Canada and consists of 60 mineral claims covering 95 square miles. We own a 60 percent interest in the Decar Property and First Point Minerals Corp. owns the remaining 40 percent. In 2012, 2011 and 2010, we performed exploration activities on the property and in 2013 completed a scoping study to further evaluate the potential economics and viability of an operation producing a high-grade nickel concentrate that could be marketable to various end users. In 2013 our interest in the property increased from 51 percent to 60 percent as a result of completing the scoping study in accordance with the 2009 option agreement between Cliffs and First Point Minerals.

The mineralization consists of the nickel-iron alloy awaruite ($Ni_{2-3}Fe$). Awaruite is disseminated in serpentinized peridotite; it occurs as relatively coarse grains between 50 to 400 μm in size. Awaruite has been observed throughout the entire extent of the peridotite but four zones of stronger mineralization have been identified. The four zones are the Baptiste, Sidney, Target B and Van targets. Exploration programs, resource definition drilling and engineering studies associated with the scoping study have focused on the Baptiste prospect.

Labrador Trough South

The Labrador Trough South property is located approximately 150 miles north of Sept-Iles, Québec and 30 miles southwest of the town of Fermont, Québec. Provincial highway 389 crosses the south and east sides of the property and provides year-round access. The property consists of a total of 636 non-contiguous claims covering roughly 130 square miles. Several areas containing iron mineralization have been further defined utilizing aerial geophysics, outcrop mapping and diamond drilling. These areas are known as: Lamêlée, Peppler Lake, Hobdad, Lac Jean and Faber. To date, most of the exploration efforts have focused on the first three areas. Cliffs acquired 100 percent ownership of the claims as part of the Consolidated Thompson acquisition in 2011.

The Labrador Trough South property is situated in the Knob Lake Group of sedimentary rocks including Lake Superior-type banded iron formations. Here, the Labrador Trough is crossed by the Grenville Front. Trough rocks in the Grenville Province are highly metamorphosed, complexly folded and structurally dislocated. The high-grade metamorphism of the Grenville Province is responsible for recrystallization of both iron oxides and silica producing coarse-grained sugary quartz, magnetite, specular hematite schists and gneisses that are of improved quality for concentrating and processing. Potentially recoverable minerals in the project are predominantly magnetite and subordinate hematite.

Mineral Policy

We have a corporate policy relating to internal control and procedures with respect to auditing and estimating of minerals. In 2012, we revised our policy regarding the estimation and reporting of mineralized materials and mineral reserves to better align with international best practices. The procedures contained in the policy include the calculation of mineral estimates at each property by our engineers, geologists and accountants, as well as third-party consultants. Management compiles and reviews the calculations, and once finalized, such information is used to prepare the disclosures for our annual and quarterly reports. The disclosures are reviewed and approved by management, including our president and chief financial officer. Additionally, the long-range mine planning and mineral estimates are reviewed annually by our Audit Committee. Furthermore, all changes to mineral estimates, other than those due to production, are adequately documented and submitted to senior operations officers for review and approval. Finally, periodic reviews of long-range mine plans and mineral reserve estimates are conducted at mine staff meetings, senior management meetings and by independent experts.

Mineral Reserves

Reserves are defined by SEC Industry Standard Guide 7 as that part of a mineral deposit that could be economically and legally extracted and produced at the time of the reserve determination. All reserves are classified as proven or probable and are supported by life-of-mine plans.

Reserve estimates are based on pricing that does not exceed the three-year trailing average of benchmark prices for iron ore and coal adjusted to our realized price. For the three-year period 2010 to 2012, the average international benchmark price of 62 percent Fe CFR China was $149 per dry metric ton. For the same period, the benchmark coal prices FOB U.S. East Coast were $238 per metric ton for low-vol, $194 per metric ton for high-vol, and $63 per short ton for thermal.

We evaluate and analyze mineral reserve estimates in accordance with our mineral policy and SEC requirements. The table below identifies the year in which the latest reserve estimate was completed.

Property	Date of Latest Economic Reserve Analysis
U.S. Iron Ore	
Empire	2009
Tilden	2011
Hibbing	2012
Northshore	2012
United Taconite	2013
Eastern Canadian Iron Ore	
Bloom Lake	2011
Asia Pacific Iron Ore	
Koolyanobbing	2013
North American Coal	
Pinnacle Complex	2013
Oak Grove	2012
CLCC	2011

Iron Ore Reserves

Ore reserve estimates for our iron ore mines as of December 31, 2013 were estimated from fully designed open pits developed using three-dimensional modeling techniques. These fully designed pits incorporate design slopes, practical mining shapes and access ramps to assure the accuracy of our reserve estimates. New estimates were completed in 2013 for the following operations: United Taconite and Koolyanobbing. With the expiration of our partnership agreement and anticipated closure of Empire at the end of 2014, we are only reporting the amount of reserves at Empire that are planned to be extracted during the year. In the second quarter of 2013, we made the decision to idle the pellet plant at Pointe Noire and only produce an iron ore concentrate from our Wabush facility. Subsequently, in the first quarter of 2014, we made the decision to idle all production at our Wabush mine by the end of the quarter. As a result, the reserves previously reported for Wabush are now included in our Mineralized Material estimates. All of our remaining operations reserves have been adjusted net of 2013 production.

U.S. Iron Ore

All tonnages reported for our U.S. Iron Ore operating segment are in long tons of 2,240 pounds, have been rounded to the nearest 100,000 and are reported on a 100 percent basis.

U.S. Iron Ore Mineral Reserves
as of December 31, 2013
(In Millions of Long Tons)

		Proven		Probable		Proven & Probable		Saleable Product [2,3]		Previous Year	
Property	**Cliffs Share**	**Tonnage**	**% Grade**	**Tonnage**	**% Grade**	**Tonnage**	**% Grade[5]**	**Process Recovery[4]**	**Tonnage**	**P&P Crude Ore**	**Saleable Product**
Empire	79%	4.7	21.7	—	—	4.7	21.7	30%	1.4	22.4	6.2
Tilden Hematite[1]	85%	474.6	35.7	130.0	36.1	604.6	35.8	34%	207.2	625.2	214.3
Tilden Magnetite	85%	72.9	29.0	11.7	29.2	84.6	29.0	38%	31.9	89.0	33.5
Total Tilden	85%	547.5		141.7		689.2		35%	239.1	714.2	247.8
Hibbing	23%	266.8	19.0	20.7	18.9	287.5	19.0	26%	75.4	316.1	82.8
Northshore	100%	338.8	25.5	712.6	24.8	1,051.4	25.0	34%	356.9	1,063.1	360.7
United Taconite	100%	423.5	23.1	65.9	22.9	489.4	23.1	34%	164.1	386.7	125.8
Totals		**1,581.3**		**940.9**		**2,522.2**			**836.9**	**2,502.5**	**823.3**

[1] Tilden hematite reported grade is percent FeT; all other properties are percent magnetic iron

[2] Saleable product is a standard pellet containing 60 to 66 percent Fe calculated from both proven and probable mineral reserves

[3] Saleable product is reported on a dry basis; shipped products typically contain 1 to 4 percent moisture

[4] Process recovery includes all factors for converting crude ore tonnage to saleable product

[5] Cutoff grades are 15 percent magnetic iron for Hibbing and Empire, 17 percent for United Taconite, 19 percent for Northshore and 20 percent for Tilden. Cutoff for Tilden hematite is 25 percent FeT.

New economic reserve analyses were completed for United Taconite in 2013. Based on the analysis, saleable product reserves increased by 43.4 million tons at United Taconite as a result of updated life-of-mine operating plans and production schedules, partially offset by 2013 production of 5.1 million tons.

Table of Contents

Eastern Canadian Iron Ore

All tonnages reported for our Eastern Canadian Iron Ore operating segment are in metric tons of 2,205 pounds, have been rounded to the nearest 100,000 and are reported on a 100 percent basis.

Eastern Canadian Iron Ore Mineral Reserves
as of December 31, 2013
(In Millions of Metric Tons)

		Proven		Probable		Proven & Probable		Saleable Product[1,2]		Previous Year	
Property	Cliffs Share	Tonnage	% Fe	Tonnage	% Fe	Tonnage	% Fe[4]	Process Recovery[3]	Tonnage	P&P Crude Ore	Saleable Product
Bloom Lake	82.8%	249.8	29.2	765.3	28.3	1,015.1	28.5	34%	350.1	1,034.5	355.8

[1] Bloom Lake product is an iron concentrate containing 66 percent Fe calculated from both proven and probable mineral reserves.
[2] Saleable product is reported on a dry basis, shipped products contain 3 percent moisture
[3] Process recovery includes all factors for converting crude ore tonnage to saleable product
[4] Cutoff grade is 20 percent FeT

In the second quarter of 2013, we idled the pellet plant at Pointe Noire and decided to produce only an iron ore concentrate from our Wabush facility. Subsequently, on February 11, 2014, we announced that we made the decision to idle all production at our Wabush mine by the end of the first quarter of 2014. As a result, the reserves previously reported for Wabush now are included in our Mineralized Material estimates.

Asia Pacific Iron Ore

All tonnages reported for our Asia Pacific Iron Ore operating segment are in metric tons of 2,205 pounds, have been rounded to the nearest 100,000 and are reported on a 100 percent basis.

Asia Pacific Iron Ore Mineral Reserves
as of December 31, 2013
(In Millions of Metric Tons)[1]

		Proven		Probable		Proven & Probable		Previous Year Total
Property	Cliffs Share	Tonnage	% Fe	Tonnage	% Fe	Tonnage	% Fe[2]	Tonnage
Koolyanobbing	100%	3.8	58.0	60.7	60.4	64.5	60.3	78.1

[1] Tonnages reported are saleable product reported on a dry basis; shipped products contain 3 percent moisture
[2] Cutoff grade is 54 percent FeT

New economic reserve analyses were completed for Koolyanobbing in 2013. Based on the analysis, saleable product reserves decreased by 2.1 million metric tons as a result of updated life-of-mine operating plans and production schedules.

Coal Reserves

Coal reserves estimates for our North American underground and surface mines as of December 31, 2013 were estimated using three-dimensional modeling techniques, coupled with scheduled mine plans. The CLCC operations and Oak Grove operations reserves have not changed net of 2013 mine production.

North American Coal

All tonnages reported for our North American Coal operating segment are in short tons of 2,000 pounds, have been rounded to the nearest 100,000 and are reported on a 100 percent basis.

Recoverable Coal Reserves
as of December 31, 2013
(In Millions of Short Tons)[1]

Property/Seam	Cliffs Share	Category[2]	Coal Type	Mine Type	Reserve Classification: Proven	Reserve Classification: Probable	Reserve Classification: Total P&P	Quality: % Sulfur	Quality: As Received Btu/lb	Previous Year: Total P&P
Pinnacle Complex										
Pocahontas No 3	100%	Assigned	Metallurgical	U/G	31.7	9.9	41.6	0.92	14,000	45.8
Pocahontas No 4	100%	Unassigned	Metallurgical	U/G	2.8	0.5	3.3	0.51	14,000	3.3
Oak Grove										
Blue Creek Seam	100%	Assigned	Metallurgical	U/G	31.0	4.0	35.0	0.57	14,000	37.3
Cliffs Logan County Coal										
Multi-Seam Underground	100%	Assigned	Metallurgical	U/G	32.9	19.0	51.9	1.00	15,500	53.4
Multi-Seam Surface	100%	Assigned	Metallurgical	Surface	5.2	1.0	6.2	0.90	15,300	6.2
Multi-Seam Surface	100%	Assigned	Thermal[3]	Surface	42.3	7.4	49.7	0.89	13,300	50.4
Totals					**145.9**	**41.8**	**187.7**			**196.4**

[1] Recoverable coal is reported on a wet basis containing 6 percent moisture

[2] Assigned reserves represent coal that can be mined without a significant capital expenditure, whereas unassigned reserves will require significant capital expenditures before production could be realized

[3] CLCC thermal reserves do not meet U.S. compliance standards as defined by Phase II of the Clean Air Act as coal having a sulfur dioxide content of 1.2 pounds or less per million BTU

New economic reserve analyses were completed for Pinnacle operations in 2013. Total recoverable coal reserves decreased 1.4 million tons at Pinnacle, net of 2013 production.

Mineralized Material

“Mineralized material” is a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. Mineralized material has been delineated by appropriate sampling to establish continuity and support an estimate of tonnage with an average grade of the selected metals, minerals or quality. We have various properties in either advanced exploration, development or operational stages that contain considerable amounts of mineralized material that could eventually be converted into reserves given favorable operating and market conditions. Future production from mineralized material would require additional economic and engineering studies, permitting and significant capital expenditures before any potential value could be realized. A deposit of mineralized material does not qualify as a reserve until a comprehensive evaluation, based upon unit costs, grade, recoveries and other material factors, concludes both economic and legal feasibility. Further, for new projects a “final” or “bankable” feasibility study is required prior to the reporting of mineral reserves.

Readers are cautioned not to assume that any of these mineralized materials will ever be converted into mineral reserves. Our mineralized material estimates contain only material classified as measured or indicated. Materials classified as inferred have a greater amount of uncertainty as to their future ability to be upgraded and are not included in the estimates reported.

All tonnages are reported in metric tons of 2,205 pounds, have been rounded to the nearest 100,000 and are reported on a 100 percent basis.

Wabush

As described above, the reserves for Wabush have been reclassified as mineralized material because all production at our Wabush mine will be idled by the end of the first quarter of 2014. Mineralized material reported is based on the 2012 reported reserves net of 2013 production.

Mineralized Material Not in Reserves
as of December 31, 2013
(In Millions of Metric Tons)

Deposit	Cliffs Share	Tonnage[1,2]	%Fe
Wabush	100%	200.4	35.1

[1] Includes only materials classified as measured and indicated

[2] Cutoff grade is 25 percent weight recovery (16.5 percent Fe)

Chromite Project

We hold mineral interests in three currently defined chromite deposits that contain mineralized materials. In 2013, a new mineralized material estimate was completed based on the latest exploration drilling and geological model for our Black Thor and Black Label deposits. Reportable mineralized material increased 25.7 million and 1.1 million metric tons at the Black Thor and Black Label deposits, respectively. The mineralized material estimate for Big Daddy remains unchanged from the 2012 estimate.

Mineralized Material Not in Reserves
as of December 31, 2013
(In Millions of Metric Tons)

Deposit	Cliffs Share	Tonnage[1,2]	$\%Cr^2O^3$
Black Thor	100%	137.7	31.5
Black Label	100%	5.4	25.3
Big Daddy	70%	29.1	31.7
Totals		**172.2**	**31.3**

[1] Includes only materials classified as measured and indicated

[2] Cutoff grade is 20 percent Cr^2O^3 for all deposits

Decar Property

The Decar property is a nickel exploration project that is currently at the prefeasibility stage. Exploration and early stage studies have defined mineralized material estimates for the Baptiste deposit located on the Decar property. The latest mineralized material estimate for Decar was completed in 2012; there were no changes to this estimate in 2013.

Mineralized Material Not in Reserves
as of December 31, 2013
(In Millions of Metric Tons)

Deposit	Cliffs Share	Tonnage[1,2]	%Ni
Baptiste	60%	1,159.5	0.12

[1] Includes only materials classified as measured and indicated
[2] Cutoff grade is 0.06 percent Davis Tube Recoverable Nickel

Labrador Trough South

As previously mentioned, Labrador Trough South is a collection of iron deposits acquired in the purchase of Consolidated Thompson. In 2012, we conducted exploration activities and updated the mineralized material estimates for several of the deposits. In 2013, there were no changes to the mineralized material estimates.

Mineralized Material Not in Reserves
as of December 31, 2013
(In Millions of Metric Tons)

Deposit	Cliffs Share	Tonnage[1,2]	%FeT
Lamêlée	100%	271.7	29.4
Peppler Lake	100%	326.8	28.0
Totals		**598.5**	**28.6**

[1] Includes only materials classified as measured and indicated
[2] Cutoff grade is 18 percent FeT

Item 3. ***Legal Proceedings***

Alabama Dust Litigation. There are currently three cases in the Alabama state court system that comprise the Alabama Dust Litigation. Generally, these claims are brought by nearby homeowners who allege that dust emanating from the Concord Preparation Plant causes damage to their properties. All three of these cases are active and settlement discussions are proceeding. It is possible that these types of complaints may continue to be filed in the future, but the overall impact of these cases is not anticipated currently to have a material financial impact on our business.

Bloom Lake Investigation. CQIM, Bloom Lake General Partner Limited and Bloom Lake currently are being investigated by Environment Canada in relation to alleged violations of Section 36(3) of the Fisheries Act that prohibits the deposit of a deleterious substance in water frequented by fish or in any place where the deleterious substance may enter any such water and Section 40(3) of the Fisheries Act in relation to an alleged failure to comply with a direction of an inspector. Based on current information, the investigation covers several alleged incidents that occurred between April 2011 and October 2012. Bloom Lake has been informed that the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks has commenced an investigation into alleged violations of the Environment Quality Act related to incidents involving alleged releases of suspended solids to the environment in early August 2012 and in September 2012. At this stage, we are cooperating with Environment Canada and the Quebec Ministry and, although the possible outcome of the investigations and the risk of loss cannot be determined, we do not believe they will have a material financial impact to the Company.

EPSL Arbitration. On December 20, 2012, Esperance Port Authority (trading as Esperance Port Sea and Land) and Cliffs Asia Pacific Iron Ore Pty Ltd nominated an arbitrator to determine disputes that have arisen between the parties in relation to the proper construction and operation of certain clauses in the operating agreement that was first made between the parties on September 25, 2000 (as varied). Among several other issues, we are in dispute with EPSL over the "maximum tonnage" that EPSL is obligated to handle and, in particular, whether EPSL legally is obligated to handle 11.5 million tonnes per annum of ore. The operating agreement does not expressly include a maximum or minimum annual tonnage provision, but has a clause setting forth the minimum take-or-pay obligations. We assert that the maximum tonnage for which EPSL is obliged to provide the services is the capacity of the port at any given time to handle iron ore. On October 18, 2013, the parties entered into a partial settlement agreement that adjourns the November 2013 hearing date to April 2014 in order to allow the parties time to negotiate a full and final settlement, provides, in the event that the parties are able to reach a full and final settlement, for a conditional settlement of matters in dispute up to December 31, 2013 and also sets an interim charging rate beginning in 2014.

Maritime Asbestos Litigation. The Cleveland-Cliffs Iron Company and/or The Cleveland-Cliffs Steamship Company have been named defendants in 489 actions brought from 1986 to date by former seamen claiming damages for various illnesses allegedly suffered as the result of exposure to airborne asbestos fibers while serving as crew members aboard the vessels previously owned or managed by our entities until the mid-1980s. All of these actions have been consolidated into multidistrict proceedings in the Eastern District of Pennsylvania, along with approximately 30,000 other cases from various jurisdictions that were filed against other defendants. Through a series of court orders, the docket has been reduced to approximately 3,500 active cases. We are a named defendant in approximately 50 cases. These cases are in the discovery phase. The court has dismissed the remainder of the cases without prejudice. Those dismissed cases could be reinstated upon application by plaintiffs' counsel. The claims against our entities are insured in amounts that vary by policy year; however, the manner in which coverage will be applied remains uncertain. Our entities continue to vigorously contest these claims and have made no settlements on them.

Pinnacle Mine Environmental Litigation. On June 22, 2010, the West Virginia DEP filed a lawsuit in the Wyoming County Circuit Court against the Pinnacle mine alleging past non-compliance with its NPDES discharge permit. The complaint seeks injunctive relief and penalties. An initial penalty proposal of $1.0 million was offered by the West Virginia DEP in March 2012; however, Pinnacle disagrees with the alleged violations and has met with the DEP to present facts supporting a review and reduction of the proposed penalty.

Pointe Noire Investigation. Wabush Mines currently is being investigated by Environment Canada in relation to alleged violations of (i) Section 36(3) of the Fisheries Act, which prohibits the deposit of a deleterious substance in water frequented by fish or in any place where the deleterious substance may enter any such water, and (ii) Section 5.1 of the Migratory Bird Convention Act, 1994. The Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks also has commenced an investigation into alleged violations of Section 8 of the Hazardous Material Regulation, which prohibits the discharge of a hazardous material to the environment. Based on current information, the investigations cover events surrounding and leading up to the alleged release of approximately 1,320 gallons of fuel oil into the Bay of Sept Iles on September 1, 2013. Our response actions were able to successfully contain and capture a substantial amount of oil. We are cooperating with the investigators and agency response officials. The possible outcome of the investigations and the risk of loss cannot be determined at this time.

The Rio Tinto Mine Site. The Rio Tinto Mine Site is an historic underground copper mine located near Mountain City, Nevada, where tailings were placed in Mill Creek, a tributary to the Owyhee River. Site investigation and remediation work is being conducted in accordance with a Consent Order dated September 14, 2001 between the NDEP and the RTWG composed of the Company, Atlantic Richfield Company, Teck Cominco American Incorporated and E. I. duPont de Nemours and Company. The Consent Order provides for technical review by the U.S. Department of the Interior Bureau of Indian Affairs, the U.S. Fish and Wildlife Service, U.S. Department of Agriculture Forest Service, the NDEP and the Shoshone-Paiute Tribe of the Duck

Valley Reservation (collectively, "Rio Tinto Trustees"). In recognition of the potential for an NRD claim, the parties actively pursued a global settlement that would include the EPA and encompass both the remedial action and the NRD issues.

The NDEP published a Record of Decision for the Rio Tinto Mine, which was signed on February 14, 2012 by the NDEP and the EPA. On September 27, 2012, the agencies subsequently issued a proposed Consent Decree, which was lodged with the U.S. District Court for the District of Nevada and opened for 30-day public comment on October 4, 2012. The Consent Decree subsequently was finalized on May 20, 2013. Under the terms of the Consent Decree, the RTWG has agreed to pay over $29 million in cleanup costs and natural resource damages to the site and surrounding area. The Company's share of the total settlement cost, which includes remedial action, insurance and other oversight costs, is approximately $12 million.

Under the terms of the Consent Decree, the RTWG will be responsible for removing mine tailings from Mill Creek, improving the creek to support redband trout and improving water quality in Mill Creek and the East Fork Owyhee River. Previous cleanup projects included filling in old mine shafts, grading and covering leach pads and tailings, and building diversion ditches. NDEP will oversee the cleanup, with input from EPA and monitoring from the nearby Shoshone-Paiute Tribes of Duck Valley.

Severstal Pricing Arbitration. Severstal filed a demand for arbitration against Cliffs Sales Company, The Cleveland-Cliffs Iron Company and Cliffs Mining Company in May 2013 over the pricing calculation for pellets beginning in 2013. Severstal filed the arbitration claim pursuant to the dispute resolution provisions of the Amended and Restated Pellet Sale and Purchase Agreement, dated January 1, 2006, and as amended to date, referred to as the sales agreement. The parties amended the sales agreement in 2008 to revise the calculation of the base price for pellets, beginning in 2013, to include a pricing calculation utilizing current market price indices. Severstal has been paying “under protest” the invoices for the pellets pursuant to our calculation. We have countered the arbitral demand of Severstal by seeking a declaration that our calculation of the 2013 base price is the correct calculation under the sales agreement.

Worldlink Arbitration. Our wholly owned subsidiary, CQIM, along with the Bloom Lake General Partner Limited and Bloom Lake, instituted an arbitral claim against Bloom Lake’s former customer, Worldlink Resources Limited (“Worldlink”), in October 2011 for material and/or fundamental breaches of the parties’ 2007 offtake agreement for the purchase and sale of iron concentrate produced at the Bloom Lake mine. We filed the arbitration claim with the International Court of Arbitration of the International Chamber of Commerce pursuant to the dispute resolution provisions of the offtake agreement. Bloom Lake terminated the offtake agreement with Worldlink in August 2011 due to Worldlink’s failure to fulfill its obligations under the agreement and Worldlink’s demand to renegotiate the price of the iron ore concentrate in spite of being party to a long-term offtake agreement. Our damages for the breach of the offtake agreement are in excess of $75 million and Worldlink has counterclaimed for damages in excess of $100 million. We strongly disagree with Worldlink’s defenses and counterclaims and intend to vigorously pursue our claim. The main hearing is scheduled to take place in May 2014 and a decision is expected later in 2014.

Item 4. *Mine Safety Disclosures*

We are committed to protecting the occupational health and well-being of each of our employees. Safety is one of our core values, and we strive to ensure that safe production is the first priority for all employees. Our internal objective is to achieve zero injuries and incidents across the Company by focusing on proactively identifying needed prevention activities, establishing standards and evaluating performance to mitigate any potential loss to people, equipment, production and the environment. We have implemented intensive employee training that is geared toward maintaining a high level of awareness and knowledge of safety and health issues in the work environment through the development and coordination of requisite information, skills and attitudes. We believe that through these policies, we have developed an effective safety management system.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results within its periodic reports filed with the SEC. As required by the reporting requirements included in §1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, the required mine safety results regarding certain mining safety and health matters for each of our mine locations that are covered under the scope of the Dodd-Frank Act are included in Exhibit 95 of *Item 15. Exhibits and Financial Statement Schedules* of this Annual Report on Form 10-K.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Stock Exchange Information

Our common shares (ticker symbol CLF) are listed on the NYSE and the Professional Segment of NYSE Euronext Paris.

Common Share Price Performance and Dividends

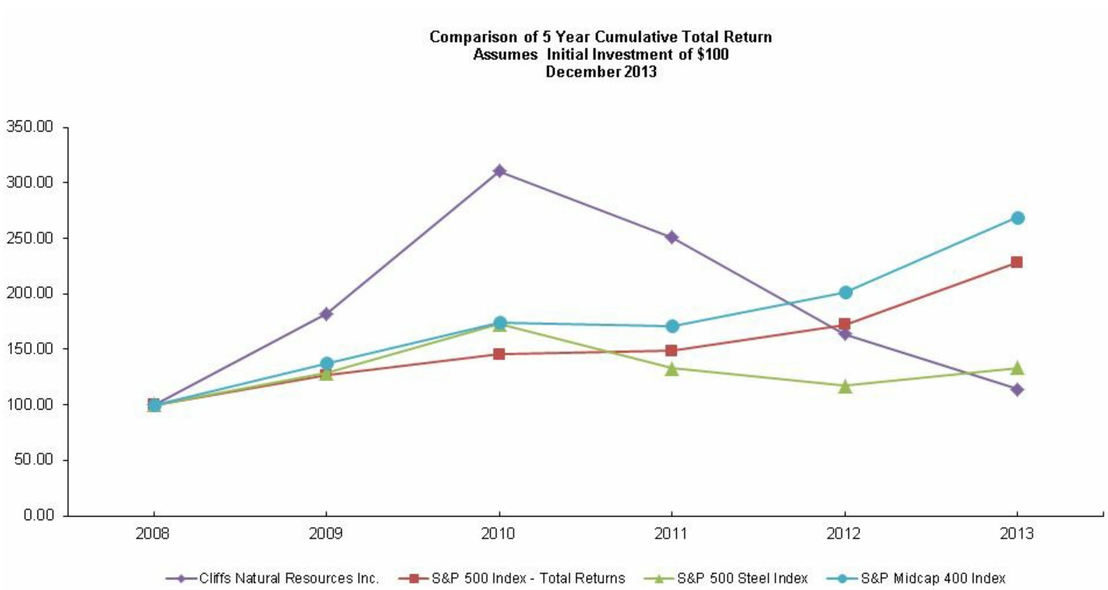
The following table sets forth, for the periods indicated, the high and low sales prices per common share as reported on the NYSE and the dividends declared per common share:

	2013			2012		
	High	**Low**	**Dividends**	High	Low	Dividends
First Quarter	**$ 40.40**	**$ 17.95**	**$ 0.15**	$ 78.85	$ 59.40	**$ 0.28**
Second Quarter	**23.75**	**15.50**	**0.15**	71.60	44.40	**0.625**
Third Quarter	**25.95**	**15.41**	**0.15**	50.89	32.25	**0.625**
Fourth Quarter	**28.98**	**19.88**	**0.15**	46.50	28.05	**0.625**
Year	**40.40**	**15.41**	**$ 0.60**	78.85	28.05	**$ 2.155**

At February 10, 2014, we had 1,375 shareholders of record.

Shareholder Return Performance

The following graph shows changes over the past five-year period in the value of $100 invested in: (1) Cliffs' common shares; (2) S&P 500 Stock Index; (3) S&P 500 Steel Group Index; and (4) S&P Midcap 400 Index. The values of each investment are based on price change plus reinvestment of all dividends reported to shareholders.



		2008	2009	2010	2011	2012	2013
Cliffs Natural Resources Inc.	Return %		81.92	70.69	-19.24	-34.74	**-30.37**
	Cum $	100.00	181.92	310.52	250.79	163.68	**113.97**
S&P 500 Index - Total Returns	Return %		26.47	15.07	2.11	16.00	**32.39**
	Cum $	100.00	126.47	145.53	148.60	172.38	**228.21**
S&P 500 Steel Index	Return %		28.88	33.86	-23.01	-11.84	**13.86**
	Cum $	100.00	128.88	172.52	132.83	117.10	**133.33**
S&P Midcap 400 Index	Return %		37.37	26.64	-1.74	17.86	**33.50**
	Cum $	100.00	137.37	173.96	170.93	201.46	**268.95**

Issuer Purchases of Equity Securities

The following table presents information with respect to repurchases by the Company of our common shares during the periods indicated.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased[1]	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs
October 1 - 31, 2013	107	$ 21.03	—	—
November 1 - 30, 2013	186	$ 25.01	—	—
December 1 - 31, 2013	1,430	$ 26.21	—	—
Total	**1,723**	**$ 25.76**	**—**	**—**

1 These shares were delivered to us by employees to satisfy tax withholding obligations due upon the vesting or payment of stock awards or scheduled distributions from our VNQDC Plan.

Item 6. *Selected Financial Data*

Summary of Financial and Other Statistical Data
Cliffs Natural Resources Inc. and Subsidiaries

	2013 (f)	2012 (d)	2011 (c)	2010 (b)	2009
Financial data (in millions, except per share amounts) *					
Revenue from product sales and services	**$ 5,691.4**	$ 5,872.7	$ 6,563.9	$ 4,483.8	$ 2,197.4
Cost of goods sold and operating expenses	**(4,542.1)**	(4,700.6)	(3,953.0)	(3,025.1)	(1,907.3)
Other operating expense	**(478.3)**	(1,480.9)	(314.1)	(225.9)	(70.9)
Operating income (loss)	**671.0**	(308.8)	2,296.8	1,232.8	219.2
Income (loss) from continuing operations	**359.8**	(1,162.5)	1,792.5	997.4	198.3
Income and gain on sale from discontinued operations, net of tax	**2.0**	35.9	20.1	22.5	6.8
Net income (loss)	**361.8**	(1,126.6)	1,812.6	1,019.9	205.1
Loss (income) attributable to noncontrolling interest	**51.7**	227.2	(193.5)	—	—
Net income (loss) attributable to Cliffs shareholders	**413.5**	(899.4)	1,619.1	1,019.9	205.1
Preferred stock dividends	**(48.7)**	—	—	—	—
Income (loss) attributable to Cliffs common shareholders	**364.8**	(899.4)	1,619.1	1,019.9	205.1
Earnings (loss) per common share attributable to					
Cliffs shareholders - basic					
Continuing operations	**2.39**	(6.57)	11.41	7.37	1.51
Discontinued operations	**0.01**	0.25	0.14	0.17	0.05
Earnings (loss) per common share attributable to Cliffs shareholders - basic	**2.40**	(6.32)	11.55	7.54	1.56
Earnings (loss) per common share attributable to					
Cliffs shareholders - diluted					
Continuing operations	**2.36**	(6.57)	11.34	7.32	1.58
Discontinued operations	**0.01**	0.25	0.14	0.17	0.05
Earnings (loss) per common share attributable to Cliffs shareholders - diluted	**2.37**	(6.32)	11.48	7.49	1.63
Total assets	**13,121.9**	13,574.9	14,541.7	7,778.2	4,639.3
Long-term debt obligations (including capital leases)	**3,189.5**	4,196.3	3,821.5	1,881.3	644.3
Net cash from operating activities	**1,145.9**	514.5	2,288.8	1,320.0	185.7
Distributions to preferred shareholders cash dividends (e)					
- Per depositary share	**1.66**	—	—	—	—
- Total	**48.7**	—	—	—	—
Distributions to common shareholders cash dividends (a)					
- Per share	**0.60**	2.16	0.84	0.51	0.26
- Total	**91.9**	307.2	118.9	68.9	31.9
Repurchases of common shares	**—**	—	289.8	—	—
Common shares outstanding - basic (millions)					
- Average for year	**151.7**	142.4	140.2	135.3	125.0
- At year-end	**153.1**	142.5	142.0	135.5	131.0
Iron ore and coal production and sales statistics					
(tons in millions - U.S. Iron Ore and North American Coal; metric tons in millions - Asia Pacific Iron Ore and Eastern Canadian Iron Ore)					
Production tonnage - U.S. Iron Ore	**27.2**	29.5	31.0	28.1	16.9
- Eastern Canadian Iron Ore	**8.7**	8.5	6.9	3.9	2.7
- Asia Pacific Iron Ore	**11.1**	11.3	8.9	9.3	8.3
- North American Coal	**7.2**	6.4	5.0	3.2	1.7
Production tonnage - (Cliffs' share)					
- U.S. Iron Ore	**20.3**	22.0	23.7	21.5	15.0
- Eastern Canadian Iron Ore	**8.7**	8.5	6.9	3.9	2.1
Sales tonnage - U.S. Iron Ore	**21.3**	21.6	24.2	23.0	13.7
- Eastern Canadian Iron Ore	**8.6**	8.9	7.4	3.3	2.7
- Asia Pacific Iron Ore	**11.0**	11.7	8.6	9.3	8.5
- North American Coal	**7.3**	6.5	4.2	3.3	1.9

* On July 10, 2012, we entered into a definitive share and asset sale agreement to sell our 45 percent economic interest in the Sonoma joint venture coal mine located in Queensland, Australia. Additionally, on September 27, 2011, we announced our plans to cease and dispose of the operations at the renewaFUEL biomass production facility in Michigan. On January 4, 2012, we entered into an agreement to sell the renewaFUEL assets to RNFL Acquisition LLC. The results of operations of the Sonoma joint venture and renewaFUEL operations are reflected as discontinued operations in the accompanying consolidated financial statements for all periods presented.

(a) On May 12, 2009, our Board of Directors enacted a 55 percent reduction in our quarterly common share dividend to $0.04 from $0.0875 for the second and third quarters of 2009 in order to enhance financial flexibility. The $0.04 common share dividends were paid on June 1, 2009 and September 1, 2009 to shareholders of record as of May 22, 2009 and August 14, 2009, respectively. In the fourth quarter of 2009, the dividend was reinstated to its previous level. On May 11, 2010, our Board of Directors increased our quarterly common share dividend from $0.0875 to $0.14 per share. The increased cash dividend was paid on June 1, 2010, September 1, 2010 and December 1, 2010 to shareholders on record as of May 14, 2010, August 13, 2010 and November 19, 2010, respectively. In addition, the increased cash dividend was paid on March 1, 2011 and June 1, 2011 to shareholders on record as of February 15, 2011 and April 29, 2011, respectively. On July 12, 2011, our Board of Directors increased the quarterly common share dividend by 100 percent to $0.28 per share. The increased cash dividend was paid on September 1, 2011, December 1, 2011 and March 1, 2012 to our shareholders on record as of the close of business on August 15, 2011, November 18, 2011 and February 15, 2012, respectively. On March 13, 2012, our Board of Directors increased the quarterly common share dividend by 123 percent to $0.625 per share. The increased cash dividend was paid on June 1, 2012, August 31, 2012 and December 3, 2012 to our shareholders on record as of April 27, 2012, August 15, 2012 and November 23, 2012, respectively. On February 11, 2013, our Board of Directors approved a reduction to our quarterly cash dividend rate by 76 percent to $0.15 per share. The decreased dividend of $0.15 per share was paid on March 1, 2013, June 3, 2013, September 3, 2013 and December 2, 2013 to our common shareholders of record as the close of business on February 22, 2013, May 17, 2013, August 15, 2013 and November 22, 2013, respectively.

(b) On January 27, 2010, we acquired all of the remaining outstanding shares of Freewest, including its interest in the Ring of Fire properties in Northern Ontario Canada. On February 1, 2010, we acquired entities from our former partners that held their respective interests in Wabush, thereby increasing our ownership interest from 26.8 percent to 100 percent. On July 30, 2010, we acquired all of the coal operations of privately owned INR, and since that date, the operations acquired from INR have been conducted through our wholly owned subsidiary known as CLCC. Results for 2010 include Freewest's, Wabush's and CLCC's results since the respective acquisition dates. As a result of acquiring the remaining ownership interest in Freewest and Wabush, our 2010 results were impacted by realized gains of $38.6 million primarily related to the increase in fair value of our previous ownership interest in each investment held prior to the business acquisition.

In December 2010, we completed a legal entity restructuring that resulted in a change to deferred tax liabilities of $78.0 million on certain foreign investments to a deferred tax asset of $9.4 million for tax basis in excess of book basis on foreign investments as of December 31, 2010. A valuation allowance of $9.4 million was recorded against this asset due to the uncertainty of realization. The deferred tax changes were recognized as a reduction to our income tax provision in 2010.

(c) On May 12, 2011, we completed our acquisition of Consolidated Thompson by acquiring all of the outstanding common shares of Consolidated Thompson for C$17.25 per share in an all-cash transaction including net debt. Results for 2011 include the results for Consolidated Thompson since the acquisition date.

In 2011, during our annual goodwill impairment test in the fourth quarter, a goodwill impairment charge of $27.8 million was recorded for our CLCC reporting unit, within the North American Coal operating segment, impacting *Other operating expense*.

(d) Upon performing our annual goodwill impairment test in the fourth quarter of 2012, goodwill impairment charges of $997.3 million and $2.7 million were recorded for our CQIM and Wabush reporting units, respectively, both within the Eastern Canadian Iron Ore operating segment. We also recorded an impairment charge of $49.9 million related to our Eastern Canadian Iron Ore operations to reduce those assets to their estimated fair value as of December 31, 2012 due to the idling of the pelletizing facility at Pointe Noire. All of these charges impacted *Other operating expense*.

As a result of the approval for the sale of our 30 percent interest in Amapá, an impairment charge of $365.4 million was recorded through *Equity income (loss) from ventures* for the year ended December 31, 2012.

(e) On March 20, 2013, our Board of Directors declared a cash dividend of $13.6111 per preferred share, which is equivalent to approximately $0.34 per depositary share. The cash dividend was paid on May 1, 2013 to our preferred shareholders of record as of the close of business on April 15, 2013. On May 7, 2013, and September 9, 2013, our Board of Directors declared a quarterly cash dividend of $17.50 per preferred share, which is equivalent to approximately $0.44 per depositary share. The cash dividends were paid on August 1, 2013, and November 1, 2013 to our preferred shareholders of record as of the close of business on July 15, 2013, and October 15, 2013, respectively. On November 11, 2013, our Board of Directors declared a quarterly cash dividend of $17.50 per preferred share, which is equivalent to approximately $0.44 per depositary share. The cash dividend of $12.8 million will be paid on February 3, 2014 to our preferred shareholders of record as of the close of business on January 15, 2014.

(f) Upon performing our annual goodwill impairment test in the fourth quarter of 2013, a goodwill impairment charge of $80.9 million was recorded for our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment. We also recorded other long-lived asset impairment charges of $169.9 million, of which $154.6 million relates to our Wabush reporting unit within our Eastern Canadian Iron Ore operating segment to reduce those assets to their estimated fair value as of December 31, 2013. All of these charges impacted *Other operating expense.*

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity and other factors that may affect our future results.

Overview

Cliffs Natural Resources Inc. traces its corporate history back to 1847. Today, we are an international mining and natural resources company. A member of the S&P 500 Index, we are a major global iron ore producer and a significant producer of high- and low-volatile metallurgical coal. Driven by the core values of safety, social, environmental and capital stewardship, our associates across the globe endeavor to provide all stakeholders with operating and financial transparency. We are organized through a global commercial group responsible for sales and delivery of our products and a global operations group responsible for the production of the minerals that we market. Our operations are organized according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal, Ferroalloys and our Global Exploration Group.

In the U.S., we currently operate five iron ore mines in Michigan and Minnesota, four metallurgical coal operations located in West Virginia and Alabama, and one thermal coal mine located in West Virginia. We also operate two iron ore mines in Eastern Canada. Our Asia Pacific operations consist solely of our Koolyanobbing iron ore mining complex in Western Australia. We also have other non-producing operations and investments around the world that provide us with optionality to diversify and expand our portfolio of assets in the future.

The key driver of our business is global demand for steelmaking raw materials in both emerging and developed economies, with China and the U.S. representing the two largest markets for our Company. In 2013, China produced approximately 779 million metric tons of crude steel, or approximately 49 percent of total global crude steel production, whereas the U.S. produced approximately 87 million metric tons of crude steel, or about 5 percent of total crude steel production. These figures represent an approximate 8 percent increase and a 2 percent decrease, respectively, in crude steel production when compared to 2012.

Average global capacity utilization was about 78 percent in 2013, an approximate 2 percent increase from 2012; U.S. capacity utilization was approximately 77 percent in 2013, or about a 2 percent increase over the 2012 rate. These figures indicate that broader activity in the steel industry has increased year-over-year. Global crude steel production in 2013 grew about 4 percent compared to 2012, supported by generally improved macroeconomic fundamentals and continued, albeit tame, recovery in developed markets, including the U.S. and the Eurozone, as well as by the more rapid growth of emerging markets such as China. Broader growth in the U.S. was driven by increased personal consumption expenditures, private investment and exports, which were offset partly by decreased federal government spending and increased imports. Despite the U.S. experiencing a year-over-year decline in total crude steel production, both the automobile and oil and gas industries served as sources of healthy demand for steel in 2013. In China, investment in infrastructure remained the dominant driver of domestic steel demand and production, as its commodity-intensive growth continued.

The global price of iron ore is influenced significantly by Chinese demand and worldwide supply of iron ore. While the supply of iron ore continues to increase, the increase in 2013's average spot market prices reflected slowing but continued economic growth expansion in China. The world market price that is utilized most commonly in our sales contracts is the Platts 62 percent Fe fines price. The Platts 62 percent Fe fines spot price increased 10.0 percent to an average price of $135 per metric ton for the three months ended December 31, 2013 compared to the respective quarter of 2012. In comparison, the year-to-date Platts pricing has increased 3.9 percent to an average price of $135 per metric ton during the full-year ended December 31, 2013. The spot price volatility impacts our realized revenue rates, particularly in our Eastern Canadian Iron Ore and Asia Pacific Iron Ore business segments because their contracts correlate heavily to world market spot pricing. However, the impact of this volatility on our U.S. Iron Ore revenues is muted and/or deferred partially because the pricing in our long-term contracts is mostly structured to be based on 12-month averages, including some contracts with established annual price collars. Additionally, contracts often are priced partially or completely on other indices instead of world market spot prices.

The metallurgical coal market continues to be in an oversupplied position due to increased supply from Australian producers. Additionally, low demand by European, Japanese and South American coking coal consumers has kept pricing low. Also, there has been recent closure of coke capacity in the U.S. impacting domestic markets.

Consistent with the above, the quarterly benchmark price for premium low-volatile hard coking coal between Australian metallurgical coal suppliers and Japanese/Korean consumers decreased to a full-year average of $159 per metric ton in 2013 from $210 per metric ton in 2012. The decline in market pricing has impacted negatively realized revenue rates for our North American Coal business segment.

In 2014, we expect economic growth in the U.S. to accelerate, in part due to continued improvement in building construction, motor vehicle production, the labor market and due to a further reduction in fiscal drag, ultimately supporting domestic steel production and thus the demand for steelmaking raw materials. We expect China’s economy will continue to expand rapidly, primarily driven by fixed asset investment while, correspondingly, increased Chinese domestic steel production will continue to require imported steelmaking raw materials to satisfy demand. However, we do expect China’s GDP growth to slow from 2013 that, when coupled with increased supply, environmental concerns and credit-tightening, could result in a weaker pricing environment for steelmaking raw materials. Nevertheless, growth in both the U.S. and China should provide a continued source of demand for our products in 2014.

Our consolidated revenues for the years ended December 31, 2013 and 2012 were $5.7 billion and $5.9 billion, respectively, with net income from continuing operations per diluted share of $2.36 and net loss from continuing operations per diluted share of $6.57, respectively. Net income in 2013 was impacted negatively by $154.6 million of other long-lived asset impairment charges related to our Wabush operations within our Eastern Canadian Iron Ore operating segment, an $80.9 million goodwill impairment charge related to our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment and a $67.6 million asset impairment charge related to our investment in Amapá. This was offset by lower exploration spending in 2013, primarily related to the Chromite project. Earnings in 2012 were impacted adversely by impairment charges including impairment of goodwill and other long-lived assets of $1,049.9 million within our Eastern Canadian Iron Ore operating segment and a $365.4 million impairment charge related to our investment in Amapá. Additional items that adversely impacted earnings in 2012 included the establishment of valuation allowances against certain deferred tax assets and higher spending, which partially were offset by total increased iron ore and coal sales volumes at most of our operations around the world.

Strategy

Through a number of acquisitions executed over recent years, we have increased our portfolio of assets, enhancing our production profile and project pipeline. In recent years, we have shifted from a merger and acquisition-based strategy to one that primarily focuses on organic growth and productivity initiatives. We believe our ability to gain scale and diversify our geographic footprint will increase our profitability, mitigate risk, and ultimately enhance long-term shareholder value.

We believe our ability to execute our strategy is dependent on our financial position, balance sheet strength and financial flexibility to manage through the inevitable volatility in commodity prices. Throughout 2013, we took a number of deliberate steps to improve our financial position for the near and longer term. Looking ahead, we will continue to execute initiatives that improve our cost profile and increase long-term profitability. The cash generated from our operations in excess of that used for sustaining and license-to-operate capital spending and dividends will be evaluated and allocated towards initiatives that enhance shareholder value.

Recent Developments

Throughout 2013, there have been a number of changes to our Board of Directors and senior management team. Although three members of our Board of Directors departed, we welcomed four new directors in 2013. Consistent with our ongoing commitment to best practices in corporate governance, the Board separated the roles of chairman and chief executive officer and appointed an independent director as Chairman of the Board in July 2013. Our former Chairman, President and Chief Executive Officer, Joseph A. Carrabba, retired in November 2013, and the Board selected a new President and Chief Operating Officer, Gary B. Halverson. On February 13, 2014, the Board promoted Mr. Halverson to Chief Executive Officer. Prior to joining Cliffs, Mr. Halverson served as the interim chief operating officer for Barrick since September 2013 and also as its president – North America since December 2011. Previously, he served as Barrick's president – Australia Pacific from December 2008 until December 2011 and as its director of operations – Australia Pacific from August 2006 to December 2008. James F. Kirsch assumed the role of Chairman of the Board in July 2013, and later was appointed, on an interim basis, as an executive officer with the title "Chairman", effective January 1, 2014. Also during the second half of 2013, three other executive officers left the Company. With the exception of the role filled by Mr. Halverson, these respective positions were assumed by current executive officers.

On November 20, 2013, we indefinitely suspended our Chromite Project in Northern Ontario. Given the uncertain timeline and risks associated with the development of necessary infrastructure to bring this project online, we do not expect to allocate any significant additional capital to the project. Earlier in 2013, we suspended the environmental assessment activities because of pending issues impeding the progress of the project. We will continue to work with the Government of Ontario, First Nation communities and other interested parties to explore potential solutions related to the critical infrastructure issues for the Ring of Fire properties.

On February 11, 2014, we announced that we are exploring various strategic alternatives for our Bloom Lake mine. In the short term, we will continue to operate Bloom Lake mine Phase I operations on a reduced tailings and water management capital plan. We will continue to evaluate and will idle temporarily the operations if the pricing and operating costs justify such an alternative action. As a result, the Phase II expansion project remains on hold. We additionally announced our plan to idle our Wabush mine in Newfoundland and Labrador by the end of the first quarter of 2014. The idle is being driven by the unsustainable high cost structure, which results in operations that are not economically viable to run over time.

Business Segments

Our Company's primary operations are organized and managed according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal, Ferroalloys and our Global Exploration Group. The Ferroalloys and Global Exploration Group operating segments do not meet the criteria for reportable segments.

Results of Operations – Consolidated

2013 Compared to 2012

The following is a summary of our consolidated results of operations for the years ended December 31, 2013 and 2012:

	(In Millions)		
	2013	2012	Variance Favorable/ (Unfavorable)
Revenues from product sales and services	**$ 5,691.4**	$ 5,872.7	$ (181.3)
Cost of goods sold and operating expenses	**(4,542.1)**	(4,700.6)	158.5
Sales margin	**$ 1,149.3**	$ 1,172.1	$ (22.8)
Sales margin %	**20.2%**	20.0%	0.2%

Revenues from Product Sales and Services

Sales revenue for the year ended December 31, 2013 decreased $181.3 million, or 3.1 percent, from 2012.

The decrease in sales revenue during 2013 compared to 2012 primarily was attributable to lower worldwide iron ore sales volumes of 1.4 million metric tons, or $174.7 million, and lower realized revenue rates for coal products of15.5 percent year-over-year, which has resulted in a decrease of $135.1 million. These decreases were offset partially by higher North American Coal sales volumes of 762 thousand tons, or $91.1 million.

Refer to "Results of Operations – Segment Information" for additional information regarding the specific factors that impacted revenue during the period.

Cost of Goods Sold and Operating Expenses

Cost of goods sold and operating expenses for the years ended December 31, 2013 and 2012 were $4,542.1 million and $4,700.6 million, respectively, a decrease of $158.5 million, or 3.4 percent year-over-year.

Cost of goods sold and operating expenses for the year ended December 31, 2013 decreased primarily as a result of cost rate decreases of $143.7 million and a favorable foreign exchange rate impact of $70.9 million. Cost rate decreases of $122.1 million at our North American Coal operations were driven primarily by favorable fixed-cost leverage as a result of increased production period-over-period. These cost decreases were offset partially by additional costs of $72.5 million related to supply and product inventory write-downs predominately at our Wabush mine within our Eastern Canadian Iron Ore operations during the year ended December 31, 2013.

Refer to "Results of Operations – Segment Information" for additional information regarding the specific factors that impacted our operating results during the period.

Other Operating Income (Expense)

The following is a summary of other operating income (expense) for the years ended December 31, 2013 and 2012:

	(In Millions)		
	2013	2012	Variance Favorable/ (Unfavorable)
Selling, general and administrative expenses	**$ (231.6)**	$ (282.5)	$ 50.9
Exploration costs	**(59.0)**	(142.8)	83.8
Impairment of goodwill and other long-lived assets	**(250.8)**	(1,049.9)	799.1
Miscellaneous - net	**63.1**	(5.7)	68.8
	$ (478.3)	$ (1,480.9)	$ 1,002.6

Selling, general and administrative expenses during the year ended December 31, 2013 decreased $50.9 million over 2012. The year ended December 31, 2013 was impacted positively by reductions in outside service spending, general travel and employee-related expenses and technology spending of $42.7 million, $20.5 million and $7.1 million, respectively. These decreases were offset partially by $16.4 million in severance costs related to the voluntary and involuntary terminations as a result of cost savings actions for the year ended December 31, 2013 compared to 2012.

Exploration costs decreased by $83.8 million during the year ended December 31, 2013 from 2012, primarily due to decreases in costs at our Ferroalloys and Global Exploration Group operating segments. Our Global Exploration Group had cost decreases of $48.6 million in 2013 over 2012, due to lower drilling and professional services spend for certain projects. Our Ferroalloys operating segment had cost decreases of $28.8 million in 2013 over 2012. During 2012, there were increased engineering and drilling costs for external resources utilized to support the Chromite Project feasibility study. In alignment with our capital allocation strategy, we anticipate significantly decreased levels of exploration spending in 2014.

During the fourth quarter of 2013, we continued to experience higher than expected production costs and operational inefficiencies at our Wabush operations within our Eastern Canadian Iron Ore operating segment that have resulted in continued declines in our profitability of that business, which represents an asset group for purposes of testing our long-lived assets for recoverability. Driven by the unsustainable high cost structure, which was not economically viable to continue running the operations, we announced on February 11, 2014, we will be idling the production of our Wabush mine by the end of the first quarter. Upon completion of an impairment analysis, it was determined the fair value was less than the carrying value of the asset group, which resulted in an impairment of other long-lived assets of $154.6 million at December 31, 2013.

Additionally during the fourth quarter of 2013, a goodwill impairment charge of$80.9 million was recorded for our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment. The goodwill impairment charge was primarily a result of the decision to indefinitely suspend the Chromite Project and to not allocate additional capital for the project given the uncertain timeline and risks associated with the development of necessary infrastructure to bring the project online.

During the fourth quarter of 2012, upon performing our 2012 annual goodwill impairment assessments, a goodwill impairment charge of $997.3 million was recorded for our CQIM reporting unit within the Eastern Canadian Iron Ore operating segment. The impairment charge for our CQIM reporting unit was driven by the project’s lower than anticipated long-term profitability coupled with delays in achieving full operational capacity and higher capital and operating costs. Additionally, a goodwill impairment charge of $2.7 million was recorded for our Wabush reporting unit. This charge was primarily a result of downward adjustments to our long-term pricing estimates and higher operating costs due to lower production.

Miscellaneous – net was favorable by $68.8 million during the year ended December 31, 2013 from 2012. The year ended December 31, 2013 was impacted positively as a result of incremental gains of $67.3

million due to foreign exchange re-measurement on short-term intercompany notes, Australian bank accounts that are denominated in U.S. dollars and certain monetary financial assets and liabilities, which are denominated in something other than the functional currency of the entity. Additionally, there was an increase of $31.6 million and $24.3 million, respectively, in net insurance recoveries related to North American Coal mines and various legal settlements period-over-period. These incremental increases were offset partially by the incurred casualty losses in 2013 of $19.1 million related to the Pointe Noire oil spill as well as minimum contractual rail shipment tonnage not being met due to the delay in the Bloom Lake II expansion, which resulted in incurred penalties of $37.3 million.

Failure to meet minimum monthly rail shipment requirements as a result of the continued delay in the Bloom Lake Phase II expansion is expected to result in penalties of approximately $16 million for each quarter until the Bloom Lake Phase II expansion is completed.

As of a result of our decision to idle the Wabush operations by the end of the first quarter, we estimate the impact of the idling to be approximately $100 million in 2014. These costs include idling costs, employment-related expenditures and contract costs.

Other Income (Expense)

The following is a summary of other income (expense) for the years ended December 31, 2013 and 2012:

	(In Millions)		
	2013	2012	Variance Favorable/ (Unfavorable)
Changes in fair value of foreign currency contracts, net	**$ (3.5)**	$ (0.1)	$ (3.4)
Interest expense, net	**(179.1)**	(195.6)	16.5
Other non-operating income (expense)	**0.9**	2.7	(1.8)
	$ (181.7)	$ (193.0)	$ 11.3

The decrease in interest expense in 2013 compared to 2012 was attributable primarily due to reduced interest expense of $35.7 million related to the repurchase of the $325.0 million private placement senior notes. This decrease was offset partially by additional interest expense of $20.3 million related to the $500 million 3.95 percent senior notes issued in December 2012. Refer to NOTE 10 - DEBT AND CREDIT FACILITIES for further information.

Income Taxes

Our tax rate is affected by permanent items, such as depletion and the relative amount of income we earn in various foreign jurisdictions with tax rates that differ from the U.S. statutory rate. It also is affected by discrete items that may occur in any given period, but are not consistent from period to period. The following represents a summary of our tax provision and corresponding effective rates for the years ended December 31, 2013 and 2012:

	(In Millions)		
	2013	2012	Variance
Income tax expense	**$ (55.1)**	$ (255.9)	$ 200.8
Effective tax rate	**11.3%**	(51.0)%	62.3%

A reconciliation of our income tax attributable to continuing operations computed at the U.S. federal statutory rate for theyears ended December 31, 2013 and 2012 is as follows:

	(In Millions)			
	2013		2012	
Tax at U.S. statutory rate of 35 percent	**$ 171.3**	**35.0 %**	$ (175.6)	35.0 %
Increases/(Decreases) due to:				
Foreign exchange remeasurement	**(2.6)**	**(0.5)**	62.3	(12.4)
Non-taxable loss (income) related to noncontrolling interests	**(1.5)**	**(0.3)**	61.0	(12.0)
Impact of tax law change	**—**	**—**	(357.1)	71.2
Percentage depletion in excess of cost depletion	**(97.6)**	**(19.9)**	(109.1)	21.7
Impact of foreign operations	**(10.2)**	**(2.1)**	65.2	(13.0)
Income not subject to tax	**(106.6)**	**(21.8)**	(108.0)	21.5
Goodwill impairment	**20.5**	**4.2**	202.2	(40.3)
State taxes, net	**5.6**	**1.1**	7.3	(1.5)
Manufacturer's deduction	**(7.9)**	**(1.6)**	(4.7)	0.9
Valuation allowance	**73.0**	**14.9**	634.5	(126.5)
Tax uncertainties	**19.6**	**5.3**	(14.8)	2.9
Prior year adjustments made in current year	**(11.4)**	**(3.6)**	(5.7)	1.1
Other items - net	**2.9**	**0.6**	(1.6)	0.4
Income tax expense	**$ 55.1**	**11.3 %**	$ 255.9	(51.0)%

In 2013, our income tax expense decreased by $200.8 million compared to 2012. The decrease in income tax expense year over year relates primarily to various items recorded in 2012 including the placement of a full valuation allowance on the asset related to the Alternative Minimum Tax credit, the effect of currency elections on remeasurement, and the goodwill impairment related to Bloom Lake. Additionally, we recorded approximately $11.4 million of tax benefit in 2013 related primarily to adjustments to prior-year current and deferred tax balances.

See NOTE 15 - INCOME TAXES for further information.

Equity Loss from Ventures

Equity loss from ventures for the year ended December 31, 2013 of $74.4 million compares to equity loss from ventures for the year ended December 31, 2012 of $404.8 million. The equity loss from ventures for the year ended December 31, 2013 primarily is comprised of the impairment charge of $67.6 million related to our 30 percent ownership interest in Amapá, the sale of which was approved by the Board of Directors in December 2012. The sale closed in the fourth quarter of 2013. The equity loss from ventures for 2012 was comprised primarily of an impairment charge of $365.4 million related to the sale of our ownership interest in Amapá. Additionally, our equity loss consisted of our share of operating losses of $4.9 million for the year ended December 31, 2013, compared with operating losses of $31.4 million for 2012. Amapá's equity loss from operations in 2012 was attributable primarily to our share of a settlement charge taken in the third quarter of 2012 for the termination of a transportation agreement that resulted in a $10.2 million loss and a $5.5 million adjustment related to tax credits that we determined would not be realizable.

Income and Gain on Sale from Discontinued Operations, net of tax

Income and Gain on Sale from Discontinued Operations, net of tax was comprised primarily of the gain on the sale of Sonoma and the loss on the operations of the 45 percent economic interest in the Sonoma joint venture coal mine for the year ended December 31, 2012. The sale of Sonoma resulted in a net gain of $38.0 million that was recorded upon the completion of the sale on November 12, 2012. The Sonoma joint venture operations resulted in a net loss of $2.1 million for the year ended December 31, 2012. Income from discontinued operations, net of tax in the current period relates to additional income tax benefit resulting from the actual tax gain from the sale of Sonoma included on the 2012 tax return, which was filed during the three months ended September 30, 2013.

Noncontrolling Interest

Noncontrolling interest primarily is comprised of our consolidated, but less-than-wholly owned subsidiaries at the Bloom Lake and Empire mining operations. The net loss attributable to the noncontrolling interest related to Bloom Lake was $66.5 million and $252.0 million for the years ended December 31, 2013 and 2012, respectively. The net loss in 2012 was driven by an impairment of goodwill of $997.3 million, of which $249.3 million was allocated to the noncontrolling interest.

The net income attributable to the noncontrolling interest related to the Empire mining venture was $20.7 million and $25.9 million for the years ended December 31, 2013 and 2012, respectively.

Results of Operations – Consolidated

2012 Compared to 2011

The following is a summary of our consolidated results of operations for the years ended December 31, 2012 and 2011:

	(In Millions)		
	2012	2011	Variance Favorable/ (Unfavorable)
Revenues from product sales and services	$ 5,872.7	$ 6,563.9	$ (691.2)
Cost of goods sold and operating expenses	(4,700.6)	(3,953.0)	(747.6)
Sales margin	$ 1,172.1	$ 2,610.9	$ (1,438.8)
Sales margin %	20.0%	39.8%	(19.8)%

Revenues from Product Sales and Services

Sales revenue for the year ended December 31, 2012 decreased $691.2 million, or 10.5 percent, from 2011. The decrease in sales revenue resulted primarily from lower market pricing for our products and the recording of negotiated favorable settlements with certain customers in 2011 that did not recur in 2012. The decrease in revenue was offset partially by higher sales volumes for the majority of our operating segments.

World benchmark pricing heavily influences our revenues each year. The Platts 62 percent Fe fines spot price for iron ore decreased 23.1 percent to an average price of $130 in 2012, which resulted in a decrease of $1,250.7 million of consolidated iron ore revenue in 2012 compared to the prior year. Our realized sales price for our U.S. Iron Ore operations was 15.7 percent lower per ton in 2012 compared to 2011, or a 10.7 percent decrease per ton excluding the impact of 2011 arbitration settlements. The realized sales price for our Eastern Canadian Iron Ore operations was on average 29.0 percent lower per metric ton, compared to the prior year. Our realized sales price for our Asia Pacific Iron Ore operating segment was on average 32.6 percent and 27.8 percent lower for lump and fines, respectively, over the prior year.

The decrease in revenue due to pricing was offset partially by higher sales volumes resulting in increased consolidated revenues of $601.2 million. Our North American Coal operating segment sales volumes increased 56.7 percent. The increase was primarily a result of increased inventory availability in 2012 compared to 2011 as we experienced operational issues at Pinnacle mine and had extensive tornado damage at Oak Grove mine. Our Asia Pacific Iron Ore operating segment sales volumes increased 36.0 percent as a result of the completion of the Koolyanobbing expansion project, which provided additional ore processing and rail and port capabilities. Additionally, our Eastern Canadian Iron Ore sales volumes increased 20.7 percent as a result of incremental tonnage available as a result of our acquisition of Consolidated Thompson in May 2011. Offsetting the aforementioned volume increases was our U.S. Iron Ore operating segment, which had decreased sales volume of 10.8 percent as a result of lower year-over-year domestic demand.

In 2011, an additional $159.2 million of revenue was recognized at our U.S. Iron Ore operating segment resulting from the negotiated settlement we reached with ArcelorMittal USA. During 2011, we finalized the pricing on sales for Algoma's 2010 pellet nomination, which resulted in an additional $23.4 million of revenues.

Refer to "Results of Operations – Segment Information" for additional information regarding the specific factors that impacted revenue during the period.

Cost of Goods Sold and Operating Expenses

Cost of goods sold and operating expenses for the year ended December 31, 2012 was $4,700.6 million, an increase of $747.6 million, or 18.9 percent, from 2011. Higher costs as a result of increased sales volumes resulted in increases of $239.3 million and $270.2 million at our Asia Pacific Iron Ore and North American Coal segments, respectively. The increase in the sales volumes at our Eastern Canadian Iron Ore operations as a result of the acquisition of Consolidated Thompson in May 2011 resulted in $168.6 million of additional incremental costs in 2012.

Refer to "Results of Operations – Segment Information" for additional information regarding the specific factors that impacted our operating results during the period.

Other Operating Income (Expense)

Following is a summary of other operating income (expense) for the years ended December 31, 2012 and 2011:

	(In Millions)		
	2012	2011	Variance Favorable/ (Unfavorable)
Selling, general and administrative expenses	$ (282.5)	$ (248.3)	$ (34.2)
Exploration costs	(142.8)	(80.5)	(62.3)
Impairment of goodwill and other long-lived assets	(1,049.9)	(27.8)	(1,022.1)
Consolidated Thompson acquisition costs	—	(25.4)	25.4
Miscellaneous - net	(5.7)	67.9	(73.6)
	$ (1,480.9)	$ (314.1)	$ (1,166.8)

Selling, general and administrative expenses during the year ended December 31, 2012 increased $34.2 million, from 2011. The increase was due primarily to $12.7 million of additional cost associated with legal matters, $11.4 million of higher outside consulting and advisory services costs and $7.9 million of higher information technology and office-related costs.

Exploration costs increased by $62.3 million during the year ended December 31, 2012 from 2011, primarily due to increases in costs at our Global Exploration Group and our Ferroalloys operating segment. Our Global Exploration Group had cost increases of $18.0 million in 2012 over 2011, due to higher spending levels for certain projects that advanced in the stage of exploration activity. The spending for 2012 was comprised mainly of drilling and professional services expenditures. The increase of $33.7 million in 2012 at our Ferroalloys operating segment was comprised primarily of higher environmental and engineering costs and other feasibility study costs related to the Chromite Project as we advanced the project from the prefeasibility stage of development in 2011 to feasibility in 2012.

During the fourth quarter of 2012, we performed our annual goodwill impairment assessments, and a goodwill impairment charge of $997.3 million was recorded for our CQIM reporting unit within the Eastern Canadian Iron Ore operating segment. The impairment charge for our CQIM reporting unit was driven by the project's lower than anticipated long-term profitability coupled with delays in achieving full operational capacity and higher capital and operating costs. Additionally, a goodwill impairment charge of $2.7 million was recorded for our Wabush reporting unit. This charge was primarily a result of downward adjustments to our long-term pricing estimates and higher operating costs due to lower production. In comparison, during 2011, upon performing our annual goodwill impairment test, a goodwill impairment charge of $27.8 million was recorded for our CLCC reporting unit within the North American Coal operating segment. The impairment charge for the CLCC reporting unit was driven by our overall outlook on coal pricing in light of economic conditions, increases in our anticipated costs to bring the Lower War Eagle mine into production and increases in our anticipated sustaining capital cost for the lives of the CLCC mines that currently are operating.

During 2011, we incurred acquisition costs related to our acquisition of Consolidated Thompson of $25.4 million, which were comprised primarily of investment banker fees and legal fees incurred throughout the negotiation and completion of the acquisition.

Miscellaneous – net decreased by $73.6 million during the year ended December 31, 2012 from 2011. A decrease of $23.2 million was due to the change in foreign exchange re-measurement on short-term intercompany notes, Australian bank accounts that are denominated in U.S. dollars and certain monetary financial assets and liabilities, which are denominated in something other than the functional currency of the entity. Various other contractual issues in our Eastern Canadian Iron Ore operating segment resulted in approximately $29.0 million of additional expense in 2012. Additionally, driven by the disposal of assets, we also recognized lower year-over-year gains of $17.9 million.

Other Income (Expense)

Following is a summary of other income (expense) for the years ended December 31, 2012 and 2011:

	(In Millions)		
	2012	2011	Variance Favorable/ (Unfavorable)
Changes in fair value of foreign currency contracts, net	$ (0.1)	$ 101.9	$ (102.0)
Interest expense, net	(195.6)	(206.2)	10.6
Other non-operating income (expense)	2.7	(2.0)	4.7
	$ (193.0)	$ (106.3)	$ (86.7)

The favorable changes in the fair value of our foreign currency exchange contracts held as economic hedges during 2011 in the Statements of Consolidated Operations primarily were a result of hedging a portion of the purchase price for the acquisition of Consolidated Thompson by entering into Canadian dollar foreign currency exchange forward contracts and an option contract. The favorable changes in fair value of these Canadian dollar foreign currency exchange forward contracts and an option contract for the year ended December 31, 2011 resulted in net realized gains of $93.1 million, realized upon the maturity of the related contracts.

The decrease in interest expense in 2012 compared to 2011 was attributable mainly to $38.3 million related to the termination of the bridge credit facility during the year ended December 31, 2011. The decrease was offset partially by make-whole payments during 2012 when we repurchased $15.1 million five-year and seven-year private placement notes and a full year of interest expense on our $1.0 billion public offering of senior notes completed in two tranches in March and April 2011, resulting in an incremental increase of $12.5 million. Additionally, we capitalized interest of $15.4 million during the year ended December 31, 2012 compared to $1.7 million in 2011. See NOTE 10 - DEBT AND CREDIT FACILITIES for further information.

Income Taxes

Our tax rate was affected by permanent items, such as depletion and the relative amount of income we earn in various foreign jurisdictions with tax rates that differ from the U.S. statutory rate. It also was affected by discrete items that may occur in any given year, but were not consistent from year to year. The following represents a summary of our tax provision and corresponding effective rates for the years ended December 31, 2012 and 2011:

	(In Millions)		
	2012	2011	Variance
Income tax expense	$ (255.9)	$ (407.7)	$ 151.8
Effective tax rate	(51.0)%	18.6%	(69.6)%

Reconciliation of our income tax attributable to continuing operations computed at the U.S. federal statutory rate is as follows:

	(In Millions)			
	2012		2011	
Tax at U.S. statutory rate of 35 percent	$ (175.6)	35.0 %	$ 766.7	35.0 %
Increases/(Decreases) due to:				
Foreign exchange remeasurement	62.3	(12.4)	(62.6)	(2.9)
Non-taxable loss (income) related to noncontrolling interests	61.0	(12.0)	(63.6)	(2.9)
Impact of tax law change	(357.1)	71.2	—	—
Percentage depletion in excess of cost depletion	(109.1)	21.7	(153.4)	(7.0)
Impact of foreign operations	65.2	(13.0)	(44.0)	(2.0)
Income not subject to tax	(108.0)	21.5	(67.5)	(3.1)
Goodwill impairment	202.2	(40.3)	—	—
Non-taxable hedging income	—	—	(32.4)	(1.5)
State taxes, net	7.3	(1.5)	7.5	0.3
Manufacturer's deduction	(4.7)	0.9	(11.9)	(0.5)
Valuation allowance	634.5	(126.5)	49.5	2.3
Tax uncertainties	(14.8)	2.9	17.7	0.8
Other items - net	(7.3)	1.5	1.7	0.1
Income tax expense	$ 255.9	(51.0)%	$ 407.7	18.6 %

In 2012, our income tax expense decreased by $151.8 million compared to 2011. The reduction in income tax was due primarily to a significant decrease in our global pre-tax book income combined with the impact of consistent permanent book tax differences, such as percentage depletion, on decreased global pre-tax book income as compared to the prior year. This reduction was offset, however, by other significant items that occurred throughout the year. We concluded that it was not more likely than not that the deferred tax asset related to the Alternative Minimum Tax Credit would be utilized and a full valuation allowance in the amount of $226.4 million was recorded in the fourth quarter. Annually in the fourth quarter, we evaluate our long range income forecasts; as this long range forecast was a critical data point, the Company updated its evaluation of its Alternative Minimum Tax Credit carryforward, concluding a full valuation allowance was required to state the credit at its net realizable value.

Additionally, currency elections made during 2012 impacted the remeasurement of deferred tax assets and liabilities resulting in a net tax expense of $60.5 million. Finally, the book goodwill impairment related to the Bloom Lake reporting unit in the amount of $997.3 million was non-deductible for tax purposes and as a result no tax benefit was recorded for this charge.

The MRRT legislation was passed by the Australian Senate on March 19, 2012 and received Royal Assent on March 29, 2012, thereby enacting the law. The MRRT commenced on July 1, 2012 and broadly aims to tax existing and future iron ore and coal projects at an effective tax rate of 22.5 percent. As a result of the legislation, based on valuations and modeling carried out on our Australian projects, the starting base deferred tax asset was determined to be $357.1 million. We determined that this deferred tax asset was not realizable based upon updated long-range income forecasts and, as a result, a full valuation allowance was established. The net impact of MRRT to the results of operations for the full year 2012 was nominal. Additionally, based on current estimations of the MRRT, we expect that this tax will have no effect on our income tax expense for the life of our current Australian mining operations.

See NOTE 15 - INCOME TAXES for further information.

Equity Income (Loss) from Ventures

Equity loss from ventures for the year ended December 31, 2012 of $404.8 million compares to equity income from ventures for the year ended December 31, 2011 of $9.7 million. The equity loss from ventures for 2012 was comprised primarily of an impairment charge of $365.4 million related to our 30 percent ownership interest in Amapá, the sale of which the Board approved in December 2012. The sale closed during the fourth quarter of 2013. Additionally, our equity loss consisted of our share of operating losses of $31.4 million for the year ended December 31, 2012, compared with operating income of $32.4 million for the same period in 2011. Amapá’s equity loss from operations in 2012 was attributable primarily to our share of a settlement charge taken in the third quarter of 2012 for the termination of a transportation agreement that resulted in a $10.2 million loss and a $5.5 million adjustment related to tax credits that we determined would not be realizable. Additionally, although sales volumes exceeded the prior year, sales margin was lower primarily as a result of decreases in market pricing and sales mix. The equity income from Amapá for the year ended December 31, 2011 was offset partially by the impairment of $19.1 million recorded on our investment in AusQuest Limited in which, at December 31, 2011, we had a 30 percent ownership interest.

Income and Gain on Sale from Discontinued Operations, net of tax

Income and Gain on Sale from Discontinued Operations, net of tax was comprised of the gain on the sale of Sonoma, the loss on the operations of the 45 percent economic interest in Sonoma through the sale on November 12, 2012, and the loss on the operations at the renewaFUEL biomass production facility. The sale of Sonoma resulted in a net gain of $38.0 million that was recorded upon the completion of the sale on November 12, 2012. The Sonoma joint venture operations resulted in a net loss of $2.1 million and net income of $38.6 million for the years ended December 31, 2012 and 2011, respectively. The change in operations year-over-year mainly was attributed to unfavorable sales price and mix.

The renewaFUEL operations resulted in a loss of $0.1 million for the year ended December 31, 2012, compared to a loss of $18.5 million, net of $9.2 million in tax benefits for the year ended December 31, 2011, which included a $16.0 million impairment charge, taken to write down the renewaFUEL assets to fair value.

Noncontrolling Interest

Noncontrolling interest primarily was comprised of our consolidated, but less-than-wholly owned subsidiaries at Bloom Lake and the Empire mining operations. Bloom Lake experienced a net loss of $1,147.9 million, of which $252.0 million was attributable to the noncontrolling interest in 2012 compared to net income during 2011 of $186.8 million, of which $56.9 million was attributable to the noncontrolling interest. This net loss in 2012 was driven by an impairment of goodwill of $997.3 million, of which $249.3 million was allocated to the noncontrolling interest. This did not impact earnings comparably in 2011.

The Empire mining venture had net income of $116.9 million, of which $25.9 million was attributable to the noncontrolling interest in 2012. This compares to net income of $501.8 million during 2011, of which $136.6 million was attributable to the noncontrolling interest. The reduction was driven by the 2012 curtailed production and decreased year-over-year pricing.

Results of Operations – Segment Information

We are organized and managed according to product category and geographic location. Segment information reflects our strategic business units, which are organized to meet customer requirements and global competition. We evaluate segment performance based on sales margin, defined as revenues less cost of goods sold and operating expenses identifiable to each segment. This measure of operating performance is an effective measurement as we focus on reducing production costs.

2013 Compared to 2012

U.S. Iron Ore

The following is a summary of U.S. Iron Ore results for the years ended December 31, 2013 and 2012:

	(In Millions)						
	Year Ended December 31,		Changes due to:				
	2013	2012	Revenue and cost rate	Sales volume	Idle cost/production volume variance	Freight and reimburse-ment	Total change
Revenues from product sales and services	**$ 2,667.9**	$ 2,723.3	$ (24.5)	$ (39.6)	$ —	$ 8.7	$ (55.4)
Cost of goods sold and operating expenses	**(1,766.0)**	(1,747.1)	11.7	10.4	(32.3)	(8.7)	(18.9)
Sales margin	**$ 901.9**	$ 976.2	$ (12.8)	$ (29.2)	$ (32.3)	$ —	$ (74.3)

	Year Ended December 31,			
Per Ton Information	**2013**	2012	Difference	Percent change
Realized product revenue rate[1]	**$ 113.08**	$ 114.29	$ (1.21)	(1.1)%
Cost of goods sold and operating expense rate[1] (excluding DDA)	**65.08**	64.50	0.58	0.9 %
Depreciation, depletion & amortization	**5.65**	4.66	0.99	21.2 %
Total cost of goods sold and operating expense rate	**70.73**	69.16	1.57	2.3 %
Sales margin	**$ 42.35**	$ 45.13	$ (2.78)	(6.2)%
Sales tons[2] (In thousands)	**21,299**	21,633		
Production tons[2] (In thousands)				
Total	**27,234**	29,526		
Cliffs' share of total	**20,271**	21,992		

[1] Excludes revenues and expenses related to domestic freight, which are offsetting and have no impact on sales margin. Revenues also exclude venture partner cost reimbursements.

[2] Tons are long tons (2,240 pounds).

Sales margin for U.S. Iron Ore was $901.9 million for the year ended December 31, 2013, compared with the sales margin of $976.2 million for the year ended December 31, 2012. The decline compared to the prior year is attributable to a decrease in revenue of $55.4 million as well as an increase in cost of goods sold and operating expenses of $18.9 million. Sales margin per ton decreased 6.2 percent to $42.35 during the year ended December 31, 2013 compared to 2012.

Revenue decreased by $64.1 million, excluding the increase of $8.7 million of freight and reimbursements, from the prior year, predominantly due to:

- Lower sales volumes of 334 thousand tons or $39.6 million:

- ◦ Primarily driven by the expiration of one contract with a continuing customer, a lower full-year nomination by a customer, reduced tonnage with a customer due to their force majeure and the bankruptcy of one customer in 2012; and
- ◦ Partially offset by the placement of an additional 1.2 million export tons primarily due to pellet contracts transferred from Wabush as well as trial and spot cargoes in Europe during 2013 when compared to the prior year. We additionally benefited from additional customer demand, specifically additional spot contracts with a major customer in the Great Lakes region.

- A decline in the average revenue rate, which resulted in a decrease of $24.5 million also was a contributing factor to the decrease in year-over-year revenues. The average year-to-date realized product revenue rate declined by $1.21 per ton or 1.1 percent to $113.08 per ton in 2013. This decline is a result of:
  - ◦ Unfavorable customer mix impacted the realized revenue rates by $3 per ton primarily due to higher sales tonnage to overseas customers, which have lower realized revenue rates driven by additional transportation costs to move inventory from the U.S. Iron Ore mine locations to the international port locations in Quebec, which reduces our realized revenue rate per ton;
  - ◦ Realized revenue rates were impacted negatively by $1 per ton as a result of discounts given during 2013 as a part of recently extended contracts; and
  - ◦ Partially offset by one customer contract that increased the average rate by $3 per ton due to the reset of their contract base rate.

Cost of goods sold and operating expenses in 2013 increased $10.2 million, excluding the increase of $8.7 million of freight and reimbursements compared to the prior year, predominantly as a result of:

- Higher idle costs of $32.3 million due to the previously announced temporary idling of production at the Empire mine and the idle of two of the four production lines at our Northshore mine, offset by;
- Lower sales volumes decreased costs by $10.4 million compared to the comparable prior-year period;
- Lower costs of $12.0 million attributable to timing of tolling cost distribution to Empire mine partner ArcelorMittal when compared to the prior year; and
- Lower costs of $11.6 million due to a reduction in electrical energy rates at Empire and Tilden mines as a result of switching energy suppliers, reduced contractor spend of $29.4 million and optimized maintenance spend of $21.1 million and partially offset by increased costs of $16.6 million due to higher rates for natural gas and supplies as well as increased costs of $17.5 million related to deeper pit hauls as compared to 2012.

Production

Cliffs' share of production in our U.S. Iron Ore segment decreased by 7.8 percent during the year ended December 31, 2013 when compared to 2012. As previously announced, beginning on January 5, 2013, we idled two of the four furnaces at the Northshore mine, resulting in decreased production of 1.4 million tons when compared to the year ended December 31, 2012. During the first quarter of 2014, we plan to restart the two idled furnaces, which we expect will increase production by 1.3 million tons in 2014.

Eastern Canadian Iron Ore

The following is a summary of Eastern Canadian Iron Ore results for the years ended December 31, 2013 and 2012:

	(In Millions)							
	Year Ended December 31,		Change due to:					
	2013	2012	Revenue and cost rate	Sales volume	Idle cost/ Production volume variance	Inventory write-down	Exchange rate	Total change
Revenues from product sales and services	**$ 978.7**	$ 1,008.9	$ 27.7	$ (57.9)	$ —	$ —	$ —	$ (30.2)
Cost of goods sold and operating expenses	**(1,082.0)**	(1,130.3)	32.1	53.4	26.3	(72.5)	9.0	48.3
Sales margin	**$ (103.3)**	$ (121.4)	$ 59.8	$ (4.5)	$ 26.3	$ (72.5)	$ 9.0	$ 18.1

	Year Ended December 31,			
Per Ton Information	**2013**	2012	Difference	Percent change
Realized product revenue rate	**$ 114.45**	$ 112.93	$ 1.52	1.3 %
Cost of goods sold and operating expense rate (excluding DDA)	**105.66**	108.59	(2.93)	(2.7)%
Depreciation, depletion & amortization	**20.87**	17.93	2.94	16.4 %
Total cost of goods sold and operating expense rate	**126.53**	126.52	0.01	— %
Sales margin	**$ (12.08)**	$ (13.59)	$ 1.51	n/m
Sales tons[1] (In thousands)	**8,551**	8,934		
Production tons[1] (In thousands)	**8,655**	8,515		

[1] Tons are metric tons (2,205 pounds).

We reported a sales margin loss for our Eastern Canadian Iron Ore segment of $103.3 million for the year ended December 31, 2013, compared with a sales margin loss of $121.4 million for the year ended December 31, 2012. Sales margin per metric ton improved to a loss of $12.08 per metric ton for the year ended December 31, 2013 compared to a sales margin loss of $13.59 per metric ton for 2012.

Revenue decreased by $30.2 million for the year ended December 31, 2013 when compared to prior year, primarily due to:

- Lower sales volumes of 383 thousand metric tons. The reduction in tons sold resulted in a decrease to revenue of $57.9 million, which is related primarily to the transition and idling of pellet production at the Wabush Scully mine as pellet sales decreased by 1.7 million metric tons period-over-period, offset partially by the sale of 1.4 million more metric tons of Wabush Scully mine sinter feed in 2013 compared with 2012; and
- Partially offset by the increase to the average revenue rate, which resulted in an increase of $27.7 million, driven by changes in spot market pricing offset by lower pellet premiums due to a shift in product mix, primarily as a result of:
    - An increase to the Platts 62 percent Fe spot rate to an average of $135 per metric ton from $130 per metric ton in the prior year resulted in an increase of $5 per metric ton.

- ◦ An increase due to favorable provisional pricing adjustments related to prior-year sales and higher premiums for iron content in comparison to the prior year, increasing the average revenue rate by $2 per metric ton and $1 per metric ton, respectively;
- ◦ Offset by a change in product mix as our Eastern Canadian Iron Ore segment ceased pellet production at our Wabush facility in June 2013 and is only producing sinter feed. Pellet sales will continue to decrease as a percentage of the product mix in the future. During 2013, 17 percent of products sold were pellets, compared to 36 percent in the prior year, which resulted in the realized revenue rate decreasing by $4 per metric ton due to lower average pellet premiums; and
- ◦ Further offset by timing impacts of a negative $2 per metric ton period over period, primarily due to approximately 300 thousand metric tons of carryover pellets that were in sold in 2012 and based on 2011 contract pricing, which was substantially higher due to 2011 full-year market pricing.

Cost of goods sold and operating expenses during the year ended December 31, 2013 decreased from 2012 by $48.3 million primarily due to:

- Lower sales volumes at the Wabush and Bloom Lake facilities resulting in decreased costs of $50.3 million and $3.1 million, respectively, compared to the prior year;
- Incremental idle production costs at our Wabush operations of $26.3 million in 2012 that did not recur;
- Favorable foreign exchange rate variances of $9.0 million; and
- Partially offset by inventory write-downs primarily at our Wabush mine of $68.0 million related to a supplies inventory write-down of $29.7 million, lower-of-cost-or-market charges of $19.8 million and unsaleable inventory impairment charges of $18.5 million recorded during 2013.

Production

The Bloom Lake facility produced 5.9 million and 5.4 million metric tons of iron ore concentrate during the years ended December 31, 2013 and 2012, respectively. During the first quarter of 2014, we announced that we are exploring various strategic alternatives for our Bloom Lake mine. In the short term, we will continue to operate Bloom Lake mine Phase I operations on a reduced tailings and water management capital plan. We will continue to evaluate and will idle temporarily the operations if the pricing and operating costs justify such an alternative action. As a result, the Phase II expansion project remains on hold.

Production at the Wabush facility was 2.8 million and 3.1 million metric tons during the years ended December 31, 2013 and 2012, respectively. Due to high production costs and lower pellet premium pricing, we idled production at our Pointe Noire iron ore pellet plant and transitioned to producing an iron ore concentrate product from our Wabush Scully mine during June 2013. During the first quarter of 2014, we announced our plan to idle our Wabush mine in Newfoundland and Labrador by the end of the first quarter of 2014. The idle is being driven by the unsustainable high cost structure, which results in operations that are not economically viable to run over time.

Asia Pacific Iron Ore

The following is a summary of Asia Pacific Iron Ore results for the years ended December 31, 2013 and 2012:

	(In Millions)						
			Change due to:				
	Year Ended December 31,		Revenue and cost rate	Sales volume	Completion of Cockatoo Mining Stage 3	Exchange rate	Total change
	2013	2012					
Revenues from product sales and services	**$ 1,224.3**	$ 1,259.3	$ 39.5	$ (0.2)	$ (77.0)	$ 2.7	$ (35.0)
Cost of goods sold and operating expenses	**(857.2)**	(948.3)	(22.2)	0.2	51.2	61.9	91.1
Sales margin	**$ 367.1**	$ 311.0	$ 17.3	$ —	$ (25.8)	$ 64.6	$ 56.1

	Year Ended December 31,			
Per Ton Information	**2013**	2012	Difference	Percent change
Realized product revenue rate	**$ 110.87**	$ 107.81	$ 3.06	2.8 %
Cost of goods sold and operating expense rate (excluding DDA)	**63.71**	68.18	(4.47)	(6.6)%
Depreciation, depletion & amortization	**13.92**	13.00	0.92	7.1 %
Total cost of goods sold and operating expense rate	**77.63**	81.18	(3.55)	(4.4)%
Sales margin	**$ 33.24**	$ 26.63	$ 6.61	24.8 %

Sales tons[1] (In thousands)	**11,043**	11,681
Production tons[1] (In thousands)	**11,109**	11,260

[1] Metric tons (2,205 pounds). Cockatoo Island production and sales are reflected at our 50 percent share during the first half of 2012.

Sales margin for our Asia Pacific Iron Ore segment increased to $367.1 million during the year ended December 31, 2013 compared with $311.0 million for the same period in 2012. Sales margin per metric ton increased 24.8 percent to $33.24 per metric ton in 2013 compared to 2012.

Revenue decreased by $35.0 million during the year ended December 31, 2013 over the prior year primarily as a result of:

- The completion of the mining of Stage 3 at Cockatoo and the sale of our interest at the end of the third quarter of 2012, resulting in a revenue decrease of $77.0 million or 636 thousand metric tons compared to the prior year; and
- These decreases were offset partially by an increase in our realized product revenue rate for the year ended December 31, 2013 that resulted in an increase of $39.5 million or 2.8 percent on a per-ton basis. This increase is driven mainly by:
    - The Platts 62 percent Fe index increased to an average of $135 per metric ton from $130 per metric ton during the prior year, which positively impacted the revenue rate resulting in an increase of $56.6 million or $5 per metric ton to our realized revenue rate;

- ◦ The low-grade iron ore sales campaign in 2012 that did not recur in 2013, which positively impacted the revenue rate variance resulting in an increase of $40.6 million or $4 per metric ton; and
- ◦ Offset by a reduction to our realized revenue rate due to:
  - ▪ Unfavorable change in foreign exchange contract hedging impacts of $26.7 million or $2 per metric ton period over period; and
  - ▪ Lower iron ore content on standard product in 2013 resulting in a reduction of realized product revenue rate of $22.7 million or $2 per metric ton.

Cost of goods sold and operating expenses in the year ended December 31, 2013 decreased $91.1 million compared to 2012 primarily as a result of:

- The completion of the mining of Stage 3 at Cockatoo and the sale of our interest at the end of the third quarter of 2012, resulting in a decrease in costs of $51.2 million in 2013 compared to the prior year;
- Favorable foreign exchange rate variances of $61.9 million or $6 per metric ton; and
- Partially offset by higher logistics costs of $29.6 million mainly attributable to higher railed tons and higher ship-loading handling charges in 2013 slightly mitigated by lower mining and crushing costs of $6.6 million due to improved efficiencies.

Production

Production at our Asia Pacific Iron Ore segment decreased 151 thousand metric tons or 1.3 percent during the year ended December 31, 2013 when compared to 2012. We completed the mining of Stage 3 at Cockatoo and sold our interest during the third quarter of 2012, resulting in a decrease of 590 thousand metric tons in total production during the year 2013 compared to 2012. The decrease was offset partially by the increased production of 439 thousand metric tons at Koolyanobbing in 2013 resulting from the completion of the Koolyanobbing expansion project during mid-2012, which provided additional ore processing and rail and port capabilities that drove performance increases at this mine.

North American Coal

The following is a summary of North American Coal results for the years ended December 31, 2013 and 2012:

	(In Millions)					
	Year Ended December 31,		Change due to:			
	2013	2012	Revenue and cost rate	Sales volume	Freight and reimbursement	Total change
Revenues from product sales and services	**$ 821.9**	$ 881.1	$ (135.1)	$ 91.1	$ (15.2)	$ (59.2)
Cost of goods sold and operating expenses	**(836.4)**	(882.9)	122.1	(90.8)	15.2	46.5
Sales margin	**$ (14.5)**	$ (1.8)	$ (13.0)	$ 0.3	$ —	$ (12.7)

	Year Ended December 31,			
Per Ton Information	**2013**	2012	Difference	Percent change
Realized product revenue rate[1]	**$ 101.20**	$ 119.79	$ (18.59)	(15.5)%
Cost of goods sold and operating expense rate[1] (excluding DDA)	**85.47**	104.99	(19.52)	(18.6)%
Depreciation, depletion & amortization	**17.72**	15.08	2.64	17.5 %
Total cost of goods sold and operating expense rate	**103.19**	120.07	(16.88)	(14.1)%
Sales margin	**$ (1.99)**	$ (0.28)	$ (1.71)	n/m
Sales tons[2] (In thousands)	**7,274**	6,512		
Production tons[2] (In thousands)	**7,221**	6,394		

[1] Excludes revenues and expenses related to domestic freight, which are offsetting and have no impact on sales margin.

[2] Tons are short tons (2,000 pounds).

Sales margin for the North American Coal segment decreased to a loss of $14.5 million during the year ended December 31, 2013, compared to a sales margin loss of $1.8 million during the year ended December 31, 2012. Sales margin per ton decreased to a loss of $1.99 per ton in 2013 compared to a sales margin loss of $0.28 per ton in the prior year.

Revenues from product sales and services were $821.9 million, which is a decrease of $44.0 million over the prior-year period, excluding the decrease of $15.2 million of freight and reimbursements, predominantly due to:

- A decrease in our realized product revenue rate of $135.1 million or 15.5 percent on a per-ton basis for the year ended December 31, 2013. This decline is a result of:
    - The downward trend in market pricing period over period, including a 24 percent decrease in the quarterly benchmark price, partially mitigated by annually priced contracts, carryover contracts and product mix from our high-volatile metallurgical coal; and
    - Slightly offset by a shift in product sales mix. The sales mix for low-volatile metallurgical, high-volatile metallurgical and thermal coal was 69.6 percent, 21.6 percent and 8.8 percent, respectively, in 2013 compared to 68.1 percent, 19.9 percent and 12.0 percent, respectively, for 2012. The total mix impact was favorable by $1 per ton based on the higher price of low-volatile coal and lower rates for thermal coal.

- Partially offset by a sales volume increase of 762 thousand tons or 11.7 percent during the year ended December 31, 2013 in comparison to the prior year resulted in an increase in revenue of $91.1 million, primarily due to:
    - Increases in low-volatile and high-volatile metallurgical coal sales of 907 thousand tons in 2013 due to increased production volumes when compared to the prior year and the force majeure related to the April 2011 tornado that extended into April 2012; and
    - Partially offset by a reduction in thermal coal sales of 145 thousand tons due to reduced market demand.

Cost of goods sold and operating expenses in 2013 decreased $31.3 million, excluding the decrease of $15.2 million of freight and reimbursements from the comparable period in the prior year, predominantly as a result of:

- Decreased costs related to labor of approximately $40.0 million and maintenance and external services of approximately $75.0 million at our mines with full operating production in 2012 and 2013 due to reduced headcount, cost savings measures and more effective operating efficiency;
- Favorable variance in the lower-of-cost-or-market inventory charge of $13.3 million in comparison to the prior-year period as the lower-of-cost-or-market inventory charges at December 31, 2013 and 2012 were $11.1 million and $24.4 million, respectively; and
- Partially offset by higher sales volume attributable to additional low-volatile and high-volatile metallurgical coal sales, as discussed above, resulted in an additional $90.8 million of costs; and
- The accelerated closure of the Dingess-Chilton mine during the first quarter of 2013 and Lower War Eagle mine moving into the production stage of mining in November 2012 resulted in the recording of $18.0 million or $2 per ton of additional depreciation and depletion during 2013.

Production

Production of low- and high-volatile metallurgical coal increased 18.2 percent in 2013 compared to 2012. Low-volatile production increased 803 thousand tons over the prior year due to improved operating efficiency. High-volatile metallurgical coal production levels in 2013 increased 212 thousand tons or 16.3 percent as a result of the Lower War Eagle mine moving into production during the fourth quarter of 2012, offset partially by the closure of Dingess-Chilton during the first quarter of 2013. Beginning in the second quarter of 2012 and continuing through 2013, we experienced a decline in demand for thermal coal. Accordingly, over this time period, we reduced production at our thermal mine to one shift to align production with customer demands. This resulted in reduced production of 188 thousand tons in 2013 compared to 2012. Due to increased thermal coal demand in 2014, we will increase production at our thermal coal mine to two shifts beginning in the first quarter of 2014 to align production with 2014 customer demand.

2012 Compared to 2011

U.S. Iron Ore

Following is a summary of U.S. Iron Ore results for the years ended December 31, 2012 and 2011:

	(In Millions)							
	Year Ended December 31,		Change due to					
	2012	2011	ArcelorMittal Settlement	Sales Price and Rate	Sales Volume	Idle cost/Production volume variance	Freight and reimburse-ment	Total change
Revenues from product sales and services	$ 2,723.3	$ 3,509.9	$ (159.2)	$ (299.3)	$ (354.7)	$ —	$ 26.6	$ (786.6)
Cost of goods sold and operating expenses	(1,747.1)	(1,830.6)	—	(41.6)	175.1	(23.4)	(26.6)	83.5
Sales margin	$ 976.2	$ 1,679.3	$ (159.2)	$ (340.9)	$ (179.6)	$ (23.4)	$ —	$ (703.1)

	Year Ended December 31,			
Per Ton Information	2012	2011	Difference	Percent change
Realized product revenue rate[1]	$ 114.29	$ 135.53	$ (21.24)	(15.7)%
Cost of goods sold and operating expenses rate[1] (excluding DDA)	64.50	62.70	1.80	2.9 %
Depreciation, depletion & amortization	4.66	3.56	1.10	30.9 %
Total cost of goods sold and operating expenses rate	69.16	66.26	2.90	4.4 %
Sales margin	$ 45.13	$ 69.27	$ (24.14)	(34.8)%

	2012	2011
Sales tons [2]	21,633	24,243
Production tons [2]:		
Total	29,527	30,966
Cliffs' share of total	21,992	23,681

[1] Excludes revenues and expenses related to domestic freight, which are offsetting and have no impact on sales margin. Revenues also exclude venture partner cost reimbursements.

[2] Tons are long tons (2,240 pounds).

Sales margin for U.S. Iron Ore was $976.2 million for the year ended December 31, 2012, compared with a sales margin of $1,679.3 million for the year ended December 31, 2011. The decline compared to the prior year was attributable to a decrease in revenue of $786.6 million, offset by a slight decrease in cost of goods sold and operating expenses of $83.5 million. A decrease in revenue of $299.3 million for the year ended December 31, 2012 was a result of a decreased sales price due to changes in the market, as previously discussed, compared to the prior year. The decrease in revenue also was impacted by the ArcelorMittal USA price re-opener settlement, which caused revenue to increase $159.2 million in 2011. Additionally, the Algoma 2010 nomination sales price "true-up" arbitration agreement resulted in an additional $23.4 million of revenue in 2011. Our realized sales price during the year ended December 31, 2012 was an average decrease per ton of 15.7 percent over 2011, or an average decrease per ton of 10.7 percent, excluding the impact of the arbitration settlements.

Sales volumes decreased by $354.7 million in 2012 over 2011 primarily due to lower year-over-year domestic demand, the majority of the decline resulting from specific customer financial difficulties. We had not delivered this tonnage in the export market, due to reductions in market pricing.

Cost of goods sold and operating expenses in 2012 decreased $110.1 million, excluding the increase of $26.6 million of freight and reimbursements from the prior year, predominantly as a result of:

- Lower sales volumes that resulted in decreased costs of $175.1 million compared to the prior year; and
- Partially offset by increased costs of $41.6 million in our pellet operation primarily caused by increased production costs which was mainly triggered by higher labor costs of $28.1 million driven by pension, OPEB and profit sharing rate increases and an increase of $24.8 million related to mine development at our Michigan operations. The increased costs were offset partially by the sale of fines at our Michigan operations.

Production

Four of the five U.S. Iron Ore mines primarily operated at full capacity during the year ended December 31, 2012 to ensure that we were positioned to meet customer demand. We curtailed production at the Empire mine near the end of the second quarter of 2012 as a result of decreased demand by one of our customers that resulted in a decrease in Empire's production of 57.6 percent during the year ended December 31, 2012 as compared to the year ended December 31, 2011. Production at Empire resumed late in the third quarter of 2012.

During the year ended December 31, 2012, our Northshore mine production was impacted negatively by unforeseen power outages as well as infrastructure failures due to storms that resulted in a decrease in Northshore’s production of 8.5 percent during the year ended December 31, 2012 as compared to the year ended December 31, 2011.

Eastern Canadian Iron Ore

Following is a summary of Eastern Canadian Iron Ore results for the years ended December 31, 2012 and 2011:

	(In Millions)						
	Year Ended December 31,		Change due to				
	2012	2011 [1]	Sales Price and Rate	Sales Volume	Idle cost / Production volume variance	Exchange Rate	Total change
Revenues from product sales and services	$ 1,008.9	$ 1,178.1	$ (387.4)	$ 218.2	$ —	$ —	$ (169.2)
Cost of goods sold and operating expenses	(1,130.3)	(887.2)	(130.8)	(136.5)	13.8	10.4	(243.1)
Sales margin	$ (121.4)	$ 290.9	$ (518.2)	$ 81.7	$ 13.8	$ 10.4	$ (412.3)

	Year Ended December 31,			
Per Ton Information	2012	2011	Difference	Percent change
Realized product revenue rate	$ 112.93	$ 159.12	$ (46.19)	(29.0)%
Cost of goods sold and operating expenses rate (excluding DDA)	108.59	94.92	13.67	14.4 %
Inventory step-up	—	8.08	(8.08)	n/m
Depreciation, depletion & amortization	17.93	16.83	1.10	6.5 %
Total cost of goods sold and operating expenses rate	126.52	119.83	6.69	5.6 %
Sales margin	$ (13.59)	$ 39.29	$ (52.88)	(134.6)%
Sales metric tons [2]	8,934	7,404		
Production metric tons [2]	8,515	6,909		

[1] Consolidated Thompson was acquired on May 12, 2011.

[2] Metric tons (2,205 pounds).

We reported sales margin loss for Eastern Canadian Iron Ore of $121.4 million for the year ended December 31, 2012, compared with a sales margin of $290.9 million for the year ended December 31, 2011. The reduction, compared with the prior year, was attributable to lower realized sales price while experiencing increased costs. Eastern Canadian Iron Ore sold 8.9 million metric tons during the year ended December 31, 2012 compared with 7.4 million metric tons in 2011. This increase in sales volume was attributable directly to 1.8 million metric tons of incremental sales in 2012 due to the acquisition of Consolidated Thompson in May 2011, resulting in $267.7 million of additional sales volume revenue for the year ended December 31, 2012. The increased sales volumes provided through the acquisition were offset partially by lower sales volumes at Wabush due to reduced customer nominations and production shortfalls associated with equipment failure downtime during the year ended December 31, 2012. This resulted in a reduction of revenue of $49.5 million compared to the year ended December 31, 2011. In addition, sales price decreased by $387.4 million when compared to 2011. The Eastern Canadian Iron Ore realized sales price was, on average, a 29.0 percent decrease per metric ton, primarily due to a decrease in the Platts benchmark pricing, as previously discussed, compared to the same period in 2011. Although sales price had the most significant impact on our revenues, we also sold a higher mix of concentrate product, which generally realizes a lower sales price than iron ore pellets.

Higher cost of goods sold and operating expenses during the year ended December 31, 2012 increased from 2011 by $243.1 million primarily due to:

- Significant increase in sales volume as a result of the acquisition of Consolidated Thompson in May 2011, resulting in $168.6 million of additional cost for the year ended December 31, 2012, partially offset by lower Wabush pellet sales volumes, which resulted in lower costs of $32.1 million compared to 2011;
- Increased costs of $112.2 million in our concentrate operation primarily caused by increased production costs, which were mainly triggered by higher spending of $79.7 million on contractors and repairs and maintenance, an increase of $16.0 million caused by higher mine development and $5.7 million of increased rail transportation charges;
- Increased costs of $78.3 million in our pellet operation primarily caused by increased production costs, which were mainly triggered by higher spending of $38.6 million on contractors and repairs and maintenance, an increase of $20.9 million caused by lower concentrator throughput and $10.7 million of increased energy costs; and
- The year-over-year cost increase was offset partially by the non-recurring adjustment recorded in 2011 in which we amortized an additional $59.8 million of stepped-up value of inventory that resulted from the purchase accounting for the acquisition of Consolidated Thompson.

Production

The increase in production levels over the prior year was the result of the incremental tonnage available from the Bloom Lake operations from our acquisition of Consolidated Thompson in May 2011 offset by decreased production at the Wabush Scully mine. The Bloom Lake facility produced 5.4 million metric tons of iron ore concentrate during the year ended December 31, 2012 compared to 3.5 million metric tons in our ownership period in 2011. Production at the Wabush facility declined to 3.1 million metric tons of iron ore pellets in 2012 compared to 3.4 million metric tons during 2011 as a result of lower throughput due to challenging ore characterization and operational issues that resulted in downtime for maintenance and repairs during the year ended December 31, 2012 as compared to 2011.

Asia Pacific Iron Ore

Following is a summary of Asia Pacific Iron Ore results for the years ended December 31, 2012 and 2011:

	(In Millions)					
	Year Ended December 31,		Change due to			
	2012	2011	Sales Price and Rate	Sales Volume	Exchange Rate	Total change
Revenues from product sales and services	$ 1,259.3	$ 1,363.5	$ (564.0)	$ 457.7	$ 2.1	$ (104.2)
Cost of goods sold and operating expenses	(948.3)	(664.0)	(41.7)	(239.3)	(3.3)	(284.3)
Sales margin	$ 311.0	$ 699.5	$ (605.7)	$ 218.4	$ (1.2)	$ (388.5)

	Year Ended December 31,			
Per Ton Information	2012	2011	Difference	Percent change
Realized product revenue rate	$ 107.81	$ 158.77	$ (50.96)	(32.1)%
Cost of goods sold and operating expenses rate (excluding DDA)	68.18	65.57	2.61	4.0 %
Depreciation, depletion & amortization	13.00	11.75	1.25	10.6 %
Total cost of goods sold and operating expenses rate	81.18	77.32	3.86	5.0 %
Sales margin	$ 26.63	$ 81.45	$ (54.82)	(67.3)%
Sales metric tons [1]	11,681	8,588		
Production metric tons [1]	11,260	8,922		

[1] Metric tons (2,205 pounds). Cockatoo Island production and sales reflects our 50 percent share.

Sales margin for Asia Pacific Iron Ore decreased to $311.0 million during the year ended December 31, 2012 compared with $699.5 million for 2011. Revenue decreased in 2012 primarily as a result of a decrease in the Platts market benchmark pricing for iron ore in comparison to 2011 and was offset partially by higher sales volume. The change in our realized price for the year ended December 31, 2012 compared to 2011 was on average a 32.6 percent and 27.8 percent decrease per metric ton for our standard lump and fines, respectively. Additionally, due to limited standard grade ore product availability during 2012, we processed and shipped low-grade iron ore product. During the year ended December 31, 2012, we shipped approximately 1.3 million metric tons of low-grade iron ore. The average realized price for the low-grade iron ore was approximately 29.9 percent lower than the sales price of our standard iron ore sold during the year ended December 31, 2012.

Sales volume during the year ended December 31, 2012 increased to 11.7 million metric tons compared with 8.6 million metric tons in 2011, resulting in an increase in revenue of $457.7 million. Increased port and rail capacity made available through the completion of our Koolyanobbing expansion project allowed more tonnage to be shipped. These shipments included an additional 1.8 million metric tons of standard lump and fines and 1.3 million metric tons of low-grade iron ore product in 2012 over the prior year.

Cost of goods sold and operating expenses in 2012 increased $284.3 million compared to 2011 primarily as a result of:

- Higher sales volumes resulting in higher costs of $239.3 million compared to prior year;

- Higher mining costs of $53.0 million mainly attributable to increased volume and stripping costs and higher logistic costs of $24.6 million due to higher haulage and railed tons compared to the prior year;
- Higher depreciation costs of $22.9 million mainly attributable to increased fixed assets related to the Koolyanobbing expansion project; and
- Partially offset by lower royalties of $35.3 million and lower Cockatoo Island mining costs in 2012 of $24.5 million due to the winding down of Stage 3 mining.

Production

Production at Asia Pacific Iron Ore increased by 26.2 percent in 2012 when compared to 2011. The completion of the Koolyanobbing expansion project provided additional ore processing and rail and port capabilities that drove this performance increase. Koolyanobbing production increased 29.6 percent which included approximately 1.3 million metric tons of low-grade iron ore during the year ended December 31, 2012. We completed the mining of Stage III and sold our interest in Cockatoo Island at the end of the third quarter of 2012 which resulted in a decrease of 14.6 percent in total production during 2012 compared to 2011.

North American Coal

Following is a summary of North American Coal results for the years ended December 31, 2012 and 2011:

	(In Millions)						
	Year Ended December 31,		Change Due to				
	2012	2011	Sales Price and Rate	Sales Volume	Idle cost / Production volume variance	Freight and reimbursement	Total change
Revenues from product sales and services	$ 881.1	$ 512.1	$ 6.3	$ 280.0	$ —	$ 82.7	$ 369.0
Cost of goods sold and operating expenses	(882.9)	(570.5)	(17.5)	(270.2)	58.0	(82.7)	(312.4)
Sales margin	$ (1.8)	$ (58.4)	$ (11.2)	$ 9.8	$ 58.0	$ —	$ 56.6

	Year Ended December 31,			
Per Ton Information	2012	2011	Difference	Percent change
Realized product revenue rate[1]	$ 119.79	$ 118.82	$ 0.97	0.8 %
Cost of goods sold and operating expenses rate[1] (excluding DDA)	104.99	112.05	(7.06)	(6.3)%
Depreciation, depletion & amortization	15.08	20.81	(5.73)	(27.5)%
Total cost of goods sold and operating expenses rate	120.07	132.86	(12.79)	(9.6)%
Sales margin	$ (0.28)	$ (14.04)	$ 13.76	(98.0)%
Sales tons [2]	6,512	4,156		
Production tons [2]	6,394	5,035		

[1] Excludes revenues and expenses related to domestic freight, which are offsetting and have no impact on sales margin.

[2] Tons are short tons (2,000 pounds).

Sales margin for North American Coal increased to a loss of $1.8 million during the year ended December 31, 2012, compared to the loss of $58.4 million in 2011. Revenue during the year ended December 31, 2012 increased 72.1 percent over the prior year period to $881.1 million primarily due to higher sales volumes during 2012. North American Coal sold 6.5 million tons during the year ended December 31, 2012 compared with 4.2 million tons in 2011, resulting in an increase in revenue of $280.0 million. Increased inventory availability and sales volume in 2012 was a result of the 2011 operational issues at Pinnacle mine and tornado damage at Oak Grove mine, plus strong production performance in 2012 compared to the prior year. Our realized price for the year ended December 31, 2012 at our North American Coal operating segment remained flat in comparison to 2011. Product sales mix for low-volatile, high-volatile and thermal coal were 68.1 percent, 19.9 percent and 12.0 percent, respectively, in 2012 compared to 38.6 percent, 31.4 percent and 30.0 percent for the comparable period in 2011. The realized sales price per ton was, on average, a 13.8 percent decrease, 4.1 percent decrease and 5.5 percent increase for low-volatile, high-volatile and thermal coal, respectively, over the prior year.

Cost of goods sold and operating expenses in 2012 increased $229.7 million, excluding the increase of$82.7 million of freight and reimbursements from the prior year, predominantly as a result of:

- Higher sales volume attributable to additional low-volatile metallurgical coal sales, as discussed above, resulting in a cost increase of $270.2 million;
- Increase in costs due to a $24.4 million LCM inventory write-down primarily driven by a softening market in both low- and high-volatility metallurgical coal; and
- During the year ended December 31, 2011, fixed costs of $58.0 million being recorded as idle costs as there were operational issues caused by carbon monoxide at the Pinnacle mine and the effects of the April 2011 tornado at Oak Grove mine, which both resulted in temporary production curtailments. These fixed costs would have been included in the rate during 2012 as we did not experience similar temporary production curtailments.

Production

Increased low-volatile metallurgical coal production levels in 2012 were achieved at the Pinnacle and Oak Grove mines. Pinnacle mine’s increased production of 81.1 percent compared to the prior year was a result of positive longwall production performance during 2012 and depressed production in the prior year due to elevated carbon monoxide levels. Oak Grove mine’s production levels for the year ended December 31, 2012 increased by 57.2 percent due mainly to the installation of a new longwall shearer during 2012. Additionally, Oak Grove mine’s preparation plant was impacted negatively by the effects of the April 2011 tornado. The production levels at the Oak Grove preparation plant resumed operating at partial capacity in January 2012 and reached normal operating levels during April 2012. High-volatile metallurgical coal production levels at CLCC in 2012 remained consistent in comparison to 2011. During 2012, we experienced a decline in the demand for thermal coal used in power generation. Accordingly, on June 15, 2012, we reduced production at our thermal mine to one shift to align production with customer requirements and existing supply agreements.

Liquidity, Cash Flows and Capital Resources

Our primary sources of liquidity are cash generated from our operating and financing activities. Our capital allocation process is focused on prioritizing all potential uses of future cash flows to maximize shareholder returns. We continue to focus on maximizing shareholder return and cash generation in our business operations as well as reductions of any discretionary expenditures in order to ensure we are positioned to face the challenges and uncertainties of the volatile pricing markets for our products.

Based on current mine plans and subject to future iron ore and coal prices and demand, we expect estimated operating cash flows to slightly exceed our budgeted capital expenditures, dividends and other cash requirements. We maintain adequate liquidity via financing arrangements to fund our normal business operations and strategic initiatives. Based on current market conditions, we expect to be able to fund these requirements for at least the next 12 months through operations and our existing credit facility.

Refer to “Outlook” for additional guidance regarding expected future results, including projections on pricing, sales volume and production for our various businesses.

The following discussion summarizes the significant activities impacting our cash flows during 2013 as well as those expected to impact our future cash flows over the next 12 months. Refer to the Statements of Consolidated Cash Flows for additional information.

Operating Activities

Net cash provided by operating activities improved to $1,145.9 million for the year ended December 31, 2013, compared to cash provided by operating activities of $514.5 million for 2012. The increase in operating cash flow in 2013 primarily was due to the timing of payments related to 2011 income taxes in early 2012, other changes in working capital and reduced exploration and selling, general and administrative costs.

Our long-term outlook remains stable, although we have and plan to continue to respond to the uncertain near-term outlook by adjusting our operating strategy as market conditions change. Throughout 2013, capacity utilization among steelmaking facilities in North America remained steady. We expect modest growth from the U.S. economy, sustaining a healthy business in the U.S.. Crude steel production and iron ore imports in Asia continue to generate demand for our products in the seaborne market. We are monitoring continually the economic environment in which we operate in order to react to fluctuations in pricing due to global economic growth or contraction, change in demand for steel or changes in availability of supply.

On February 11, 2014, the Company announced its plan to idle its Wabush mine in Newfoundland and Labrador by the end of the first quarter of 2014. Estimated impact of the idling is expected to include idling costs, employment-related expenditures and contract costs of approximately $100 million in 2014.

Our U.S. operations and our financing arrangements provide sufficient liquidity and, consequently, we do not need to repatriate earnings from our foreign operations; however, if we repatriated these earnings, we would be subject to income tax. Our U.S. cash and cash equivalents balance at December 31, 2013 was $151.0 million, or approximately 45.0 percent of our consolidated total cash and cash equivalents balance of $335.5 million. As of December 31, 2013, we had full availability on our borrowing capacity of our $1.75 billion U.S.-based revolving credit facility. This compares to available borrowing capacity of $504.9 million under this revolving credit facility due to covenant restrictions at December 31, 2012. Additionally, historically we have been able to raise additional capital through private financings and public debt and equity offerings, the bulk of which, to date, have been U.S.-based. If the demand from the U.S. and Asian economies weakened and pricing deteriorated for a prolonged period, we have the financial and operational flexibility to reduce production, delay capital expenditures, sell assets and reduce overhead costs to provide liquidity in the absence of cash flow from operations.

Investing Activities

Net cash used by investing activities was $811.3 million for the year ended December 31, 2013, compared with $961.8 million for the comparable period in 2012.

We had capital expenditures of $861.6 million and $1,127.5 million for the years ended December 31, 2013 and 2012, respectively. Our main capital investment focus has been on the construction of the Bloom Lake mine's operations. On the ramp-up and expansion projects at Bloom Lake mine, we have spent approximately $426 million and approximately $475 million during the years ended December 31, 2013 and 2012, respectively. In addition, the expenditures for the Bloom Lake tailings and water management system totaled $191 million and $99 million in 2013 and 2012, respectively. On February 11, 2014, we announced that we are indefinitely suspending Phase II expansion at our Bloom Lake mine. In the short term, we will continue to operate Bloom Lake mine Phase I operations on a reduced tailings and water management capital plan. We also announced that we would idle the Phase I operations if pricing significantly decreases for an extended period of time.

Additionally, we spent approximately $203 million and $329 million globally on expenditures related to sustaining capital excluding Bloom Lake tailings and water management in 2013 and 2012, respectively. Sustaining capital spend includes infrastructure, mobile equipment, environmental, safety, fixed equipment, product quality and health.

In alignment with our strategy to focus on allocating capital in a prudent balance among key priorities related to liquidity management, business investment and increasing long-term shareholder value, we anticipate total cash used for capital expenditures in 2014 to be approximately $375 million to $425 million. This includes approximately $64 million in cash carryover capital, with the remainder comprised of sustaining and permission to operate capital. This significantly lower year-over-year capital expenditure budget will position the Company to generate meaningfully more free cash flow versus prior years.

Financing Activities

Net cash used by financing activities during 2013 was $171.9 million, compared to net cash provided by financing activities of $119.6 million for 2012. We completed a public offering of 10.35 million of our common shares in February 2013. The net proceeds from the offering were approximately $285.3 million at a sales price to the public of$29 per share. We also issued 29.25 million depositary shares for total net proceeds of approximately $709.4 million, after underwriting fees and discounts. A portion of the net proceeds from the share offerings were used to repay the $847.1 million outstanding under the term loan.

Additionally, cash provided by financing activities during 2013 included proceeds from equipment loans of $164.8 million, offset by net borrowings and repayments under the credit facility of $325.0 million and dividend distributions of $127.6 million. During the first quarter of 2013, the Board of Directors approved a reduction to the quarterly dividend to $0.15 per share. Quarterly dividends at the new rate were payable on March 1, 2013, June 3, 2013, September 3, 2013 and December 2, 2013. Additionally, we have dividends payable on our preferred shares, which are represented by our depositary shares, at an annual rate of 7.00 percent on the liquidation preference of $1,000 per preferred share (or the equivalent of $25 per depositary share). The declared quarterly cash dividends were payable on May 1, 2013, August 1, 2013 and November 1, 2013.

Table of Contents

The following represents our future cash commitments and contractual obligations as of December 31, 2013:

	Payments Due by Period [1] (In Millions)				
Contractual Obligations	Total	Less than 1 Year	1 - 3 Year	3 - 5 Year	More Than 5 Years
Long-term debt	$ 3,061.7	$ 20.9	$ 44.5	$ 548.2	$ 2,448.1
Interest on debt [2]	2,039.7	157.6	312.6	299.0	1,270.5
Operating lease obligations	69.9	20.0	21.2	14.0	14.7
Capital lease obligations	263.9	64.2	120.5	47.0	32.2
Purchase obligations:					
Bloom Lake expansion project	40.0	40.0	—	—	—
Open purchase orders	211.9	205.6	6.3	—	—
Minimum royalty payments	187.8	82.9	65.6	25.6	13.7
Minimum "take or pay" purchase commitments [3]	7,128.4	502.9	846.6	566.0	5,212.9
Total purchase obligations	7,568.1	831.4	918.5	591.6	5,226.6
Other long-term liabilities:					
Pension funding minimums	309.0	68.3	111.7	68.3	60.7
OPEB claim payments	647.7	7.9	15.1	15.1	609.6
Environmental and mine closure obligations	321.0	11.3	19.7	35.9	254.1
Personal injury	14.3	3.7	4.4	0.4	5.8
Total other long-term liabilities	1,292.0	91.2	150.9	119.7	930.2
Total	$ 14,295.3	$ 1,185.3	$ 1,568.2	$ 1,619.5	$ 9,922.3

[1] Includes our consolidated obligations.

[2] For the $500 million senior notes, interest is calculated using a fixed rate of 3.95 percent from 2014 to maturity in January 2018. For the $400 million senior notes, interest is calculated using a fixed rate of 5.90 percent from 2014 to maturity in March 2020. For the $1.3 billion senior notes, interest is calculated for the $500 million 10-year notes using a fixed rate of 4.80 percent from 2014 to maturity in October 2020, and the $800 million 30-year notes using a fixed rate of 6.25 percent from 2014 to maturity in October 2040. For the $700 million senior notes, interest is calculated using a fixed rate of 4.88 percent from 2014 to maturity in April 2021. For the $161.7 million of equipment loans, interest is calculated using the fixed rate associated with each of the equipment loans from 2014 to maturity in 2020.

[3] Includes minimum railroad transportation obligations, minimum electric power demand charges, minimum coal, diesel and natural gas obligations and minimum port facility obligations.

The above table does not reflect $74.4 million of unrecognized tax benefits, which we have recorded for uncertain tax positions as we are unable to determine a reasonable and reliable estimate of the timing of future payments.

Refer to NOTE 20 - COMMITMENTS AND CONTINGENCIES of the Consolidated Financial Statements for additional information regarding our future commitments and obligations.

Capital Resources

We expect to fund our business obligations from available cash, current and future operations and existing borrowing arrangements. We also may pursue other funding strategies in the capital markets to strengthen our liquidity. The following represents a summary of key liquidity measures as of December 31, 2013 and December 31, 2012:

	(In Millions)	
	December 31, 2013	December 31, 2012
Cash and cash equivalents	**$ 335.5**	$ 195.2
Available revolving credit facility	**$ 1,750.0**	$ 857.6
Revolving loans drawn	**—**	(325.0)
Senior notes	**2,900.0**	2,900.0
Senior notes drawn	**(2,900.0)**	(2,900.0)
Term loan	**—**	847.1
Term loan drawn	**—**	(847.1)
Letter of credit obligations and other commitments	**(8.4)**	(27.7)
Borrowing capacity available	**$ 1,741.6**	$ 504.9

Our primary source of funding is a $1.75 billion revolving credit facility, which matures on October 16, 2017. We also have cash generated by the business and cash on hand, which totaled $335.5 million as of December 31, 2013. The combination of cash and availability under the credit facility gave us $2.1 billion in liquidity entering the first quarter of 2014, which is expected to be used to fund operations, capital expenditures and finance strategic initiatives.

On February 8, 2013, we amended both the amended revolving credit agreement and the term loan to effect the following:

- Suspend the current Funded Debt to EBITDA ratio requirement for all quarterly measurement periods in 2013, after which point it will revert back to the debt to earnings ratio for the period ending March 31, 2014 until maturity.
- Require a Minimum Tangible Net Worth of approximately $4.6 billion as of each of the three-month periods ended March 31, 2013, June 30, 2013, September 30, 2013 and December 31, 2013. Minimum Tangible Net Worth, in accordance with the amended revolving credit agreement and term loan, is defined as total equity less goodwill and intangible assets.
- Maintain a Maximum Total Funded Debt to Capitalization of 52.5 percent from the amendments' effective date through the period ended December 31, 2013.
- The amended agreements retain the Minimum Interest Coverage Ratio requirement of 2.5 to 1.0.

Through the use of the proceeds from the February 2013 public equity offerings, we repaid the total amount outstanding under the term loan of $847.1 million. Upon the repayment of the term loan, the financial covenants associated with the term loan were no longer applicable.

Pursuant to the terms of the amended revolving credit agreement, we are subject to higher borrowing costs. The applicable interest rate is determined by reference to the former Funded Debt to EBITDA ratio; however, as discussed above, this is not a financial covenant of the amended agreements until March 31, 2014. Based on the amended terms, borrowing costs could increase as much as 0.5 percent relative to the outstanding borrowings, as well as 0.1 percent on unborrowed amounts. Furthermore, the amended revolving credit agreement places certain restrictions upon our declaration and payment of dividends, our ability to consummate acquisitions and the debt levels of our subsidiaries.

The above liquidity as of December 31, 2012 reflected the availability of our revolving credit facility to the extent it would not have resulted in a violation of our Funded Debt to EBITDA maximum ratio of 3.5 to 1.0. As of February 8, 2013 and as a result of the execution of the amendments to the amended revolving credit agreement and term loan in consideration of the temporary financial covenants in place, our availability under the $1.75 billion revolving credit facility is no longer restricted. Once the Funded Debt to EBITDA ratio returns to a level of 3.5 to 1 effective March 31, 2014, available liquidity under our revolving credit facility will be predicated on compliance with this covenant.

We are subject to certain financial covenants contained in the amended revolving credit agreement and were subject to certain financial covenants related to the term loan until its payoff during February 2013. As of December 31, 2013 and December 31, 2012, we were in compliance with all applicable financial covenants and expect to be in compliance with all applicable covenants for the next 12 months.

At December 31, 2012, the amended revolving credit agreement and term loan had two financial covenants based on: (1) debt to earnings ratio (Total Funded Debt to EBITDA, as those terms are defined in the amended revolving credit agreement), as of the last day of each fiscal quarter cannot exceed 3.5 to 1.0 and (2) interest coverage ratio (Consolidated EBITDA to Interest Expense, as those terms are defined in the amended revolving credit agreement), for the preceding four quarters must not be less than 2.5 to 1.0 on the last day of any fiscal quarter.

We believe that the amended revolving credit agreement provides us sufficient liquidity to support our operating and investing activities. We continue to focus on achieving a capital structure that achieves the optimal mix of debt, equity and other off-balance sheet financing arrangements.

Several credit markets may provide additional capacity should that become necessary. The bank market may provide funding through a term loan, bridge loan, credit facility or through exercising the $250 million accordion in our current revolving credit facility. The risk associated with the bank market is significant increases in borrowing costs as a result of limited capacity. As in all debt markets, capacity is a global issue that impacts the bond market. Our issuance of a $500 million public offering of five-year senior notes in December 2012 provides evidence that capacity in the bond markets has improved and remains stable for investment-grade companies compared to conditions impacting such markets in previous years. This transaction represents the successful execution of our strategy to increase liquidity and extend debt maturities to align with longer-term capital structure needs.

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain arrangements that are not reflected on ourStatements of Consolidated Financial Position. These arrangements include minimum "take or pay" purchase commitments, such as minimum electric power demand charges, minimum coal, diesel and natural gas purchase commitments, minimum railroad transportation commitments and minimum port facility usage commitments; financial instruments with off-balance sheet risk, such as bank letters of credit and bank guarantees; and operating leases, which primarily relate to equipment and office space.

Market Risks

We are subject to a variety of risks, including those caused by changes in commodity prices, foreign currency exchange rates and interest rates. We have established policies and procedures to manage such risks; however, certain risks are beyond our control.

Pricing Risks

Commodity Price Risk

Our consolidated revenues include the sale of iron ore pellets, iron ore concentrate, iron ore lump, low-volatile metallurgical coal, high-volatile metallurgical coal and thermal coal. Our financial results can vary significantly as a result of fluctuations in the market prices of iron ore and coal. World market prices for these commodities have fluctuated historically and are affected by numerous factors beyond our control. The world market price that most commonly is utilized in our iron ore sales contracts is the Platts 62 percent Fe fines pricing, which can fluctuate widely due to numerous factors, such as global economic growth or contraction, change in demand for steel or changes in availability of supply.

Provisional Pricing Arrangements

Certain of our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore customer supply agreements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified point in time in the future, per the terms of the supply agreements. The difference between the provisionally agreed-upon price and the estimated final revenue rate is characterized as a derivative and is required to be accounted for separately once the revenue has been recognized. The derivative instrument is adjusted to fair value through *Product revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined.

At December 31, 2013, we have recorded $3.1 million as *Other current assets* and $10.3 million as derivative liabilities included in *Other current liabilities* in the Statements of Consolidated Financial Position related to our estimate of final sales rate with our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore customers. These amounts represent the difference between the provisional price agreed upon with our customers based on the supply agreement terms and our estimate of the final sales rate based on the price calculations established in the supply agreements. As a result, we recognized a net $7.2 million decrease, respectively, in *Product revenues* in the Statements of Consolidated Operations for the year ended December 31, 2013 related to these arrangements.

Customer Supply Agreements

Certain supply agreements with one U.S. Iron Ore customer provide for supplemental revenue or refunds based on the customer's average annual steel pricing at the time the product is consumed in the customer's blast furnace. The supplemental pricing is characterized as a freestanding derivative, which is finalized based on a future price, and is adjusted to fair value as a revenue adjustment each reporting period until the pellets are consumed and the amounts are settled. The fair value of the instrument is determined using an income approach based on an estimate of the annual realized price of hot-rolled steel at the steelmaker's facilities.

At December 31, 2013, we had a derivative asset of $55.8 million, representing the fair value of the pricing factors, based upon the amount of unconsumed tons and an estimated average hot-band steel price related to the period in which the tons are expected to be consumed in the customer's blast furnace at each respective steelmaking facility, subject to final pricing at a future date. This compares with a derivative asset of $58.9 million as of December 31, 2012. We estimate that a $75 change in the average hot-band steel price realized from the December 31, 2013 estimated price recorded would cause the fair value of the derivative instrument to increase or decrease by approximately $58.7 million, thereby impacting our consolidated revenues by the same amount.

We have not entered into any hedging programs to mitigate the risk of adverse price fluctuations; however, certain of our term supply agreements contained price collars, which typically limit the percentage increase or decrease in prices for our products during any given year.

Volatile Energy and Fuel Costs

The volatile cost of energy is an important issue affecting our production costs, primarily in relation to our iron ore operations. Our consolidated U.S. Iron Ore mining ventures consumed approximately 17.6 million MMBtu's of natural gas at an average delivered price of $4.34 per MMBtu and 28.7 million gallons of diesel fuel at an average delivered price of $3.23 per gallon during 2013. Our consolidated Eastern Canadian Iron Ore mining ventures consumed approximately 7.7 million gallons of diesel fuel at an average delivered price of $4.16 per gallon during 2013. Our CLCC operations consumed approximately 2.5 million gallons of diesel fuel at an average delivered price of $3.40 per gallon during 2013. Consumption of diesel fuel by our Asia Pacific operations was approximately 14.8 million gallons at an average delivered price of $3.33 per gallon for the same period.

In the ordinary course of business, there also will be likely increases in prices relative to electrical costs at our U.S. mine sites related specifically to our Tilden and Empire mines in Michigan because we exercised our right to purchase electrical supply in the deregulated market during 2013, which is based on the Midwestern Independent System Operator Day-Ahead price. Additionally, as the cost of producing electricity increases, energy companies regularly seek to reclaim those costs from the mine sites, which often results in tariff disputes.

Our strategy to address increasing energy rates includes improving efficiency in energy usage, identifying alternative providers and utilizing the lowest cost alternative fuels. At the present time, we have no specific plans to enter into hedging activity and do not plan to enter into any new forward contracts for natural gas or diesel fuel in the near term. We will continue to monitor relevant energy markets for risk mitigation opportunities and may make additional forward purchases or employ other hedging instruments in the future as warranted and deemed appropriate by management. Assuming we do not enter into further hedging activity in the near term, a 10 percent change in electrical, natural gas and diesel fuel prices would result in a change of approximately $30.4 million in our annual fuel and energy cost based on expected consumption for 2014.

Valuation of Goodwill and Other Long-Lived Assets

We assign goodwill arising from acquired businesses to the reporting units that are expected to benefit from the synergies of the acquisition. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis as of October 1st and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, curtailment of project development activities, competition or sale or disposition of a significant portion of a reporting unit.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated using a discounted cash flow methodology, which considers forecasted cash flows discounted at an estimated weighted average cost of capital. Assessing the recoverability of our goodwill requires significant assumptions regarding the estimated future cash flows and other factors to determine the fair value of a reporting unit including, among other things, estimates related to long-term price expectations, expected results of anticipated exploration activities, foreign currency exchange rates, expected capital expenditures and working capital requirements expected at commencement of production, which are based upon our long-range plan and life of mine estimates. The assumptions used to calculate the fair value of a reporting unit may change from year to year based on operating results, current market conditions or changes to expectations of market trends and other factors. Changes in these assumptions could materially affect the determination of fair value for each reporting unit.

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. Such indicators may include, among others: a significant decline in expected future cash flows; a sustained, significant decline in market pricing; a significant adverse change in legal or environmental factors or in the business climate; changes in estimates of our recoverable reserves; unanticipated competition; and slower growth or production rates. Any adverse change in these factors could have a significant impact on the recoverability of our long-lived assets and could have a material impact on our consolidated statements of operations and statement of financial position.

A comparison of each asset group's carrying value to the estimated undiscounted future cash flows expected to result from the use of the assets, including cost of disposition, is used to determine if an asset is recoverable. Projected future cash flows reflect management's best estimates of economic and market conditions over the projected period, including growth rates in revenues and costs, estimates of future expected changes in operating margins and capital expenditures. If the carrying value of the asset group is higher than its undiscounted future cash flows, the asset group is measured at fair value and the difference is recorded as a reduction to the long-lived assets. We estimate fair value using a market approach, an income approach or a cost approach.

The assessments for goodwill and long-lived asset impairment are sensitive to changes in key assumptions. These key assumptions include, but are not limited to, forecasted long-term pricing, production costs, capital expenditures and a variety of economic assumptions (e.g., discount rate, inflation rates, exchange rates and tax rates).

Foreign Currency Exchange Rate Risk

We are subject to changes in foreign currency exchange rates primarily as a result of our operations in Australia and Canada, which could impact our financial condition. With respect to Australia, foreign exchange risk arises from our exposure to fluctuations in foreign currency exchange rates because our reporting currency is the U.S. dollar, but the functional currency of our Asia Pacific operations is the Australian dollar. Our Asia Pacific operations receive funds in U.S. currency for their iron ore sales and incur costs in Australian currency. For our Canadian operations, the functional currency is the U.S. dollar; however, the production costs for these operations primarily are incurred in the Canadian dollar. We began hedging our exposure to the Canadian dollar in January 2012. The primary objective for the use of these instruments is to reduce exposure to changes in Australian and U.S. currency exchange rates and Canadian and U.S. currency exchange rates, respectively, and to protect against undue adverse movement in these exchange rates.

At December 31, 2013, we had outstanding Australian and Canadian foreign exchange rate contracts with notional amounts of $323.0 million and $285.9 million, respectively, with varying maturity dates ranging from January 2014 to December 2014 for which we elected hedge accounting. To evaluate the effectiveness of our hedges, we conduct sensitivity analysis. A 10 percent increase in the value of the Australian dollar from the month-end rate would increase the fair value of these contracts to approximately $8.6 million, and a 10 percent decrease would reduce the fair value to approximately negative $51.6 million. A 10 percent increase in the value of the Canadian dollar from the month-end rate would increase the fair value of these contracts to approximately $27.3 million, and a 10 percent decrease would decrease the fair value to approximately negative $29.5 million. We may enter into additional hedging instruments in the near future as needed in order to further hedge our exposure to changes in foreign currency exchange rates.

The following table represents our foreign currency exchange contract position for contracts held as cash flow hedges as of December 31, 2013:

	($ in Millions)			
Contract Maturity	**Notional Amount**	**Weighted Average Exchange Rate**	**Spot Rate**	**Fair Value**
Contract Portfolio [1] :				
AUD Contracts expiring in the next 12 months	$ 323.0	0.95	0.8917	$ (21.5)
CAD Contracts expiring in the next 12 months	285.9	1.05	1.0623	(4.0)
Total Hedge Contract Portfolio	$ 608.9			$ (25.5)

[1] Includes collar options and forward contracts.

Refer to NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

Interest Rate Risk

Interest payable on our senior notes is at fixed rates. Interest payable under our revolving credit facility is at a variable rate based upon the base rate or the LIBOR rate plus a margin depending on a leverage ratio. As of December 31, 2013, we had no amounts drawn on the revolving credit facility.

The interest rate payable on the $500.0 million senior notes due in 2018 may be subject to adjustments from time to time if either Moody's or S&P or, in either case, any substitute rating agency thereof downgrades (or subsequently upgrades) the debt rating assigned to the notes. In no event shall (1) the interest rate for the notes be reduced to below the interest rate payable on the notes on the date of the initial issuance of notes or (2) the total increase in the interest rate on the notes exceed 2.00 percent above the interest rate payable on the notes on the date of the initial issuance of notes. The maximum rate increase of 2.00 percent for the interest rate payable on the notes would result in an additional interest expense of $10.0 million per annum.

Supply Concentration Risks

Many of our mines are dependent on one source each of electric power and natural gas. A significant interruption or change in service or rates from our energy suppliers could impact materially our production costs, margins and profitability.

Outlook

In 2014, we expect accelerating economic growth in the United States to support domestic steel production and thus demand for steelmaking raw materials. We expect China's economy will expand at a pace near the official government target rate, primarily driven by fixed asset investment. As a result, increased steel production will continue to require both domestic and imported steelmaking raw materials to satisfy demand. Growth in these key markets is anticipated to provide continued demand for our products.

Due to the commodity pricing volatility for the products we sell and for the purpose of providing a full-year outlook, we will utilize the year-to-date average 62% Fe seaborne iron ore spot price as of January 31, 2014, which was $128 per ton (C.F.R. China), as a base price assumption for providing our full-year 2014 revenues-per-ton sensitivities for our iron ore business segments. With $128 per ton as a base price assumption for full-year 2014, included in the table below is the expected revenues-per-ton range for our iron ore business segments and the per-ton sensitivity for each $10 per ton variance from the base price assumption.

	2014 Full-Year Realized Revenue Sensitivity Summary (1)		
	U.S. Iron Ore (2)	Eastern Canadian Iron Ore (3)	Asia Pacific Iron Ore (4)
Revenues Per Ton	$105 - $110	$95 - $100	$100 - $105
Sensitivity Per Ton (+/- $10)	+/- $2	+/- $9	+/- $9

(1) Based on the average year-to-date 62% Fe seaborne iron ore fines price (C.F.R. China) of $128 per ton as of January 31, 2014.

(2) U.S. Iron Ore tons are reported in long tons.

(3) Eastern Canadian Iron Ore tons are reported in metric tons, F.O.B. Eastern Canada.

(4) Asia Pacific Iron Ore tons are reported in metric tons, F.O.B. the port.

The revenues-per-ton sensitivities consider various contract provisions and lag-year adjustments contained in certain supply agreements. Actual realized revenues per ton for the full year will depend on iron ore price changes, customer mix, freight rates, production input costs and/or steel prices (all factors contained in certain of our supply agreements).

U.S. Iron Ore Outlook (Long Tons)

For 2014, we are maintaining our full-year sales and production volume expectation of 22 - 23 million tons for our U.S. Iron Ore business.

The U.S. Iron Ore revenues-per-ton sensitivity included within the 2014 revenue sensitivity summary table above also includes the following assumptions:

- 2014 average hot-rolled steel pricing of approximately $640 per ton

- 25 - 30% of the expected 2014 sales volume is linked to seaborne iron ore pricing

Our full-year 2014 U.S. Iron Ore cash-cost-per-ton expectation is $65 - $70. This expectation includes the year-over-year fixed cost leverage from higher sales volumes; however, this is more than offset by increased planned maintenance activity. Depreciation, depletion and amortization for full-year 2014 is expected to be approximately $7 per ton.

Eastern Canadian Iron Ore Outlook (Metric Tons, F.O.B. Eastern Canada)

Our full-year 2014 Eastern Canadian Iron Ore expected sales and production volumes are 6 - 7 million tons, comprised of virtually all iron ore concentrate. This includes 500,000 tons from Wabush Mine and the remainder from Bloom Lake Mine.

The Eastern Canadian Iron Ore revenues-per-ton sensitivity is included within the 2014 revenues-per-ton sensitivity table above. Full-year 2014 cash cost per ton in Eastern Canadian Iron Ore is expected to be $85 - $90. Depreciation, depletion and amortization is expected to be approximately $25 per ton for full-year 2014.

Asia Pacific Iron Ore Outlook (Metric Tons, F.O.B. the port)

Our full-year 2014 Asia Pacific Iron Ore expected sales and production volumes are 10 - 11 million tons. The product mix is expected to be approximately half lump and half fines iron ore.

The Asia Pacific Iron Ore revenues-per-ton sensitivity is included within the 2014 revenues-per-ton sensitivity table above. Full-year 2014 Asia Pacific Iron Ore cash cost per ton is expected to be approximately $60 - $65, lower than the previous year's cash costs primarily due to favorable foreign exchange rate assumptions. We anticipate depreciation, depletion and amortization to be approximately $14 per ton for full-year 2014.

North American Coal Outlook (Short Tons, F.O.B. the mine)

For 2014, we are increasing our North American Coal expected sales and production volumes to 7 - 8 million tons, driven by higher thermal coal production. The sales volume mix is anticipated to be approximately 67% low-volatile metallurgical coal and 21% high-volatile metallurgical coal, with thermal coal making up the remainder.

Our full-year 2014 North American Coal revenues-per-ton outlook is $85 - $90. We have approximately 50% of our expected 2014 sales volume committed and priced at approximately $87 per short ton at the mine. The revenue-per-ton expectation includes all anticipated thermal coal sales volume for 2014, which realizes a lower price than our metallurgical coal products. Cash cost per ton is anticipated to be $85 - $90. Full-year 2014 depreciation, depletion and amortization is expected to be approximately $15 per ton.

The following table provides a summary of our 2014 guidance for our four business segments:

	2014 Outlook Summary			
	U.S. Iron Ore (1)	**Eastern Canadian Iron Ore (2)**	**Asia Pacific Iron Ore (3)**	**North American Coal (4)**
Sales volume (million tons)	**22 - 23**	**6 - 7**	**10 - 11**	**7 - 8**
Production volume (million tons)	**22 - 23**	**6 - 7**	**10 - 11**	**7 - 8**
Cash cost per ton	**$65 - $70**	**$85 - $90**	**$60 - $65**	**$85 - $90**
DD&A per ton	**$7**	**$25**	**$14**	**$15**

(1) U.S. Iron Ore tons are reported in long tons.

(2) Eastern Canadian Iron Ore tons are reported in metric tons, F.O.B. Eastern Canada.

(3) Asia Pacific Iron Ore tons are reported in metric tons, F.O.B. the port.

(4) North American Coal tons are reported in short tons, F.O.B. the mine.

SG&A Expenses and Other Expectations

We are reducing our year-over-year SG&A and exploration expenses by approximately $90 million. Full-year 2014 SG&A expenses are expected to be approximately $185 million. The decrease is primarily driven by expected reductions in employee-related expenses, outside services and legal settlements. Our full-year cash outflow expectation for exploration and chromite-related spending is approximately $15 million.

Also, as previously disclosed, we expect to incur approximately $100 million in costs related to the Wabush Mine idle. We also expect our full-year 2014 depreciation, depletion and amortization to be approximately $600 million.

Capital Budget Update

We expect our full-year 2014 capital expenditures budget to be $375 - $425 million. This includes approximately $100 million in cash carryover capital, with the remainder primarily comprised of sustaining and license-to-operate capital.

Recently Issued Accounting Pronouncements

Refer to NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES of the consolidated financial statements for a description of recent accounting pronouncements, including the respective dates of adoption and effects on results of operations and financial condition.

Critical Accounting Estimates

Management's discussion and analysis of financial condition and results of operations is based on our consolidated financial statements, which have been prepared in accordance with GAAP. Preparation of financial statements requires management to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues, costs and expenses, and the related disclosures of contingencies. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are fairly presented in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. Management believes that the following critical accounting estimates and judgments have a significant impact on our financial statements.

Revenue Recognition

U.S., Eastern Canadian and Asia Pacific Iron Ore Provisional Pricing Arrangements

Most of our U.S. Iron Ore long-term supply agreements are comprised of a base price with annual price adjustment factors, some of which are subject to annual price collars in order to limit the percentage increase or decrease in prices for our iron ore pellets during any given year. The base price is the primary component of the purchase price for each contract. The inflation-indexed price adjustment factors are integral to the iron ore supply contracts and vary based on the agreement, but typically include adjustments based upon changes in benchmark and international pellet prices and changes in specified Producers Price Indices, including those for all commodities, industrial commodities, energy and steel. The pricing adjustments generally operate in the same manner, with each factor typically comprising a portion of the price adjustment, although the weighting of each factor varies based upon the specific terms of each agreement. In most cases, these adjustment factors have not been finalized at the time our product is sold. In these cases, we historically have estimated the adjustment factors at each reporting period based upon the best third-party information available. The estimates are then adjusted to actual when the information has been finalized.

The Producer Price Indices remain an estimated component of the sales price throughout the contract year and are estimated each quarter using publicly available forecasts of such indices. The final indices referenced in certain of the U.S. Iron Ore supply contracts typically are not published by the U.S. Department of Labor until the second quarter of the subsequent year. As a result, we record an adjustment for the difference between the fourth quarter estimate and the final price in the following year.

Throughout the year, certain of our Eastern Canadian and Asia Pacific Iron Ore customers have contract arrangements in which pricing settlements are based upon an average benchmark pricing for future periods. Most of the future periods are settled within three months. To the extent the particular pricing settlement period is subsequent to the reporting period, we estimate the final pricing settlement based upon information available. Similar to U.S. Iron Ore, the estimates are then adjusted to actual when the price settlement period elapses.

Historically, provisional pricing arrangement adjustments have not been material as they have represented less than half of one percent of U.S., Eastern Canadian and Asia Pacific Iron Ore's respective revenues for each of the three preceding fiscal years ended December 31, 2013, 2012 and 2011.

U.S. Iron Ore Customer Supply Agreements

In addition, certain supply agreements with one U.S. Iron Ore customer include provisions for supplemental revenue or refunds based on the customer's average annual steel pricing for the year that the product is consumed in the customer's blast furnaces. The supplemental pricing is characterized as a freestanding derivative and is required to be accounted for separately once the product is shipped. The derivative instrument, which is finalized based on a future price, is marked to fair value as a revenue adjustment each reporting period until the pellets are consumed and the amounts are settled. The fair value of the instrument is determined using a market approach based on an estimate of the annual realized price of hot rolled steel at the steelmaker's facilities, and takes into consideration current market conditions and nonperformance risk. At December 31, 2013, we had a derivative asset of $55.8 million, representing the fair value of the pricing factors, based upon the amount of unconsumed tons and an estimated average hot band steel price related to the period in which the tons are expected to be consumed in the customer's blast furnace at each respective steelmaking facility, subject to final pricing at a future date. This compares with a derivative asset of $58.9 million as of December 31, 2012, based upon the amount of unconsumed tons and the related estimated average hot band steel price.

The customer's average annual price is not known at the time of sale and the actual price is received on a delayed basis at the end of the year, once the average annual price has been finalized. As a result, we estimate the average price and adjust the estimate to actual in the fourth quarter when the information is provided by the customer at the end of each year. Information used in developing the estimate includes such factors as production and pricing information from the customer, current spot prices, third-party analyst forecasts, publications and other industry information. The accuracy of our estimates typically increases as the year progresses based on additional information in the market becoming available and the customer's ability to more accurately determine the average price it will realize for the year. The following represents the historical accuracy of our pricing estimates related to the derivative as well as the impact on revenue resulting from the difference between the estimated price and the actual price for each quarter during 2013, 2012 and 2011 prior to receiving final information from the customer for tons consumed during each year:

	2013			2012			2011		
	Final Price	**Estimated Price**	**Impact on Revenue (in millions)**	Final Price	Estimated Price	Impact on Revenue (in millions)	Final Price	Estimated Price	Impact on Revenue (in millions)
First Quarter	**$622**	**$630**	**($1.2)**	$650	$698	($9.8)	$700	$715	($0.7)
Second Quarter	**622**	**614**	**3.0**	650	678	(7.9)	700	731	(5.8)
Third Quarter	**622**	**633**	**(2.1)**	650	663	(3.3)	700	716	(4.3)
Fourth Quarter	**622**	**622**	**—**	650	650	—	700	700	—

We estimate that a $75 change in the average hot band steel price realized from the December 31, 2013 estimated price recorded for the unconsumed tons remaining at year end would cause the fair value of the derivative instrument to increase or decrease by approximately $58.7 million, thereby impacting our consolidated revenues by the same amount.

Mineral Reserves

We regularly evaluate our economic mineral reserves and update them as required in accordance with SEC Industry Guide 7. The estimated mineral reserves could be affected by future industry conditions, geological conditions and ongoing mine planning. Maintenance of effective production capacity of the mineral reserve could require increases in capital and development expenditures. Generally, as mining operations progress, haul lengths and lifts increase. Alternatively, changes in economic conditions or the expected quality of mineral reserves could decrease capacity or mineral reserves. Technological progress could alleviate such factors or increase capacity of mineral reserves.

We use our mineral reserve estimates, combined with our estimated annual production levels, to determine the mine closure dates utilized in recording the fair value liability for asset retirement obligations. Refer to NOTE 12 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS, for further information. Since the liability represents the present value of the expected future obligation, a significant change in mineral reserves or mine lives would have a substantial effect on the recorded obligation. We also utilize economic mineral reserves for evaluating potential impairments of mine assets and in determining maximum useful lives utilized to calculate depreciation and amortization of long-lived mine assets. Increases or decreases in mineral reserves or mine lives could significantly affect these items.

Asset Retirement Obligations and Environmental Remediation Costs

The accrued mine closure obligations for our active mining operations provide for contractual and legal obligations associated with the eventual closure of the mining operations. Our obligations are determined based on detailed estimates adjusted for factors that a market participant would consider (i.e., inflation, overhead and profit), which are escalated at an assumed rate of inflation to the estimated closure dates, and then discounted using the current credit-adjusted risk-free interest rate. The estimate also incorporates incremental increases in the closure cost estimates and changes in estimates of mine lives. The closure date for each location is determined based on the exhaustion date of the remaining iron ore reserves, which is dependent on our estimate of the economically recoverable mineral reserves. The estimated obligations are particularly sensitive to the impact of changes in mine lives given the difference between the inflation and discount rates. Changes in the base estimates of legal and contractual closure costs due to changes in legal or contractual requirements, available technology, inflation, overhead or profit rates also would have a significant impact on the recorded obligations.

We have a formal policy for environmental protection and restoration. Our obligations for known environmental matters at active and closed mining operations and other sites have been recognized based on estimates of the cost of investigation and remediation at each site. If the obligation can only be estimated as a range of possible amounts, with no specific amount being more likely, the minimum of the range is accrued. Management reviews its environmental remediation sites quarterly to determine if additional cost adjustments or disclosures are required. The characteristics of environmental remediation obligations, where information concerning the nature and extent of clean-up activities is not immediately available and which are subject to changes in regulatory requirements, result in a significant risk of increase to the obligations as they mature. Expected future expenditures are not discounted to present value unless the amount and timing of the cash disbursements can be reasonably estimated. Potential insurance recoveries are not recognized until realized. Refer to NOTE 12 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS, for further information.

Income Taxes

Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes in both the U.S. and numerous foreign jurisdictions. Significant judgments and estimates are required in determining the consolidated income tax expense.

Deferred income taxes arise from temporary differences between tax and financial statement recognition of revenue and expense. In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and changes in accounting policies and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income (loss).

At December 31, 2013 and 2012, we had a valuation allowance of $864.1 million and $858.4 million, respectively, against our deferred tax assets. Our losses in certain locations in recent periods represented sufficient negative evidence to require a full valuation allowance against certain deferred tax assets. Additionally, significant Alternative Minimum tax credits have been generated in recent years. Sufficient negative evidence suggests that the credits will not be realized in the foreseeable future, and a full valuation allowance has been recorded on the deferred tax asset. We intend to maintain a valuation allowance against the deferred tax assets related to these operating losses, credits and allowances until sufficient positive evidence exists to support the realization of such assets.

Changes in tax laws and rates also could affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on the Company's results of operations, cash flows or financial position.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations.

Accounting for uncertainty in income taxes recognized in the financial statements requires that a tax benefit from an uncertain tax position be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits.

We recognize tax liabilities in accordance with ASC 740, and we adjust these liabilities when our judgment changes as a result of evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

Valuation of Goodwill

Goodwill represents the excess purchase price paid over the fair value of the net assets of acquired companies. We assign goodwill arising from acquired companies to the reporting units that are expected to benefit from the synergies of the acquisition. Our reporting units are either at the operating segment level or a component one level below our operating segments that constitutes a business for which management generally reviews production and financial results of that component. Decisions are often made as to capital expenditures, investments and production plans at the component level as part of the ongoing management of the related operating segment. We have determined that our Asia Pacific Iron Ore and Ferroalloys operating segments constitute separate reporting units, that CQIM and our Wabush mine within our Eastern Canadian Iron Ore operating segment constitute reporting units, that CLCC within our North American Coal operating segment constitutes a reporting unit and that our Northshore mine within our U.S. Iron Ore operating segment constitutes a reporting unit. Goodwill is allocated among and evaluated for impairment at the reporting unit level in the fourth quarter of each year or as circumstances occur that potentially indicate that the carrying amount of these assets may not be recoverable.

We use a two-step process to test goodwill for impairment. In the first step, we generally use a discounted cash flow analysis to determine the fair value of each reporting unit, which considers forecasted cash flows discounted at an estimated weighted average cost of capital. In assessing the valuation of our goodwill, significant assumptions regarding the estimated future cash flows and other factors to determine the fair value of a reporting unit must be made, including among other things, estimates related to long-term price expectations, foreign currency exchange rates, expected capital expenditures and working capital requirements, which are based upon our long-range plan and life of mine estimates. If the discounted cash flow analysis yields a fair value estimate less than the reporting unit's carrying value, we would proceed to step two of the impairment test. In the second step, the implied fair value of the reporting unit's goodwill is determined by allocating the reporting unit's fair value to the assets and liabilities other than goodwill in a manner similar to a purchase price allocation. In performing this allocation of fair value to the assets and liabilities of the reporting unit, we typically utilize third-party valuation firms to support the fair values allocated. The resulting implied fair value of the goodwill that results from the application of this second step is then compared to the carrying amount of the goodwill and, if the carrying amount exceeds the implied fair value, an impairment charge is recorded for the difference. If these estimates were to change in the future as a result of changes in strategy or market conditions, we may be required to record impairment charges for these assets in the period such determination was made.

During the fourth quarter of 2013, a goodwill impairment charge of$80.9 million was recorded for our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment. The impairment charge was primarily a result of the decision to indefinitely suspend the Chromite Project and to not allocate significant additional capital for the project given the uncertain timeline and risks associated with the development of necessary infrastructure to bring the project online.

After performing our annual goodwill impairment test in the fourth quarter of 2012, we determined that$997.3 million and $2.7 million, respectively, of goodwill associated with our CQIM and Wabush reporting units, which are both included in the Eastern Canadian Iron Ore segment, was impaired as the carrying value of these reporting units exceeded their fair value. Additionally, during our annual goodwill impairment test in the fourth quarter of 2011, we determined that $27.8 million of goodwill associated with our CLCC reporting unit included in the North American Coal segment was impaired as the carrying value with this reporting unit exceeded its fair value.

As of December 31, 2013, the remaining value of goodwill associated with our Asia Pacific Iron Ore and U.S. Iron Ore segments totaled $72.5 million and $2.0 million, respectively. No goodwill remained within our Eastern Canadian Iron Ore, Ferroalloys or North American Coal segments as of December 31, 2013.

No impairment charges were identified in connection with our annual goodwill impairment test with respect to any of our other identified reporting units. The fair values for our Asia Pacific Iron Ore segment and Northshore reporting unit were substantially in excess of our carrying values.

Refer to NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES , for further information regarding our policy on goodwill impairment.

Valuation of Long-Lived Assets

In assessing the recoverability of our long-lived assets, significant assumptions regarding the estimated future cash flows and other factors to determine the fair value of the respective assets must be made, as well as the related estimated useful lives. If these estimates or their related assumptions change in the future as a result of changes in strategy or market conditions, we may be required to record impairment charges for these assets in the period such determination was made.

We monitor conditions that indicate that the carrying value of an asset or asset group may be impaired. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable, independent cash flows are available. An impairment loss exists when projected undiscounted cash flows are less than the carrying value of the assets. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the assets.

Fair value can be determined using a market approach, income approach or cost approach. The impairment analysis and fair value determination can result in substantially different outcomes based on critical assumptions and estimates including the quantity and quality of remaining economic ore reserves, future iron ore prices and production costs.

During the fourth quarter of 2013, we continued to experience higher than expected production costs and operational inefficiencies at our Wabush operations within our Eastern Canadian Iron Ore operating segment that have resulted in continued declines in our profitability of that business, which represents an asset group for purposes of testing our long-lived assets for recoverability. Upon completion of an impairment analysis, it was determined the fair value was less than the carrying value of the asset group, which resulted in an impairment of other long-lived assets of $154.6 million at December 31, 2013.

Due to lower than previously expected profits as a result of decreased iron ore pricing expectations and higher than anticipated production costs, we determined that indicators of impairment with respect to certain of our long-lived assets groups existed at December 31, 2012. Our asset groups generally consist of the assets and liabilities of one or more mines, preparation plants and associated reserves for which the lowest level of identifiable cash flows largely are independent of cash flows of other mines, preparation plants and associated reserves. As a result of this assessment, we determined that the cash flows associated with our Eastern Canadian pelletizing operations were not sufficient to support the recoverability of the carrying value of these productive assets. Accordingly, an asset impairment charge of $49.9 million was recorded related to the Wabush mine property, plant and equipment that were reported in our Eastern Canadian Iron Ore operating segment during the fourth quarter of 2012. No impairment charges were identified in connection with our other long-lived asset groups as of December 31, 2012.

For the purpose of testing the recoverability of our long-lived assets, we consider the Bloom Lake iron ore operation to be an asset group. During 2013, we have experienced higher than expected production costs in the current operation of the Bloom Lake iron ore mine. Additionally, capital expenditure expectations to complete the Phase II expansion and required tailings and water management systems have surpassed original expectations. Both conditions have a negative impact on the profitability and cash flows of that business. Continuation of such trends, changes in forecasted long-term pricing and/or other economic assumptions (e.g., discount rate, inflation rates, exchange rates and tax rates) could impact our ability to recover the carrying value of our long-lived asset group, which was approximately $4.9 billion at December 31, 2013.

Refer to NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES , for further information regarding our policy on asset impairment.

Employee Retirement Benefit Obligations

We offer defined benefit pension plans, defined contribution pension plans and other postretirement benefit plans, primarily consisting of retiree healthcare benefits, to most employees in North America as part of a total compensation and benefits program. We do not have employee retirement benefit obligations at our Asia Pacific Iron Ore operations. The defined benefit pension plans largely are noncontributory and benefits generally are based on employees' years of service and average earnings for a defined period prior to retirement or a minimum formula.

Following is a summary of our defined benefit pension and OPEB funding and expense for the years 2011 through 2014:

	Pension		OPEB	
	Funding	Expense	Funding	Expense
2011	$ 70.1	$ 37.8	$ 37.4	$ 26.8
2012	67.7	55.2	39.0	28.1
2013	53.7	52.1	25.5	17.4
2014 (Estimated)	68.2	28.0	7.9	8.3

Assumptions used in determining the benefit obligations and the value of plan assets for defined benefit pension plans and postretirement benefit plans (primarily retiree healthcare benefits) that we offer are evaluated periodically by management. Critical assumptions, such as the discount rate used to measure the benefit obligations, the expected long-term rate of return on plan assets, the medical care cost trend, and the rate of compensation increase are reviewed annually.

As of December 31, 2013 and 2012, we used the following assumptions:

	Pension and Other Benefits	
	2013	2012
U.S. plan discount rate	**4.57 %**	3.70 %
Canadian pension plan discount rate	**4.50**	3.75
Canadian OPEB plan discount rate	**4.75**	4.00
Rate of compensation increase - Salaried	**4.00**	4.00
Rate of compensation increase - Hourly (Ultimate)	**3.00**	4.00
U.S. pension plan expected return on plan assets	**8.25**	8.25
U.S. OPEB plan expected return on plan assets	**7.00**	8.25
Canadian expected return on plan assets	**7.25**	7.25

The increase in the discount rates in 2013 was driven by the change in bond yields, which were up approximately 75 basis points compared to the prior year.

Additionally, on December 31, 2013, we adopted the IRS 2014 prescribed mortality tables (separate pre-retirement and postretirement) to determine the expected life of our plan participants, replacing the IRS 2013 prescribed mortality tables for our U.S. plans. The assumed mortality remained the same as the previous year for our Canadian plans, UP 1994 with full projection.

Following are sensitivities of potential further changes in these key assumptions on the estimated 2014 pension and OPEB expense and the pension and OPEB benefit obligations as of December 31, 2013:

	Increase in Expense (In Millions)		Increase in Benefit Obligation (In Millions)	
	Pension	OPEB	Pension	OPEB
Decrease discount rate .25 percent	$ 2.5	$ 0.8	$ 32.6	$ 10.7
Decrease return on assets 1 percent	9.0	2.4	N/A	N/A
Increase medical trend rate 1 percent	N/A	6.1	N/A	38.2

Changes in actuarial assumptions, including discount rates, employee retirement rates, mortality, compensation levels, plan asset investment performance and healthcare costs, are determined based on analyses of actual and expected factors. Changes in actuarial assumptions and/or investment performance of plan assets may have a significant impact on our financial condition due to the magnitude of our retirement obligations. Refer to NOTE 13 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS in *Item 8. Financial Statements and Supplementary Data* of this Annual Report on Form 10-K for further information.

Forward-Looking Statements

This report contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. As a general matter, forward-looking statements relate to anticipated trends and expectations rather than historical matters. Forward-looking statements are subject to uncertainties and factors relating to Cliffs' operations and business environment that are difficult to predict and may be beyond our control. Such uncertainties and factors may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These statements speak only as of the date of this report, and we undertake no ongoing obligation, other than that imposed by law, to update these statements. Uncertainties and risk factors that could affect Cliffs' future performance and cause results to differ from the forward-looking statements in this report include, but are not limited to:

- trends affecting our financial condition, results of operations or future prospects, particularly the continued volatility of iron ore and coal prices;
- uncertainty or weaknesses in global economic conditions, including downward pressure on prices, reduced market demand, increases in supply and any slowing of the economic growth rate in China;
- our ability to successfully identify and consummate any strategic investments or capital projects and complete planned divestitures;
- our ability to successfully integrate acquired companies into our operations and achieve post-acquisition synergies, including without limitation, Cliffs Quebec Iron Mining Limited (formerly Consolidated Thompson Iron Mining Limited);
- our ability to cost effectively achieve planned production rates or levels;
- changes in sales volume or mix;
- the outcome of any contractual disputes with our customers, joint venture partners or significant energy, material or service providers or any other litigation or arbitration;
- the impact of price-adjustment factors on our sales contracts;
- the ability of our customers and joint venture partners to meet their obligations to us on a timely basis or at all;
- our ability to reach agreement with our iron ore customers regarding modifications to sales contract pricing escalation provisions to reflect a shorter-term or spot-based pricing mechanism;
- our actual economic iron ore and coal reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve;

- the impact of our customers using other methods to produce steel or reducing their steel production;
- events or circumstances that could impair or adversely impact the viability of a mine and the carrying value of associated assets, as well as any resulting impairment charges;
- the results of prefeasibility and feasibility studies in relation to development projects;
- impacts of existing and increasing governmental regulation and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorization of, or from, any governmental or regulatory entity and costs related to implementing improvements to ensure compliance with regulatory changes;
- uncertainties associated with natural disasters, weather conditions, unanticipated geological conditions, supply or price of energy, equipment failures and other unexpected events;
- adverse changes in currency values, currency exchange rates, interest rates and tax laws;
- availability of capital and our ability to maintain adequate liquidity and successfully implement our financing plans;
- our ability to maintain appropriate relations with unions and employees and enter into or renew collective bargaining agreements on satisfactory terms;
- risks related to international operations;
- the potential existence of significant deficiencies or material weakness in our internal controls over financial reporting; and
- problems or uncertainties with leasehold interests, productivity, tons mined, transportation, mine-closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry.

For additional factors affecting the business of Cliffs, refer to *Part I – Item 1A. Risk Factors.* You are urged to carefully consider these risk factors.

Item 7A. *Quantitative and Qualitative Disclosures About Market Risk*

Information regarding our Market Risk is presented under the caption *Market Risks*, which is included in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* and is incorporated by reference and made a part hereof.

Item 8. ***Financial Statements and Supplementary Data***

Statements of Consolidated Financial Position

Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions)	
	December 31,	
	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 335.5**	$ 195.2
Accounts receivable, net	**270.0**	329.0
Inventories	**391.4**	436.5
Supplies and other inventories	**216.0**	289.1
Deferred and refundable income taxes	**110.7**	105.4
Other current assets	**236.4**	294.8
TOTAL CURRENT ASSETS	**1,560.0**	1,650.0
PROPERTY, PLANT AND EQUIPMENT, NET	**11,153.4**	11,207.3
OTHER ASSETS		
Other non-current assets	**408.5**	717.6
TOTAL OTHER ASSETS	**408.5**	717.6
TOTAL ASSETS	**$ 13,121.9**	$ 13,574.9

(continued)

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

Statements of Consolidated Financial Position

Cliffs Natural Resources Inc. and Subsidiaries - (Continued)

	(In Millions)	
	December 31,	
	2013	2012
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	**$ 345.5**	$ 555.5
Accrued employment costs	**129.0**	135.6
Income taxes payable	**61.7**	28.3
State and local taxes payable	**61.7**	65.9
Current portion of debt	**20.9**	94.1
Accrued expenses	**206.4**	258.9
Accrued royalties	**57.3**	48.1
Other current liabilities	**203.0**	195.1
TOTAL CURRENT LIABILITIES	**1,085.5**	1,381.5
POSTEMPLOYMENT BENEFIT LIABILITIES		
Pensions	**197.5**	403.8
Other postretirement benefits	**96.5**	214.5
TOTAL POSTEMPLOYMENT BENEFIT LIABILITIES	**294.0**	618.3
ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS	**309.7**	252.8
DEFERRED INCOME TAXES	**1,146.5**	1,108.1
LONG-TERM DEBT	**3,022.6**	3,960.7
OTHER LIABILITIES	**379.3**	492.6
TOTAL LIABILITIES	**6,237.6**	7,814.0
COMMITMENTS AND CONTINGENCIES (SEE NOTE 20)		
EQUITY		
CLIFFS SHAREHOLDERS' EQUITY		
Preferred Stock - no par value		
Class A - 3,000,000 shares authorized		
7% Series A Mandatory Convertible, Class A, no par value and $1,000 per share liquidation preference (See Note 16)		
Issued and Outstanding - 731,250 shares (2012 - none)	**731.3**	—
Class B - 4,000,000 shares authorized		
Common Shares - par value $0.125 per share		
Authorized - 400,000,000 shares (2012 - 400,000,000 shares);		
Issued - 159,546,224 shares (2012 - 149,195,469 shares);		
Outstanding - 153,126,291 shares (2012 - 142,495,902 shares)	**19.8**	18.5
Capital in excess of par value of shares	**2,329.5**	1,774.7
Retained earnings	**3,407.3**	3,217.7
Cost of 6,419,933 common shares in treasury (2012 - 6,699,567 shares)	**(305.5)**	(322.6)
Accumulated other comprehensive loss	**(112.9)**	(55.6)
TOTAL CLIFFS SHAREHOLDERS' EQUITY	**6,069.5**	4,632.7
NONCONTROLLING INTEREST	**814.8**	1,128.2
TOTAL EQUITY	**6,884.3**	5,760.9
TOTAL LIABILITIES AND EQUITY	**$ 13,121.9**	$ 13,574.9

The accompanying notes are an integral part of these consolidated financial statements.

Statements of Consolidated Operations

Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions, Except Per Share Amounts)		
	Year Ended December 31,		
	2013	2012	2011
REVENUES FROM PRODUCT SALES AND SERVICES			
Product	**$ 5,346.6**	$ 5,520.9	$ 6,321.3
Freight and venture partners' cost reimbursements	**344.8**	351.8	242.6
	5,691.4	5,872.7	6,563.9
COST OF GOODS SOLD AND OPERATING EXPENSES	**(4,542.1)**	(4,700.6)	(3,953.0)
SALES MARGIN	**1,149.3**	1,172.1	2,610.9
OTHER OPERATING INCOME (EXPENSE)			
Selling, general and administrative expenses	**(231.6)**	(282.5)	(248.3)
Exploration costs	**(59.0)**	(142.8)	(80.5)
Impairment of goodwill and other long-lived assets	**(250.8)**	(1,049.9)	(27.8)
Consolidated Thompson acquisition costs	**—**	—	(25.4)
Miscellaneous - net	**63.1**	(5.7)	67.9
	(478.3)	(1,480.9)	(314.1)
OPERATING INCOME (LOSS)	**671.0**	(308.8)	2,296.8
OTHER INCOME (EXPENSE)			
Changes in fair value of foreign currency contracts, net	**(3.5)**	(0.1)	101.9
Interest expense, net	**(179.1)**	(195.6)	(206.2)
Other non-operating income (expense)	**0.9**	2.7	(2.0)
	(181.7)	(193.0)	(106.3)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY INCOME (LOSS) FROM VENTURES	**489.3**	(501.8)	2,190.5
INCOME TAX EXPENSE	**(55.1)**	(255.9)	(407.7)
EQUITY INCOME (LOSS) FROM VENTURES, net of tax	**(74.4)**	(404.8)	9.7
INCOME (LOSS) FROM CONTINUING OPERATIONS	**359.8**	(1,162.5)	1,792.5
INCOME and GAIN ON SALE FROM DISCONTINUED OPERATIONS, net of tax	**2.0**	35.9	20.1
NET INCOME (LOSS)	**361.8**	(1,126.6)	1,812.6
LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTEREST	**51.7**	227.2	(193.5)
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	**$ 413.5**	$ (899.4)	$ 1,619.1
PREFERRED STOCK DIVIDENDS	**(48.7)**	—	—
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS COMMON SHAREHOLDERS	**$ 364.8**	$ (899.4)	1,619.1
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - BASIC			
Continuing operations	**$ 2.39**	$ (6.57)	$ 11.41
Discontinued operations	**0.01**	0.25	0.14
	$ 2.40	$ (6.32)	$ 11.55
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - DILUTED			
Continuing operations	**$ 2.36**	$ (6.57)	$ 11.34
Discontinued operations	**0.01**	0.25	0.14
	$ 2.37	$ (6.32)	$ 11.48
AVERAGE NUMBER OF SHARES (IN THOUSANDS)			
Basic	**151,726**	142,351	140,234
Diluted	**174,323**	142,351	141,012
CASH DIVIDENDS DECLARED PER DEPOSITARY SHARE	**$ 1.66**	$ —	$ —
CASH DIVIDENDS DECLARED PER COMMON SHARE	**$ 0.60**	$ 2.16	$ 0.84

The accompanying notes are an integral part of theseconsolidated financial statements.

Statements of Consolidated Comprehensive Income (Loss)

Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions)		
	Year Ended December 31,		
	2013	2012	2011
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	**$ 413.5**	$ (899.4)	$ 1,619.1
OTHER COMPREHENSIVE INCOME (LOSS)			
Pension and OPEB liability, net of tax	**208.3**	33.8	(121.4)
Unrealized net gain (loss) on marketable securities, net of tax	**3.1**	(0.5)	(31.0)
Unrealized net gain (loss) on foreign currency translation	**(208.6)**	3.8	(2.2)
Unrealized net gain (loss) on derivative financial instruments, net of tax	**(29.6)**	7.5	(1.5)
OTHER COMPREHENSIVE INCOME (LOSS)	**(26.8)**	44.6	(156.1)
OTHER COMPREHENSIVE LOSS (INCOME) ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	**(30.5)**	(7.6)	17.6
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	**$ 356.2**	$ (862.4)	$ 1,480.6

The accompanying notes are an integral part of these consolidated financial statements.

Statements of Consolidated Cash Flows

Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions)		
	Year Ended December 31,		
	2013	2012	2011
OPERATING ACTIVITIES			
Net income	**$ 361.8**	$ (1,126.6)	$ 1,812.6
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation, depletion and amortization	**593.3**	525.8	426.9
Impairment of goodwill and other long-lived assets	**250.8**	1,049.9	27.8
Derivatives and currency hedges	**3.6**	4.1	(69.0)
Equity (income) loss in ventures (net of tax)	**74.4**	404.8	(9.7)
Deferred income taxes	**(138.1)**	127.0	(66.6)
Changes in deferred revenue and below-market sales contracts	**(52.8)**	(24.5)	(146.0)
Other	**(6.9)**	(45.0)	(18.7)
Changes in operating assets and liabilities:			
Receivables and other assets	**138.8**	(74.8)	81.4
Product inventories	**30.8**	39.9	(74.5)
Payables and accrued expenses	**(109.8)**	(366.1)	324.6
Net cash provided by operating activities	**1,145.9**	514.5	2,288.8
INVESTING ACTIVITIES			
Acquisition of Consolidated Thompson, net of cash acquired	**—**	—	(4,423.5)
Net settlements in Canadian dollar foreign exchange contracts	**—**	—	93.1
Investment in Consolidated Thompson senior secured notes	**—**	—	(125.0)
Purchase of property, plant and equipment	**(861.6)**	(1,127.5)	(880.7)
Proceeds from sale of Sonoma	**—**	152.6	—
Other investing activities	**50.3**	13.1	31.7
Net cash used by investing activities	**(811.3)**	(961.8)	(5,304.4)
FINANCING ACTIVITIES			
Net proceeds from issuance of Series A, Mandatory Convertible Preferred Stock, Class A	**709.4**	—	—
Net proceeds from issuance of common shares	**285.3**	—	853.7
Net proceeds from issuance of senior notes	**—**	497.0	998.1
Borrowings on term loan	**—**	—	1,250.0
Repayment of term loan	**(847.1)**	(124.8)	(278.0)
Borrowings under credit facilities	**670.5**	1,012.0	1,000.0
Repayment under credit facilities	**(995.5)**	(687.0)	(1,000.0)
Proceeds from equipment loans	**164.8**	—	—
Debt issuance costs	**—**	(4.3)	(54.8)
Repayment of Consolidated Thompson convertible debentures	**—**	—	(337.2)
Repayment of senior notes	**—**	(325.0)	—
Payments under share buyback program	**—**	—	(289.8)
Contributions by joint ventures, net	**23.3**	95.4	—
Common stock dividends	**(91.9)**	(307.2)	(118.9)
Preferred stock dividends	**(35.7)**	—	—
Other financing activities	**(55.0)**	(36.5)	(48.0)
Net cash (used in) provided by financing activities	**(171.9)**	119.6	1,975.1
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(22.4)**	1.3	(4.6)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**140.3**	(326.4)	(1,045.1)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**195.2**	521.6	1,566.7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 335.5**	$ 195.2	$ 521.6

The accompanying notes are an integral part of these consolidated financial statements.
See NOTE 21 - CASH FLOW INFORMATION.

Statements of Consolidated Changes in Equity

Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions)							
	Cliffs Shareholders							
	Number of Common Shares	Common Shares	Capital in Excess of Par Value of Shares	Retained Earnings	Common Shares in Treasury	Accumulated Other Compre-hensive Income (Loss)	Non-Controlling Interest	Total
January 1, 2011	135.5	$ 17.3	$ 896.3	$ 2,924.1	$ (37.7)	$ 45.9	$ (7.2)	3,838.7
Comprehensive income								
Net income	—	—	—	1,619.1	—	—	193.5	1,812.6
Other comprehensive income (loss)								
Pension and OPEB liability, net of tax	—	—	—	—	—	(103.8)	(17.6)	(121.4)
Unrealized net loss on marketable securities, net of tax	—	—	—	—	—	(31.0)	—	(31.0)
Unrealized net loss on foreign currency translation	—	—	—	—	—	(2.2)	—	(2.2)
Reclassification of net gains on derivative financial instruments into net income, net of tax	—	—	—	—	—	(3.3)	—	(3.3)
Unrealized gain on derivative instruments, net of tax	—	—	—	—	—	1.8	—	1.8
Total comprehensive income (loss)							175.9	1,656.5
Share buyback	(4.0)	—	—	—	(289.8)	—	—	(289.8)
Equity offering	10.3	1.2	852.5	—	—	—	—	853.7
Purchase of subsidiary shares from noncontrolling interest	—	—	—	—	—	—	4.5	4.5
Capital contribution by noncontrolling interest to subsidiary	—	—	0.2	—	—	—	6.1	6.3
Acquisition of controlling interest	—	—	—	—	—	—	1,075.4	1,075.4
Stock and other incentive plans	0.2	—	21.8	—	(8.5)	—	—	13.3
Common stock dividends ($0.84 per share)	—	—	—	(118.9)	—	—	—	(118.9)
December 31, 2011	142.0	18.5	1,770.8	4,424.3	(336.0)	(92.6)	1,254.7	7,039.7
Comprehensive income								
Net income	—	—	—	(899.4)	—	—	(227.2)	(1,126.6)
Other comprehensive income (loss)								
Pension and OPEB liability, net of tax	—	—	—	—	—	26.2	7.6	33.8
Unrealized net loss on marketable securities, net of tax	—	—	—	—	—	(0.5)	—	(0.5)
Reclassification of net gain on foreign currency translation	—	—	—	—	—	(14.4)	—	(14.4)
Unrealized net gain on foreign currency translation	—	—	—	—	—	18.2	—	18.2
Reclassification of net gains on derivative financial instruments into net income, net of tax	—	—	—	—	—	(18.1)	—	(18.1)
Unrealized gain on derivative financial instruments, net of tax	—	—	—	—	—	25.6	—	25.6
Total comprehensive income (loss)							(219.6)	(1,082.0)
Purchase of subsidiary shares from noncontrolling interest	—	—	—	—	—	—	(2.1)	(2.1)
Undistributed losses to noncontrolling interest to subsidiary	—	—	—	—	—	—	0.4	0.4
Capital contribution by noncontrolling interest to subsidiary	—	—	1.6	—	—	—	102.8	104.4
Acquisition of controlling interest	—	—	—	—	—	—	(8.0)	(8.0)
Stock and other incentive plans	0.5	—	2.3	—	13.4	—	—	15.7
Common stock dividends ($2.16 per share)	—	—	—	(307.2)	—	—	—	(307.2)
December 31, 2012	142.5	18.5	1,774.7	3,217.7	(322.6)	(55.6)	1,128.2	5,760.9

(continued)

Table of Contents

Statements of Consolidated Changes in Equity

Cliffs Natural Resources Inc. and Subsidiaries — (Continued)

	(In Millions)									
	Cliffs Shareholders									
	Number of Depositary Shares	Depositary Shares	Number of Common Shares	Common Shares	Capital in Excess of Par Value of Shares	Retained Earnings	Common Shares in Treasury	Accumulated Other Compre-hensive Income (Loss)	Non-Controlling Interest	Total
Comprehensive income										
Net income	—	—	—	—	—	413.5	—	—	(51.7)	361.8
Other comprehensive income (loss)										
Pension and OPEB liability, net of tax	—	—	—	—	—	—	—	177.8	30.5	208.3
Unrealized net loss on marketable securities, net of tax	—	—	—	—	—	—	—	3.1	—	3.1
Reclassification of net gain on foreign currency translation	—	—	—	—	—	—	—	(29.4)	—	(29.4)
Unrealized net loss on foreign currency translation	—	—	—	—	—	—	—	(179.2)	—	(179.2)
Reclassification of net losses on derivative financial instruments into net income, net of tax	—	—	—	—	—	—	—	22.1	—	22.1
Unrealized net loss on derivative financial instruments, net of tax	—	—	—	—	—	—	—	(51.7)	—	(51.7)
Total comprehensive income (loss)									(21.2)	335.0
Equity offering	—	—	10.4	1.3	284.0	—	—	—	—	285.3
Capital contribution by noncontrolling interest to subsidiary	—	—	—	—	0.2	(0.6)	—	—	5.6	5.2
Acquisition of noncontrolling interest	—	—	—	—	295.4	(82.7)	—	—	(314.8)	(102.1)
Undistributed losses to noncontrolling interest	—	—	—	—	—	—	—	—	17.0	17.0
Stock and other incentive plans	—	—	0.3	—	(2.9)	—	17.1	—	—	14.2
Depositary Shares	29.3	731.3	—	—	(21.9)	—	—	—	—	709.4
Common stock dividends ($0.60 per share)	—	—	—	—	—	(91.9)	—	—	—	(91.9)
Preferred stock dividends ($1.66 per depositary share)	—	—	—	—	—	(48.7)	—	—	—	(48.7)
December 31, 2013	29.3	731.3	153.2	$ 19.8	$ 2,329.5	$ 3,407.3	$ (305.5)	$ (112.9)	$ 814.8	$ 6,884.3

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Summary

We are an international mining and natural resources company, a major global iron ore producer and a significant producer of high and low-volatile metallurgical coal. In the U.S., we operate five iron ore mines in Michigan and Minnesota, four metallurgical coal operations located in West Virginia and Alabama and one thermal coal mine located in West Virginia. We also operate two iron ore mines in Eastern Canada. As of December 31, 2013, our Asia Pacific operations consist solely of our Koolyanobbing iron ore mining complex in Western Australia. We also have other non-producing operations and investments around the world that provide us with optionality to diversify and expand our portfolio of assets in the future. Our operations are organized according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal, Ferroalloys and our Global Exploration Group.

Significant Accounting Policies

We consider the following policies to be beneficial in understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact our financial condition, results of operations and cash flows.

Use of Estimates

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The more significant areas requiring the use of management estimates and assumptions related to mineral reserves future realizable cash flow; environmental, reclamation and closure obligations; valuation of goodwill, long-lived assets and investments; valuation of inventory; valuation of post-employment, post-retirement and other employee benefit liabilities; valuation of deferred tax assets; reserves for contingencies and litigation; and the fair value of derivative instruments. Actual results could differ from estimates. On an ongoing basis, management reviews estimates. Changes in facts and circumstances may alter such estimates and affect results of operations and financial position in future periods.

Basis of Consolidation

The consolidated financial statements include our accounts and the accounts of our wholly owned and majority-owned subsidiaries, including the following operations at December 31, 2013:

Name	Location	Ownership Interest	Operation
Northshore	Minnesota	100.0%	Iron Ore
United Taconite	Minnesota	100.0%	Iron Ore
Wabush	Newfoundland and Labrador/ Quebec, Canada	100.0%	Iron Ore
Bloom Lake	Quebec, Canada	82.8%	Iron Ore
Tilden	Michigan	85.0%	Iron Ore
Empire	Michigan	79.0%	Iron Ore
Koolyanobbing	Western Australia	100.0%	Iron Ore
Pinnacle	West Virginia	100.0%	Coal
Oak Grove	Alabama	100.0%	Coal
CLCC	West Virginia	100.0%	Coal

Intercompany transactions and balances are eliminated upon consolidation.

On May 12, 2011, we acquired all of the outstanding common shares of Consolidated Thompson for C$17.25 per share in an all-cash transaction, including net debt. The consolidated financial statements as of and for the year ended December 31, 2011 reflect our 100 percent interest in Consolidated Thompson since that date. Refer to NOTE 6 - ACQUISITIONS AND OTHER INVESTMENTS for further information.

Also included in our consolidated results are Cliffs Chromite Ontario Inc. and Cliffs Chromite Far North Inc. Cliffs Chromite Ontario Inc. holds a 100 percent interest in each of the Black Label and Black Thor chromite deposits and, together with Cliffs Chromite Far North Inc., a 70 percent interest in the Big Daddy chromite deposit, all located in northern Ontario, Canada.

Noncontrolling Interests

During the fourth quarter of 2013, CQIM's interest in Bloom Lake increased by an aggregate of 7.8 percent after CQIM paid both its own and WISCO's proportionate shares of the cash call for the first half of 2013. As a result of our cash call payments, CQIM was issued a total of 457,556 new Bloom Lake units, increasing our interest to 82.8 percent in Bloom Lake and diluting WISCO's interest to 17.2 percent. The new unit issuance decreased equity attributable to WISCO by $314.8 million for the year ended December 31, 2013 by decreasing WISCO's interest in Bloom Lake's accumulated deficit. We accounted for the increase in ownership as an equity transaction, which resulted in a 314.8 million increase to equity attributable to Cliffs' shareholders.

Immaterial Error

In connection with our acquisition of Consolidated Thompson in May 2011, the Company acquired a 75 percent controlling interest in Bloom Lake. For financial reporting purposes, the Company fully consolidates Bloom Lake in the accompanying financial statements and allocates a portion of its consolidated results of operations and shareholders' equity, which is reported as *Loss (income) attributable to noncontrolling interest* in the Statements of Consolidated Operations and *Noncontrolling interest* in the Statements of Consolidated Financial Position.

As a result of the application of ASC 805, *Business Combinations*, we allocated the purchase price to the assets, liabilities and noncontrolling interest at the acquisition date of May 11, 2011 based on their fair values. These fair value adjustments were recorded in the opening balance sheet and consolidated results of operations; however, subsequent effects of the amortization of these fair value adjustments were not allocated to the noncontrolling interest.

In accordance with U.S. GAAP, management has quantitatively and qualitatively evaluated the materiality of the error and has determined that the misstatement was immaterial to the interim and annual financial statements previously filed from June 30, 2011 through December 31, 2013. Accordingly, the adjustment was recorded prospectively in the Statements of Consolidated Operations for the period ended December 31, 2013 and in the Statements of Consolidated Financial Position as of December 31, 2013. The adjustment to noncontrolling interest related to Bloom Lake was approximately $45.1 million and resulted in an increase to *Net Income (Loss) Attributable to Cliffs Shareholders* and a reduction of *Loss (income) attributable to noncontrolling interest* and corresponding decrease to *Noncontrolling interest* in the Statements of Consolidated Financial Position for the year end and as of December 31, 2013. The adjustments also resulted in an increase to basic and diluted earnings per common share of $0.30 and $0.26, respectively, for the year ended December 31, 2013. No other financial statement line items were impacted by this adjustment. The prior period amounts included within the accompanying Consolidated Financial Statements have not been retrospectively adjusted for this impact due to management's materiality assessment as discussed above. The impact of the prospective adjustments in the Statements of Consolidated Operations would have resulted in an increase to basic and diluted earnings per common share of $0.25 and $0.07 for the years ended December 31, 2012 and 2011, respectively.

Cash Equivalents

Cash and cash equivalents include cash on hand and on deposit as well as all short-term securities held for the primary purpose of general liquidity. We consider investments in highly liquid debt instruments with an original maturity of three months or less from the date of acquisition to be cash equivalents. We routinely monitor and evaluate counterparty credit risk related to the financial institutions by which our short-term investment securities are held.

Trade Accounts Receivable and Allowance for Doubtful Accounts

Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is our best estimate of the amount of probable credit losses in Cliffs' existing accounts receivable. We establish provisions for losses on accounts receivable when it is probable that all or part of the outstanding balance will not be collected. We regularly review our accounts receivable balances and establish or adjust the allowance as necessary using the specific identification method. The allowance for doubtful accounts was $8.1 million at December 31, 2013 and December 31, 2012. There was no bad debt expense for the year ended December 31, 2013. Bad debt expense was $9.0 million and $5.9 million for the years ended December 31, 2012 and 2011, respectively.

Inventories

U.S. Iron Ore

U.S. Iron Ore product inventories are stated at the lower of cost or market. Cost of iron ore inventories is determined using the LIFO method.

We had approximately 1.2 million tons and 1.3 million tons of finished goods stored at ports and customer facilities on the lower Great Lakes to service customers at December 31, 2013 and 2012, respectively. We maintain ownership of the inventories until title has transferred to the customer, usually when payment is received. Maintaining ownership of the iron ore products at ports on the lower Great Lakes reduces risk of non-payment by customers.

Eastern Canadian Iron Ore

Iron ore pellet inventories are stated at the lower of cost or market. Cost is determined using the LIFO method. We maintain ownership of the inventories until title has transferred to the customer, which is generally when the product is loaded into the vessel.

Iron ore concentrate inventories are stated at the lower of cost or market. The cost of iron ore concentrate inventories is determined using weighted average cost. We maintain ownership of the inventories until title has transferred to the customer, which generally is when the product is loaded into the vessel.

Asia Pacific Iron Ore

Asia Pacific Iron Ore product inventories are stated at the lower of cost or market. Costs of inventories are being valued on a weighted average cost basis. We maintain ownership of the inventories until title has transferred to the customer, which generally is when the product is loaded into the vessel.

North American Coal

North American Coal product inventories are stated at the lower of cost or market. Cost of coal inventories is calculated using the weighted average cost. We maintain ownership until coal is loaded into rail cars at the mine for domestic sales and until loaded in the vessels at the terminal for export sales.

Supplies and Other Inventories

Supply inventories include replacement parts, fuel, chemicals and other general supplies, which are expected to be used or consumed in normal operations. Supply inventories also include critical spares. Critical spares are replacement parts for equipment that is critical for the continued operation of the mine or processing facilities.

Supply inventories are stated at the lower of cost or market using average cost, less an allowance for obsolete and surplus items. The allowance for obsolete and surplus items was $63.4 million and $29.8 million at December 31, 2013 and 2012, respectively.

Derivative Financial Instruments and Hedging Activities

We are exposed to certain risks related to the ongoing operations of our business, including those caused by changes in commodity prices, interest rates and foreign currency exchange rates. We have established policies and procedures, including the use of certain derivative instruments, to manage such risks.

Derivative financial instruments are recognized as either assets or liabilities in the Statements of Consolidated Financial Position and measured at fair value. On the date a derivative instrument is entered into, we generally designate a qualifying derivative instrument as a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability or forecasted transaction (cash flow hedge). We formally document all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges to specific firm commitments or forecasted transactions. We also formally assess both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of the related hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, we discontinue hedge accounting prospectively and record all future changes in fair value in the period of the instrument's earnings or losses. The policy allows for not more than 75 percent, but not less than 40 percent for up to 12 months and not less than 10 percent for up to 15 months, of forecasted net currency exposures that are probable to occur.

For derivative instruments that have been designated as cash flow hedges, the effective portion of the changes in fair value are recorded in accumulated other comprehensive income (loss) and any portion that is ineffective is recorded in current period earnings or losses. Amounts recorded in accumulated other comprehensive income (loss) are reclassified to earnings or losses in the period the underlying hedged transaction affects earnings or when the underlying hedged transaction is no longer reasonably possible of occurring.

For derivative instruments that have not been designated as cash flow hedges, changes in fair value are recorded in the period of the instrument's earnings or losses.

Refer to NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

Property, Plant and Equipment

U.S. Iron Ore and Eastern Canadian Iron Ore

U.S. Iron Ore and Eastern Canadian Iron Ore properties are stated at the lower of cost less accumulated depreciation or fair value. Depreciation of plant and equipment is computed principally by the straight-line method based on estimated useful lives, not to exceed the mine lives. The Northshore, United Taconite, Empire, Tilden and Wabush operations use the double-declining balance method of depreciation for certain mining equipment. Depreciation is provided over the following estimated useful lives:

Asset Class	Basis	Life
Buildings	Straight line	45 Years
Mining equipment	Straight line/Double declining balance	10 to 20 Years
Processing equipment	Straight line	15 to 45 Years
Information technology	Straight line	2 to 7 Years

Depreciation continues to be recognized when operations temporarily are idled.

Asia Pacific Iron Ore

Our Asia Pacific Iron Ore properties are stated at cost. Depreciation is calculated by the straight-line method or production output basis, not to exceed the mine life, provided over the following estimated useful lives:

Asset Class	Basis	Life
Plant and equipment - non-mining assets	Straight line	5 to 10 Years
Plant and equipment - mining assets	Production output	6 Years
Motor vehicles, furniture & equipment	Straight line	3 to 5 Years

The costs capitalized and classified as *Land rights and mineral rights* represent lands where we own the surface and/or mineral rights.

Our Asia Pacific Iron Ore, Bloom Lake, Wabush, and United Taconite operations' interests in iron ore reserves and mineralized materials were valued when acquired using a discounted cash flow method. The fair value was estimated based upon the present value of the expected future cash flows from iron ore operations over the economic lives of the respective mines. Refer to NOTE 5 - PROPERTY, PLANT AND EQUIPMENT for further information.

North American Coal

North American Coal properties are stated at cost. Depreciation is provided over the estimated useful lives, not to exceed the mine lives and is calculated by the straight-line method. Depreciation is provided over the following estimated useful lives:

Asset Class	Basis	Life
Buildings	Straight line	30 Years
Mining equipment	Straight line	2 to 22 Years
Processing equipment	Straight line	2 to 30 Years
Information technology	Straight line	2 to 3 Years

Our North American Coal operation leases coal mining rights from third parties through lease agreements. The lease agreements are for varying terms and extend through the earlier of their lease termination date or until all merchantable and mineable coal has been extracted. Our interest in coal reserves and non-reserve coal was valued when acquired using a discounted cash flow method. The fair value was estimated based upon the present value of the expected future cash flows from coal operations over the life of the reserves acquired.

Refer to NOTE 5 - PROPERTY, PLANT AND EQUIPMENT for further information.

Capitalized Stripping Costs

During the development phase, stripping costs are capitalized as a part of the depreciable cost of building, developing and constructing a mine. These capitalized costs are amortized over the productive life of the mine using the units of production method. The production phase does not commence until the removal of more than a de minimis amount of saleable mineral material occurs in conjunction with the removal of overburden or waste material for purposes of obtaining access to an ore body. The stripping costs incurred in the production phase of a mine are variable production costs included in the costs of the inventory produced (extracted) during the period that the stripping costs are incurred.

Stripping costs related to expansion of a mining asset of proven and probable reserves are variable production costs that are included in the costs of the inventory produced during the period that the stripping costs are incurred.

Equity Method Investments

Investments in unconsolidated ventures that we have the ability to exercise significant influence over, but not control, are accounted for under the equity method. The following table presents the detail of our investments in unconsolidated ventures and where those investments are classified in the Statements of Consolidated Financial Position as of December 31, 2013 and December 31, 2012. Parentheses indicate a net liability.

				(In Millions)	
Investment	**Classification**	**Accounting Method**	**Ownership Interest**	**December 31, 2013**	December 31, 2012
Amapá	*Investments in ventures* [2]	Equity Method	—	**N/A**	$ 101.9
Cockatoo	*Other liabilities* [1]	Equity Method	—	**N/A**	(25.3)
Hibbing	*Other liabilities*	Equity Method	23%	**$ (3.9)**	(2.1)
Other	*Investments in ventures*	Equity Method	Various	**34.7**	33.9
				$ 30.8	$ 108.4

[1] At December 31, 2012, our ownership interest percentage for Cockatoo was 50 percent.

[2] At December 31, 2012, our ownership interest percentage for Amapá was 30 percent.

Amapá

On December 27, 2012, our Board of Directors authorized the sale of our 30 percent interest in Amapá. Per this original agreement, together with Anglo, we were to sell our respective interest in a 100 percent sale transaction to Zamin. The carrying value of our investment was in excess of the net proceeds expected from the sale, which approximated fair value, resulting in a $365.4 million impairment charge, which was recorded through *Equity income (loss) from ventures, net of tax* in the Statements of Consolidated Operations for the year ended December 31, 2012.

On March 28, 2013, an unknown event caused the Santana port shiploader to collapse into the Amazon River, preventing further ship loading by the mine operator, Anglo. In light of the March 28, 2013 collapse of the Santana port shiploader and subsequent evaluation of the effect that this event had on the carrying value of our investment in Amapá as of June 30, 2013, we recorded an impairment charge of $67.6 million in the second quarter of 2013.

On August 28, 2013, we entered into additional agreements to sell our 30 percent interest in Amapá to Anglo for nominal cash consideration, plus the right to certain contingent deferred consideration upon the two-year anniversary of the closing. The closing was conditional on obtaining certain regulatory approvals and the additional agreement provided Anglo with an option to request that we transfer our interest in Amapá directly to Zamin. Anglo exercised this option and the transfer to Zamin was completed in the fourth quarter of 2013.

Cockatoo Island

On July 31, 2012, we entered into a definitive asset sale agreement with our joint venture partner, HWE Cockatoo Pty Ltd., to sell our beneficial interest in the mining tenements and certain infrastructure of Cockatoo Island to Pluton Resources, which was amended on August 31, 2012. On September 7, 2012, the closing date, Pluton Resources paid a nominal sum of AUD $4.00 and assumed ownership of the assets and responsibility for the environmental rehabilitation obligations and other assumed liabilities not inherently attached to the tenements acquired. The rehabilitation obligations and assumed liabilities that are inherently attached to the tenements were transferred to Pluton Resources upon registration by the Department of Mining and Petroleum denoting Pluton Resources as the tenement holder. Upon final settlement of the sale, which was completed during the second quarter of 2013, we extinguished approximately $18.6 million related to the estimated cost of the rehabilitation.

Hibbing

Our share of equity income (loss) is eliminated against consolidated product inventory upon production, and against *Cost of goods sold and operating expenses* when sold. This effectively reduces our cost for our share of the mining ventures' production cost, reflecting the cost-based nature of our participation in unconsolidated ventures.

Goodwill

Goodwill represents the excess purchase price paid over the fair value of the net assets of acquired companies. We had goodwill of $74.5 million and $167.4 million recorded in the Statements of Consolidated Financial Position at December 31, 2013 and 2012, respectively. In accordance with the provisions of ASC 350, we compare the fair value of the respective reporting unit to its carrying value on an annual basis (or more frequently if necessary as discussed below) to determine if there is potential goodwill impairment. If the fair value of the reporting unit is less than its carrying value, an impairment loss is recorded to the extent that the implied value of the goodwill within the reporting unit is less than the carrying value of its goodwill.

After performing our annual goodwill impairment test in the fourth quarter of 2013, we determined that $80.9 million of goodwill associated with our Ferroalloys operating segment was impaired. The impairment charge was primarily a result of the decision made in the fourth quarter of 2013 to indefinitely suspend the Chromite Project and to not allocate additional capital for the project given the uncertain timeline and risks associated with the development of necessary infrastructure to bring the project online.

During the fourth quarter of 2012, upon performing our annual goodwill impairment test, a goodwill impairment charge of $997.3 million was recorded for our CQIM reporting unit within the Eastern Canadian Iron Ore operating segment. The impairment charge for our CQIM reporting unit was driven by the project's lower than anticipated long-term profitability coupled with delays in achieving full operational capacity and higher capital and operating costs. Additionally, the announced delay of the Phase II expansion of the Bloom Lake mine also contributed to the impairment.

Refer to NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES and NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS for further information.

Other Intangible Assets and Liabilities

Other intangible assets are subject to periodic amortization on a straight-line basis over their estimated useful lives as follows:

Intangible Assets	**Basis**	**Useful Life (years)**
Permits - *Asia Pacific Iron Ore*	Units of production	Life of mine
Permits - *All Other*	Straight line	15 - 40
Utility contracts	Straight line	5
Leases - *North American Coal*	Units of production	Life of mine
Leases - *All Other*	Straight line	4.5 - 17.5

Asset Impairment

Long-Lived Tangible and Intangible Assets

We monitor conditions that may affect the carrying value of our long-lived tangible and intangible assets when events and circumstances indicate that the carrying value of the asset groups may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable, independent cash flows are available ("asset group"). An impairment loss exists when projected undiscounted cash flows are less than the carrying value of the asset group. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value can be determined using a market approach, income approach or cost approach.

We determined there were long-lived tangible and intangible asset impairments related to the Wabush operations within our Eastern Canadian Iron Ore operating segment as of December 31, 2013 that resulted in impairment charges of $145.1 million and $9.5 million, respectively. At December 31, 2012, we determined there was a long-lived asset impairment related to the Wabush mine's pelletizing operations that resulted in an impairment charge of $49.9 million.

Refer to NOTE 5 - PROPERTY, PLANT AND EQUIPMENT and NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS for further information.

Fair Value Measurements

Valuation Hierarchy

ASC 820 establishes a three-level valuation hierarchy for classification of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. Inputs refer broadly to the assumptions that market participants would use in pricing an asset or liability. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs are inputs that reflect our own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized below:

- Level 1 — Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 — Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 — Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of assets and liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement in its entirety. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Cash Equivalents

Where quoted prices are available in an active market, cash equivalents are classified within Level 1 of the valuation hierarchy. Cash equivalents classified in Level 1 at December 31, 2013 and 2012 include money market funds. Valuation of these instruments is determined using a market approach and is based upon unadjusted quoted prices for identical assets in active markets.

Marketable Securities

Where quoted prices are available in an active market, marketable securities are classified within Level 1 of the valuation hierarchy. Marketable securities classified in Level 1 at December 31, 2013 and 2012 include available-for-sale securities. The valuation of these instruments is determined using a market approach and is based upon unadjusted quoted prices for identical assets in active markets.

Derivative Financial Instruments

Derivative financial instruments valued using financial models that use as their basis readily observable market parameters are classified within Level 2 of the valuation hierarchy. Such derivative financial instruments include substantially all of our foreign currency exchange contracts and derivative financial instruments that are valued based upon published pricing settlements realized by other companies in the industry. Derivative financial instruments that are valued based upon models with significant unobservable market parameters and are normally traded less actively, are classified within Level 3 of the valuation hierarchy.

Refer to NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS and NOTE 13 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS for further information.

Pensions and Other Postretirement Benefits

We offer defined benefit pension plans, defined contribution pension plans and other postretirement benefit plans, primarily consisting of retiree healthcare benefits, to most employees in North America as part of a total compensation and benefits program. We do not have employee pension or post-retirement benefit obligations at our Asia Pacific Iron Ore operations.

We recognize the funded or unfunded status of our postretirement benefit obligations on our December 31, 2013 and 2012 Statements of Consolidated Financial Position based on the difference between the market value of plan assets and the actuarial present value of our retirement obligations on that date, on a plan-by-plan basis. If the plan assets exceed the retirement obligations, the amount of the surplus is recorded as an asset; if the retirement obligations exceed the plan assets, the amount of the underfunded obligations are recorded as a liability. Year-end balance sheet adjustments to postretirement assets and obligations are recorded as *Accumulated other comprehensive loss*.

The actuarial estimates of the PBO and APBO retirement obligations incorporate various assumptions including the discount rates, the rates of increases in compensation, healthcare cost trend rates, mortality, retirement timing and employee turnover. For the U.S. and Canadian plans, the discount rate is determined based on the prevailing year-end rates for high-grade corporate bonds with a duration matching the expected cash flow timing of the benefit payments from the various plans. The remaining assumptions are based on our estimates of future events by incorporating historical trends and future expectations. The amount of net periodic cost that is recorded in the Statements of Consolidated Operations consists of several components including service cost, interest cost, expected return on plan assets, and amortization of previously unrecognized amounts. Service cost represents the value of the benefits earned in the current year by the participants. Interest cost represents the cost associated with the passage of time. Certain items, such as plan amendments, gains and/or losses resulting from differences between actual and assumed results for demographic and economic factors affecting the obligations and assets of the plans, and changes in other assumptions are subject to deferred recognition for income and expense purposes. The expected return on plan assets is determined utilizing the weighted average of expected returns for plan asset investments in various asset categories based on historical performance, adjusted for current trends. See NOTE 13 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS for further information.

Asset Retirement Obligations

Asset retirement obligations are recognized when incurred and recorded as liabilities at fair value. The fair value of the liability is determined as the discounted value of the expected future cash flow. The asset retirement obligation is accreted over time through periodic charges to earnings. In addition, the asset retirement cost is capitalized as part of the asset's carrying value and amortized over the life of the related asset. Reclamation costs are adjusted periodically to reflect changes in the estimated present value resulting from the passage of time and revisions to the estimates of either the timing or amount of the reclamation costs. We review, on an annual basis, unless otherwise deemed necessary, the asset retirement obligation at each mine site in accordance with the provisions of ASC 410. We perform an in-depth evaluation of the liability every three years in addition to routine annual assessments, most recently performed in 2011, except for Asia Pacific Iron Ore operations which were performed in 2012.

Future remediation costs for inactive mines are accrued based on management's best estimate at the end of each period of the costs expected to be incurred at a site. Such cost estimates include, where applicable, ongoing maintenance and monitoring costs. Changes in estimates at inactive mines are reflected in earnings in the period an estimate is revised. See NOTE 12 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS for further information.

Environmental Remediation Costs

We have a formal policy for environmental protection and restoration. Our mining and exploration activities are subject to various laws and regulations governing protection of the environment. We conduct our operations to protect the public health and environment and believe our operations are in compliance with applicable laws and regulations in all material respects. Our environmental liabilities, including obligations for known environmental remediation exposures at active and closed mining operations and other sites, have been recognized based on the estimated cost of investigation and remediation at each site. If the cost only can be estimated as a range of possible amounts with no point in the range being more likely, the minimum of the range is accrued. Future expenditures are not discounted unless the amount and timing of the cash disbursements reasonably can be estimated. It is possible that additional environmental obligations could be incurred, the extent of which cannot be assessed. Potential insurance recoveries have not been reflected in the determination of the liabilities. See NOTE 12 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS for further information.

Revenue Recognition

U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore

We sell our products pursuant to comprehensive supply agreements negotiated and executed with our customers. Revenue is recognized from a sale when persuasive evidence of an arrangement exists, the price is fixed or determinable, the product is delivered in accordance with F.O.B. terms, title and risk of loss have transferred to the customer in accordance with the specified provisions of each supply agreement and collection of the sales price reasonably is assured. Our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore supply agreements provide that title and risk of loss transfer to the customer either upon loading of the vessel, shipment or, as is the case with some of our U.S. Iron Ore supply agreements, when payment is received. Under certain term supply agreements, we ship the product to ports on the lower Great Lakes or to the customers' facilities prior to the transfer of title. Our rationale for shipping iron ore products to certain customers and retaining title until payment is received for these products is to minimize credit risk exposure.

Iron ore sales are recorded at a sales price specified in the relevant supply agreements resulting in revenue and a receivable at the time of sale. Upon revenue recognition for provisionally priced sales, a freestanding derivative is created for the difference between the sales price used and expected future settlement price. The derivative, which does not qualify for hedge accounting, is adjusted to fair value through *Product revenues* as a revenue adjustment each reporting period based upon current market data and forward-looking estimates determined by management until the final sales price is determined. The principal risks associated with recognition of sales on a provisional basis include iron ore price fluctuations between the date initially recorded and the date of final settlement. For revenue recognition, we estimate the future settlement rate; however, if significant changes in iron ore prices occur between the provisional pricing date and the final settlement date, we might be required to either return a portion of the sales proceeds received or bill for the additional sales proceeds due based on the provisional sales price. Refer to NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

In addition, certain supply agreements with one customer include provisions for supplemental revenue or refunds based on the customer's annual steel pricing for the year the product is consumed in the customer's blast furnaces. We account for this provision as a derivative instrument at the time of sale and record this provision at fair value until the year the product is consumed and the amounts are settled as an adjustment to revenue. Refer to NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

Revenue from product sales also includes reimbursement for freight charges paid on behalf of customers and freight costs to move product from the Upper Great Lakes to ports in Quebec to use for exports in *Freight and venture partners' cost reimbursements* separate from *Product revenues*. Revenue is recognized for the expected reimbursement of services when the services are performed.

North American Coal

We sell our products pursuant to supply agreements negotiated and executed with our customers. Revenue is recognized when persuasive evidence of an arrangement exists, the price is fixed or determinable, the product is delivered in accordance with F.O.B. terms, title and risk of loss have transferred to the customer in accordance with the specified provisions of each supply agreement and collection of the sales price reasonably is assured. Delivery on our coal sales is determined to be complete for revenue recognition purposes when title and risk of loss has passed to the customer in accordance with stated contractual terms and there are no other future obligations related to the shipment. For domestic shipments, title and risk of loss generally passes as the coal is loaded into transport carriers for delivery to the customer. For international shipments, title generally passes at the time coal is loaded onto the shipping vessel. Revenue from product sales in 2013, 2012 and 2011 included reimbursement for freight charges paid to move coal from the mine to port locations of $85.8 million, $101.0 million and $18.3 million, respectively, and is recorded in *Freight and venture partners' cost reimbursements* on the Statements of Consolidated Operations.

Deferred Revenue

The terms of one of our U.S. Iron Ore pellet supply agreements required supplemental payments to be paid by the customer during the period 2009 through 2012, with the option to defer a portion of the 2009 monthly amount in exchange for interest payments until the deferred amount was repaid in 2013. Installment amounts received under this arrangement in excess of sales are classified as deferred revenue in the Statements of Consolidated Financial Position upon receipt of payment. Revenue is recognized over the life of the supply agreement, which extends until 2022, in equal annual installments. As of December 31, 2013 and 2012, installment amounts received in excess of sales totaled $115.6 million and $128.4 million, respectively. As of December 31, 2013, deferred revenue of $12.8 million was recorded in *Other current liabilities* and $102.8 million was recorded as long term in *Other liabilities* in the Statements of Consolidated Financial Position. As of December 31, 2012, deferred revenue of $12.8 million was recorded in *Other current liabilities* and $115.6 million was recorded as long term in *Other liabilities* in the Statements of Consolidated Financial Position.

In 2013, due to the payment terms and the timing of cash receipts near year-end, the Company ended up with cash receipts in excess of shipments on one customer contract. The shipments were completed in early 2014. In 2012, customer purchases were made in order to secure the 2012 pricing on shipments to occur in early 2013 and at the request of the customers the ore was not shipped, therefore the inventory remained at our facilities. We considered whether revenue should be recognized on these sales under the “bill and hold” guidance provided by the SEC Staff; however, based upon the assessment performed, revenue recognition on these transactions totaling $13.5 million and $17.1 million, respectively, was deferred on the December 31, 2013 and December 31, 2012 Statements of Consolidated Financial Position.

Cost of Goods Sold

U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore

Cost of goods sold and operating expenses represents all direct and indirect costs and expenses applicable to the sales and revenues of our mining operations. Operating expenses primarily represent the portion of the Tilden mining venture costs for which we do not own; that is, the costs attributable to the share of the mine’s production owned by the other joint venture partner in the Tilden mine. The mining venture functions as a captive cost company; it supplies product only to its owners effectively for the cost of production. Accordingly, the noncontrolling interests’ revenue amounts are stated at cost of production and are offset by an equal amount included in *Cost of goods sold and operating expenses* resulting in no sales margin reflected for the noncontrolling partner participant. As we are responsible for product fulfillment, we act as a principal in the transaction and, accordingly, record revenue under these arrangements on a gross basis.

The following table is a summary of reimbursements in our U.S. Iron Ore operations for the years ended December 31, 2013, 2012 and 2011:

	(In Millions)		
	Year Ended December 31,		
	2013	2012	2011
Reimbursements for:			
Freight	**$ 177.3**	$ 142.0	$ 128.4
Venture partners’ cost	**82.2**	108.8	95.9
Total reimbursements	**$ 259.5**	$ 250.8	$ 224.3

Where we have joint ownership of a mine, our contracts entitle us to receive royalties and/or management fees, which we earn as the pellets are produced.

North American Coal

Cost of goods sold and operating expenses represent all direct and indirect costs and expenses applicable to the sales and revenues of our mining operations.

Repairs and Maintenance

Repairs, maintenance and replacement of components are expensed as incurred. The cost of major equipment overhauls is capitalized and depreciated over the estimated useful life, which is the period until the next scheduled overhaul, generally five years. All other planned and unplanned repairs and maintenance costs are expensed when incurred.

Share-Based Compensation

The fair value of each grant is estimated on the date of grant using a Monte Carlo simulation to forecast relative TSR performance. Consistent with the guidelines of ASC 718, a correlation matrix of historic and projected stock prices was developed for both the Company and its predetermined peer group of mining and metals companies. The fair value assumes that performance goals will be achieved.

The expected term of the grant represents the time from the grant date to the end of the service period for each of the three plan-year agreements. We estimated the volatility of our common shares and that of the peer group of mining and metals companies using daily price intervals for all companies. The risk-free interest rate is the rate at the grant date on zero-coupon government bonds, with a term commensurate with the remaining life of the performance plans.

Refer to NOTE 14 - STOCK COMPENSATION PLANS for additional information.

Income Taxes

Income taxes are based on income for financial reporting purposes, calculated using tax rates by jurisdiction, and reflect a current tax liability or asset for the estimated taxes payable or recoverable on the current year tax return and expected annual changes in deferred taxes. Any interest or penalties on income tax are recognized as a component of income tax expense.

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We record net deferred tax assets to the extent we believe these assets will more likely than not be realized. In making such determination, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial results of operations.

Accounting for uncertainty in income taxes recognized in the financial statements requires that a tax benefit from an uncertain tax position be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on technical merits.

See NOTE 15 - INCOME TAXES for further information.

Discontinued Operations

On July 10, 2012, we entered into a definitive share and asset sale agreement to sell our45 percent economic interest in the Sonoma joint venture coal mine located in Queensland, Australia. Upon completion of the transaction on November 12, 2012, we collected approximately AUD $141.0 million in net cash proceeds. The assets sold included our interests in the Sonoma mine along with our ownership of the affiliated washplant. The Sonoma operations previously were included in *Other* within our reportable segments.

On September 27, 2011, we announced our plans to cease and dispose of the operations at the renewaFUEL biomass production facility in Michigan. On January 4, 2012, we entered into an agreement to sell the renewaFUEL assets to RNFL Acquisition, LLC and the sale was completed in the first quarter of 2013. The results of operations of the renewaFUEL operations are reflected as discontinued operations in the accompanying consolidated financial statements for all periods presented. We recorded a loss of $0.1 million as *Income and Gain on Sale from Discontinued Operations, net of tax* in the Statements of Consolidated Operations for the year ended December 31, 2012. This compares to losses of $18.5 million, net of $9.2 million in tax benefits for the year ended December 31, 2011. The loss recorded for the year ended December 31, 2011, included a $16.0 million impairment charge, taken to write the renewaFUEL assets down to fair value.

The impairment charge taken in the third quarter of 2011 was based on an internal assessment around the recovery of the renewaFUEL assets, primarily property, plant and equipment. The assessment considered several factors including the unique industry, the highly customized nature of the related property, plant and equipment and the fact that the plant had not performed up to design capacity. Given these points of consideration, it was determined that the expected recovery values on the renewaFUEL assets were low. The renewaFUEL total assets were recorded at fair value in the Statements of Consolidated Financial Position as of December 31, 2011, and primarily are comprised of property, plant and equipment. The renewaFUEL operations were previously included in Other within our reportable segments.

Foreign Currency

Our financial statements are prepared with the U.S. dollar as the reporting currency. The functional currency of the Company's Australian subsidiaries is the Australian Dollar. The functional currency of all other international subsidiaries is the U.S. dollar. The financial statements of international subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. Where the local currency is the functional currency, translation adjustments are recorded as *Accumulated other comprehensive loss*. Where the U.S. dollar is the functional currency, translation adjustments are recorded in the Statements of Consolidated Operations. Income taxes generally are not provided for foreign currency translation adjustments.

Earnings Per Share

We present both basic and diluted earnings per share amounts. Basic earnings per share amounts are calculated by dividing *Net Income (Loss) Attributable to Cliffs Shareholders* less any paid or declared but unpaid dividends on our depositary shares by the weighted average number of common shares outstanding during the period presented. Diluted earnings per share amounts are calculated by dividing *Net Income (Loss) Attributable to Cliffs Shareholders* by the weighted average number of common shares, common share equivalents under stock plans using the treasury stock method and the number of common shares that would be issued under an assumed conversion of our outstanding depositary shares, each representing a 1/40th interest in a share of our Series A Mandatory Convertible Preferred Stock, Class A, under the if-converted method. Our outstanding depositary shares are convertible into common shares based on the volume weighted average of closing prices of our common shares over the 20 consecutive trading day period ending on the third day immediately preceding the end of the reporting period. Common share equivalents are excluded from EPS computations in the periods in which they have an anti-dilutive effect. See NOTE 19 - EARNINGS PER SHARE for further information.

Recent Accounting Pronouncements

On July 18, 2013, the FASB issued Accounting Standards Update No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* (ASU 2013-11). ASU 2013-11 requires the netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions except where the deferred tax asset or other carryforward are not available for use. The adoption of the pronouncement does not have an impact in the presentation of our financial statement.

In February 2013, the FASB amended the guidance on the presentation of comprehensive income in order to improve the reporting of reclassifications out of accumulated other comprehensive income. The amendment does not change the current requirements for reporting net income or other comprehensive income in financial statements. Rather, it requires the entity to present, either on the face of the statement where net income is presented or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income but only if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income in the same reporting period. For other amounts that are not required under GAAP to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures required under GAAP that provide additional detail about those amounts. The new guidance was applied prospectively for reporting periods beginning after December 15, 2012. We adopted the provisions of guidance required for the period beginning January 1, 2013. Refer to NOTE 17 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) for further information.

NOTE 2 - SEGMENT REPORTING

Our Company's primary operations are organized and managed according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal, Ferroalloys and our Global Exploration Group. The U.S. Iron Ore segment is comprised of our interests in five U.S. mines that provide iron ore to the integrated steel industry. The Eastern Canadian Iron Ore segment is comprised of two Eastern Canadian mines that primarily provide iron ore to the seaborne market for Asian steel producers. The Asia Pacific Iron Ore segment is located in Western Australia and provides iron ore to the seaborne market for Asian steel producers. The North American Coal segment is comprised of our four metallurgical coal operations and one thermal coal mine that provide metallurgical coal primarily to the integrated steel industry and thermal coal primarily to the energy industry. Inter-segment revenues have been eliminated in consolidation.

The Ferroalloys operating segment is comprised of our interests in chromite deposits held in Northern Ontario, Canada and the Global Exploration Group is focused on early involvement in exploration activities to identify new projects for future development or projects that add significant value to existing operations. The Ferroalloys and Global Exploration Group operating segments do not meet reportable segment disclosure requirements and, therefore, are not reported separately.

We evaluate segment performance based on sales margin, defined as revenues less cost of goods sold and operating expenses identifiable to each segment. This measure of operating performance is an effective measurement as we focus on reducing production costs throughout the Company.

The following table presents a summary of our reportable segments for theyears ended December 31, 2013, 2012, and 2011 including a reconciliation of segment sales margin to *Income (Loss) from Continuing Operations Before Income Taxes and Equity Income (Loss) from Ventures*:

	(In Millions)					
	2013		2012		2011	
Revenues from product sales and services:						
U.S. Iron Ore	**$ 2,667.9**	**47 %**	$ 2,723.3	46%	$ 3,509.9	53%
Eastern Canadian Iron Ore	**978.7**	**17 %**	1,008.9	17%	1,178.1	18%
Asia Pacific Iron Ore	**1,224.3**	**22 %**	1,259.3	22%	1,363.5	21%
North American Coal	**821.9**	**14 %**	881.1	15%	512.1	8%
Other (including inter-segment revenue eliminations)	**(1.4)**	**— %**	0.1	—%	0.3	—%
Total revenues from product sales and services	**$ 5,691.4**	**100 %**	$ 5,872.7	100%	$ 6,563.9	100%
Sales margin:						
U.S. Iron Ore	**$ 901.9**		$ 976.2		$ 1,679.3	
Eastern Canadian Iron Ore	**(103.3)**		(121.4)		290.9	
Asia Pacific Iron Ore	**367.1**		311.0		699.5	
North American Coal	**(14.5)**		(1.8)		(58.4)	
Other (including inter-segment sales margin eliminations)	**(1.9)**		8.1		(0.4)	
Sales margin	**1,149.3**		1,172.1		2,610.9	
Other operating income (expense)	**(478.3)**		(1,480.9)		(314.1)	
Other income (expense)	**(181.7)**		(193.0)		(106.3)	
Income (loss) from continuing operations before income taxes and equity income (loss) from ventures	**$ 489.3**		$ (501.8)		$ 2,190.5	
Depreciation, depletion and amortization:						
U.S. Iron Ore	**$ 120.3**		$ 100.9		$ 86.2	
Eastern Canadian Iron Ore	**178.5**		160.2		124.6	
Asia Pacific Iron Ore	**153.7**		151.9		100.9	
North American Coal	**128.9**		98.2		86.5	
Other	**11.9**		14.6		28.7	
Total depreciation, depletion and amortization	**$ 593.3**		$ 525.8		$ 426.9	
Capital additions (1):						
U.S. Iron Ore	**$ 53.3**		$ 168.8		$ 191.4	
Eastern Canadian Iron Ore	**625.5**		865.2		303.1	
Asia Pacific Iron Ore	**13.0**		87.7		262.0	
North American Coal	**55.0**		144.1		181.0	
Other	**5.5**		69.5		23.4	
Total capital additions	**$ 752.3**		$ 1,335.3		$ 960.9	

(1) Includes capital lease additions and non-cash accruals. Refer to NOTE 21 - CASH FLOW INFORMATION.

A summary of assets by segment is as follows:

	(In Millions)		
	December 31, 2013	December 31, 2012	December 31, 2011
Assets:			
U.S. Iron Ore	**$ 1,671.6**	$ 1,735.1	$ 1,691.8
Eastern Canadian Iron Ore	**7,915.5**	7,605.1	7,973.1
Asia Pacific Iron Ore	**1,078.4**	1,506.3	1,511.2
North American Coal	**1,841.8**	1,877.8	1,814.4
Other	**455.6**	570.9	1,017.6
Total segment assets	**12,962.9**	13,295.2	14,008.1
Corporate	**159.0**	279.7	533.6
Total assets	**$ 13,121.9**	$ 13,574.9	$ 14,541.7

Included in the consolidated financial statements are the following amounts relating to geographic location:

	(In Millions)		
	2013	2012	2011
Revenue			
United States	**$ 1,857.6**	$ 2,108.5	$ 2,774.1
China	**1,909.4**	2,008.2	2,114.5
Canada	**871.2**	728.1	914.3
Other countries	**1,053.2**	1,027.9	761.0
Total revenue	**$ 5,691.4**	$ 5,872.7	$ 6,563.9
Property, Plant and Equipment, Net			
United States	**$ 2,721.6**	$ 2,795.3	$ 2,684.9
Australia	**751.0**	1,042.4	1,017.8
Canada	**7,680.8**	7,369.6	6,701.4
Total Property, Plant and Equipment, Net	**$ 11,153.4**	$ 11,207.3	$ 10,404.1

Concentrations in Revenue

In 2013, one customer individually accounted for more than 10 percent of our consolidated product revenue. In 2012 and 2011, one customer in each year individually accounted for more than 10 percent of our consolidated product revenue. Total revenue from this customer accounted for more than 10 percent of our consolidated product revenues and represents approximately $1.0 billion, $923.7 million and $1.4 billion of our total consolidated product revenue in 2013, 2012 and 2011, respectively, and is attributable to our U.S. Iron Ore, Eastern Canadian Iron Ore and North American Coal business segments.

The following table represents the percentage of our total revenue contributed by each category of products and services in2013, 2012, and 2011:

	2013	2012	2011
Revenue Category			
Iron ore	**80%**	81%	88%
Coal	**13%**	13%	8%
Freight and venture partners’ cost reimbursements	**7%**	6%	4%
Total revenue	**100%**	100%	100%

NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The following table presents the fair value of our derivative instruments and the classification of each in theStatements of Consolidated Financial Position as of December 31, 2013 and December 31, 2012:

	(In Millions)							
	Derivative Assets				**Derivative Liabilities**			
	December 31, 2013		December 31, 2012		**December 31, 2013**		December 31, 2012	
Derivative Instrument	**Balance Sheet Location**	**Fair Value**	Balance Sheet Location	Fair Value	**Balance Sheet Location**	**Fair Value**	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under ASC 815:								
Interest-Rate Swaps		**$ —**		$ —	*Other current liabilities*	**$ 2.1**		$ —
Foreign Exchange Contracts	*Other current assets*	**0.3**	*Other current assets*	16.2	*Other current liabilities*	**25.8**	*Other current liabilities*	1.9
Total derivatives designated as hedging instruments under ASC 815		**$ 0.3**		$ 16.2		**$ 27.9**		$ 1.9
Derivatives not designated as hedging instruments under ASC 815:								
Foreign Exchange Contracts		**$ —**		$ —	Other current liabilities	**$ 1.1**		$ —
Customer Supply Agreements	*Other current assets*	**55.8**	*Other current assets*	58.9		**—**		—
Provisional Pricing Arrangements	*Other current assets*	**3.1**	*Other current assets*	3.5	*Other current liabilities*	**10.3**	*Other current liabilities*	11.3
Total derivatives not designated as hedging instruments under ASC 815		**$ 58.9**		$ 62.4		**$ 11.4**		$ 11.3
Total derivatives		**$ 59.2**		$ 78.6		**$ 39.3**		$ 13.2

Derivatives Designated as Hedging Instruments

Cash Flow Hedges

Australian and Canadian Dollar Foreign Exchange Contracts

We are subject to changes in foreign currency exchange rates as a result of our operations in Australia and Canada. With respect to Australia, foreign exchange risk arises from our exposure to fluctuations in foreign currency exchange rates because the functional currency of our Asia Pacific operations is the Australian dollar. Our Asia Pacific operations receive funds in U.S. currency for their iron ore sales. The functional currency of our Canadian operations is the U.S. dollar; however, the production costs for these operations primarily are incurred in the Canadian dollar.

We use foreign currency exchange contracts to hedge our foreign currency exposure for a portion of our U.S. dollar sales receipts in our Australian functional currency entities and our entities with Canadian dollar operating costs. For our Australian operations, U.S. dollars are converted to Australian dollars at the currency exchange rate in effect during the period the transaction occurred. For our Canadian operations, U.S. dollars are converted to Canadian dollars at the exchange rate in effect for the period the operating costs are incurred. The primary objective for the use of these instruments is to reduce exposure to changes in Australian and U.S. currency exchange rates and U.S. and Canadian currency exchange rates, respectively, and to protect against undue adverse movement in these exchange rates. These instruments qualify for hedge accounting treatment, and are tested for effectiveness at inception and at least once each reporting period. If and when any of our hedge contracts are determined not to be highly effective as hedges, the underlying hedged transaction is no longer likely to occur, or the derivative is terminated, hedge accounting is discontinued.

As of December 31, 2013, we had outstanding Australian and Canadian foreign currency exchange contracts with notional amounts of $323.0 million and $285.9 million, respectively, in the form of forward contracts with varying maturity dates ranging from January 2014 to December 2014. This compares with outstanding Australian and Canadian foreign currency exchange contracts with a notional amount of $400.0 million and $630.4 million, respectively, as of December 31, 2012.

Changes in fair value of highly effective hedges are recorded as a component of *Accumulated other comprehensive loss* in the Statements of Consolidated Financial Position. Any ineffectiveness is recognized immediately in income. As of December 31, 2013 and 2012, there was no material ineffectiveness recorded for foreign exchange contracts that were classified as cash flow hedges. However, certain Canadian hedge contracts were deemed ineffective during the fourth quarter of 2013 and no longer qualified for hedge accounting treatment. The de-designated hedges are discussed within the *Derivatives Not Designated as Hedging Instruments* section of this footnote. Amounts recorded as a component of *Accumulated other comprehensive loss* are reclassified into earnings in the same period the forecasted transactions affect earnings. Of the amounts remaining in *Accumulated other comprehensive loss* related to Australian hedge contracts and Canadian hedge contracts, we estimate that losses of $15.0 million and losses of $2.9 million (net of tax), respectively, will be reclassified into earnings within the next 12 months.

Interest Rate Risk Management

Interest rate risk is managed using a portfolio of variable-rate and fixed-rate debt composed of short-term and long-term instruments, such as U.S. treasury lock agreements and variable-to-fixed interest rate swaps. From time to time, these instruments, which are derivative instruments, are entered into to facilitate the maintenance of the desired ratio of variable-rate to fixed-rate debt.

In the second quarter of 2012, we entered into U.S. treasury lock agreements with a notional value of $200.0 million to hedge the exposure to the possible rise in the interest rate prior to the issuance of the five-year senior notes due 2018 discussed in NOTE 10 - DEBT AND CREDIT FACILITIES. These derivative instruments were designated and qualified as cash flow hedges. The U.S. treasury locks were settled in the fourth quarter of 2012 upon the issuance of $500.0 million principal amount of the senior notes due 2018 for a cumulative after-tax loss of $1.3 million, which was recorded in *Accumulated other comprehensive loss* and is being amortized to *Changes in fair value of foreign currency contracts, net* over the life of the senior notes due 2018. Approximately $0.1 million net of tax was recognized in earnings in 2013 and approximately $0.1 million net of tax is expected to be recognized in earnings in 2014.

The following summarizes the effect of our derivatives designated as cash flow hedging instruments, net of tax in *Accumulated other comprehensive loss* in the Statements of Consolidated Operations for the years ended December 31, 2013, 2012 and 2011:

	(In Millions)						
Derivatives in Cash Flow Hedging Relationships	**Amount of Gain (Loss) Recognized in OCI on Derivative (Effective Portion)**			**Location of Gain (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)**	**Amount of Gain (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)**		
	Year Ended December 31,				**Year Ended December 31,**		
	2013	2012	2011		**2013**	2012	2011
Australian Dollar Foreign Exchange Contracts *(hedge designation)*	**$ (34.7)**	$ 20.2	$ 1.8	*Product revenues*	**$ (11.9)**	$ 14.8	$ 2.6
Canadian Dollar Foreign Exchange Contracts *(hedge designation)*	**(12.9)**	6.7	—	*Cost of goods sold and operating expenses*	**(8.2)**	3.3	—
Australian Dollar Foreign Exchange Contracts *(prior to de-designation)*	**—**	—	—	*Product revenues*	**—**	—	0.7
Canadian Dollar Foreign Exchange Contracts (prior to de-designation)	**(4.1)**	—	—	*Cost of goods sold and operating expenses*	**(1.9)**	—	—
Treasury Locks	**—**	(1.3)	—	*Changes in fair value of foreign currency contracts, net*	**(0.1)**	—	—
Total	**$ (51.7)**	$ 25.6	$ 1.8		**$ (22.1)**	$ 18.1	$ 3.3

Fair Value Hedges

Interest Rate Hedges

Our fixed-to-variable interest rate swap derivative instruments, with a notional amount of $250.0 million, are designated and qualify as fair value hedges as of December 31, 2013. The objective of the hedges are to hedge changes in the debt's fair value associated with fluctuations in the benchmark LIBOR interest rate as part of our risk management strategy.

For derivative instruments that are designated and qualify as fair-value hedges, the gain or loss on the hedge instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk are recognized in current net income. We include the gain or loss on the derivative instrument and the offsetting loss or gain on the hedged item in *Other non-operating income (expense)*. The net gain recognized in *Other non-operating income (expense)* for the year ended December 31, 2013 was $0.1 million. There were no derivative instruments that were designated and qualifying as fair-value hedges for the year ended December 31, 2012.

Derivatives Not Designated as Hedging Instruments

Foreign Exchange Contracts

During the fourth quarter of 2013, we discontinued hedge accounting for Canadian foreign currency exchange contracts for all outstanding contracts associated with Wabush and Ferroalloys operations as projected future cash flows were no longer considered probable, but we continue to hold these instruments as economic hedges to manage currency risk. Subsequent to de-designation, no further foreign currency exchange contracts were entered into for Wabush or Ferroalloys operations. As of December 31, 2013, the de-designated outstanding foreign currency exchange rate contracts had a notional amount of $74.8 million in the form of forward contracts with varying maturity dates ranging from January 2014 to June 2014.

As a result of discontinued hedge accounting, the instruments are prospectively marked to fair value each reporting period through *Cost of goods sold and operating expenses* on the Statements of Consolidated Operations. For the year ended December 31, 2013, the change in fair value of our de-designated foreign currency exchange contracts resulted in net losses of $0.6 million. The amounts that were previously recorded as a component of *Accumulated other comprehensive loss* prior to de-designation are reclassified to earnings and a corresponding realized gain or loss will be recognized when the forecasted cash flow occurs. For the year ended December 31, 2013, we reclassified losses of $1.9 million from *Accumulated other comprehensive loss* related to contracts that matured during the year, and recorded the amounts as *Cost of goods sold and operating expenses* on the Statements of Consolidated Operations. As of December 31, 2013, approximately $0.5 million of losses remains in *Accumulated other comprehensive loss* related to the effective cash flow hedge contracts prior to de-designation. We estimate the remaining $0.5 million of losses will be reclassified to *Cost of goods sold and operating expenses* in the next 12 months upon the maturity of the related contracts.

Customer Supply Agreements

Most of our U.S. Iron Ore long-term supply agreements are comprised of a base price with annual price adjustment factors, some of which are subject to annual price collars in order to limit the percentage increase or decrease in prices for our iron ore pellets during any given year. The base price is the primary component of the purchase price for each contract. The inflation-indexed price adjustment factors are integral to the iron ore supply contracts and vary based on the agreement, but typically include adjustments based upon changes in the Platts 62 percent Fe market rate and/or international pellet prices and changes in specified Producers Price Indices, including those for all commodities, industrial commodities, energy and steel. The pricing adjustments generally operate in the same manner, with each factor typically comprising a portion of the price adjustment, although the weighting of each factor varies based upon the specific terms of each agreement. In most cases, these adjustment factors have not been finalized at the time our product is sold. In these cases, we historically have estimated the adjustment factors at each reporting period based upon the best third-party information available. The estimates are then adjusted to actual when the information has been finalized. The price adjustment factors have been evaluated to determine if they contain embedded derivatives. The price adjustment factors share the same economic characteristics and risks as the host contract and are integral to the host contract as inflation adjustments; accordingly, they have not been separately valued as derivative instruments.

Certain supply agreements with one U.S. Iron Ore customer provide for supplemental revenue or refunds to the customer based on the customer's average annual steel pricing at the time the product is consumed in the customer's blast furnace. The supplemental pricing is characterized as a freestanding derivative and is required to be accounted for separately once the product is shipped. The derivative instrument, which is finalized based on a future price, is adjusted to fair value as a revenue adjustment each reporting period until the pellets are consumed and the amounts are settled.

We recognized $149.2 million, $171.4 million and $178.0 million as *Product revenues* in the Statements of Consolidated Operations for the years ended December 31, 2013, 2012 and 2011, respectively, related to the supplemental payments. *Other current assets*, representing the fair value of the pricing factors, were $55.8 million and $58.9 million in the December 31, 2013 and December 31, 2012 Statements of Consolidated Financial Position, respectively.

Provisional Pricing Arrangements

Certain of our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore customer supply agreements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified point in time in the future, per the terms of the supply agreements. The difference between the provisionally agreed-upon price and the estimated final revenue rate is characterized as a freestanding derivative and is required to be accounted for separately once the provisional revenue has been recognized. The derivative instrument is adjusted to fair value through *Product revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined. At December 31, 2013 and December 31, 2012, we recorded $3.1 million and $3.5 million, respectively, as *Other current assets* and $10.3 million and $11.3 million, respectively, as *Other current liabilities* in the Statements of Consolidated Financial Position related to our estimate of final revenue rate with our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore customers at December 31, 2013 and related to our U.S. Iron Ore and Eastern Canadian Iron Ore customers at December 31, 2012. These amounts represent the difference between the provisional price agreed upon with our customers based on the supply agreement terms and our estimate of the final revenue rate based on the price calculations established in the supply agreements. As a result, we recognized a net $7.2 million decrease in *Product revenues* in the Statements of Consolidated Operations for the year ended December 31, 2013 related to these arrangements. This compares with a net $7.8 million decrease in *Product revenues* for the comparable period in 2012. At December 31, 2011, we did not have any derivative assets or liabilities recorded due to these arrangements.

In instances when we were still working to revise components of the pricing calculations referenced within our supply agreements to incorporate new market inputs to the pricing mechanisms, we recorded certain shipments made to customers based on an agreed-upon provisional price. The shipments were recorded based on the provisional price until settlement of the market inputs to the pricing mechanisms are finalized. The lack of agreed-upon market inputs results in these provisional prices being characterized as derivatives. The derivative instrument, which is settled and billed or credited once the determinations of the market inputs to the pricing mechanisms are finalized, is adjusted to fair value through *Product revenues* each reporting period based upon current market data and forward-looking estimates determined by management. During 2013 and 2012, we reached final pricing settlements on the customer supply agreements in which components of the pricing calculation were still being revised, prior to each year end. As such, at December 31, 2013 and December 31, 2012, no shipments were recorded based upon contracts where the market inputs to the pricing mechanisms were still being finalized, as all outstanding were settled during the corresponding year. We recognized $809.1 million as an increase in *Product revenues* in the Statements of Consolidated Operations for the year ended December 31, 2011 under the pricing provisions for certain shipments to U.S. Iron Ore and Eastern Canadian Iron Ore customers as we were still in the process of revising the terms of the related customer supply agreements. For the year ended December 31, 2011, $309.4 million of the revenues were realized due to the pricing settlements that primarily occurred with our U.S. Iron Ore customers during 2011.

At December 31, 2011, we recorded $1.2 million *Other current assets*, $19.5 million *Other current liabilities* and $83.8 million *Accounts receivable, net* in the Statements of Consolidated Financial Position related to these types of provisional pricing arrangements with various U.S. Iron Ore and Eastern Canadian Iron Ore customers.

The following summarizes the effect of our derivatives that are not designated as hedging instruments in the Statements of Consolidated Operations for the years ended December 31, 2013, 2012 and 2011:

(In Millions)				
Derivatives Not Designated as Hedging Instruments	**Location of Gain (Loss) Recognized in Income on Derivative**	**Amount of Gain/(Loss) Recognized in Income on Derivative**		
		Year Ended December 31,		
		2013	2012	2011
Foreign Exchange Contracts	*Product revenues*	**$ —**	$ —	$ 1.0
Foreign Exchange Contracts	*Cost of goods sold and operating expenses*	**(0.6)**	—	—
Foreign Exchange Contracts	*Other income (expense)*	**—**	0.3	101.9
Foreign Exchange Contracts	*Income and Gain on Sale from Discontinued Operations, net of tax*	**—**	(0.3)	—
Treasury Locks	*Changes in fair value of foreign currency contracts, net*	**—**	(0.4)	—
Customer Supply Agreements	*Product revenues*	**149.2**	171.4	178.0
Provisional Pricing Arrangements	*Product revenues*	**(7.2)**	(7.8)	809.1
Total		**$ 141.4**	$ 163.2	$ 1,090.0

Refer to NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS for additional information.

NOTE 4 - INVENTORIES

The following table presents the detail of our *Inventories* in the Statements of Consolidated Financial Position as of December 31, 2013 and 2012:

	(In Millions)					
	December 31, 2013			December 31, 2012		
Segment	**Finished Goods**	**Work-in Process**	**Total Inventory**	Finished Goods	Work-in Process	Total Inventory
U.S. Iron Ore	**$ 92.1**	**$ 13.0**	**$ 105.1**	$ 147.2	$ 22.9	$ 170.1
Eastern Canadian Iron Ore	**65.3**	**48.1**	**113.4**	62.6	44.2	106.8
Asia Pacific Iron Ore	**39.7**	**50.6**	**90.3**	36.7	37.2	73.9
North American Coal	**59.4**	**23.2**	**82.6**	36.7	49.0	85.7
Total	**$ 256.5**	**$ 134.9**	**$ 391.4**	$ 283.2	$ 153.3	$ 436.5

U.S. Iron Ore

The excess of current cost over LIFO cost of iron ore inventories was $115.3 million and $122.2 million at December 31, 2013 and 2012, respectively. As of December 31, 2013, the product inventory balance for U.S. Iron Ore declined, resulting in liquidation of a LIFO layer in 2013. The effect of the inventory reduction was a decrease in Cost of goods sold and operating expenses of $7.4 million in the Statements of Consolidated Operations for the year ended December 31, 2013. As of December 31, 2012, the product inventory balance for U.S. Iron Ore increased, resulting in a LIFO increment in 2012. The effect of the inventory build was an increase in *Inventories* of $47.5 million in the Statements of Consolidated Financial Position for the year ended December 31, 2012.

Eastern Canadian Iron Ore

Our pellet inventories carried on a LIFO cost were immaterial at December 31, 2013 due to our transition to only producing concentrate inventory, which is carried at weighted-average cost. The excess of current cost over LIFO cost of iron ore inventories was $27.7 million at December 31, 2012. As of December 31, 2012, the product inventory balance for Eastern Canadian Iron Ore pellet inventory declined, resulting in liquidation of LIFO layers during the year. The effect of the inventory reduction was a decrease in *Cost of goods sold and operating expenses* of $7.0 million in the Statements of Consolidated Operations.

For the year ended December 31, 2013, the LCM concentrate and pellet inventory charges recorded were $13.2 million and $11.1 million, respectively, which were recorded in *Cost of goods sold and operating expenses* in the Statements of Consolidated Operations for our Eastern Canadian Iron Ore operations.

Additionally, we recorded unsaleable inventory impairment charges of $10.6 million and $7.9 million, respectively, relating to Wabush pellets and concentrate inventory. Both of these charges were recorded in *Cost of goods sold and operating expenses* during 2013 and included in the Statements of Consolidated Operations for the year ended December 31, 2013 for our Eastern Canadian Iron Ore operations.

No LCM inventory adjustments were recorded for the year ended December 31, 2012 within the Eastern Canadian Iron Ore operating segment results.

North American Coal

We recorded LCM inventory charges of $11.1 million, $24.4 million and $6.6 million in *Cost of goods sold and operating expenses* in the Statements of Consolidated Operations for the years ended December 31, 2013, 2012 and 2011, respectively, for our North American Coal operations. These charges were a result of market declines and costs associated with operational and geological issues.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following table indicates the value of each of the major classes of our consolidated depreciable assets as of December 31, 2013 and 2012:

	(In Millions)	
	December 31,	
	2013	2012
Land rights and mineral rights	**$ 7,819.6**	$ 7,920.8
Office and information technology	**125.7**	92.4
Buildings	**255.2**	162.0
Mining equipment	**1,600.3**	1,290.7
Processing equipment	**2,148.6**	1,937.4
Railroad equipment	**219.0**	240.8
Electric power facilities	**114.3**	58.7
Port facilities	**99.4**	114.3
Interest capitalized during construction	**23.8**	20.8
Land improvements	**69.3**	43.9
Other	**104.4**	39.0
Construction in-progress	**991.3**	1,123.9
	13,570.9	13,044.7
Allowance for depreciation and depletion	**(2,417.5)**	(1,837.4)
	$ 11,153.4	$ 11,207.3

We recorded depreciation expense of $366.9 million, $293.5 million and $237.8 million in the Statements of Consolidated Operations for the years ended December 31, 2013, 2012 and 2011, respectively.

The accumulated amount of capitalized interest included within construction in-progress at December 31, 2013 is $31.4 million, of which $17.4 million was capitalized during 2013. At December 31, 2012, $17.1 million of capitalized interest was included within construction in-progress, of which $15.4 million was capitalized during 2012.

During the years ended December 31, 2013 and 2012, due to lower than previously expected profits as a result of decreased iron ore pricing expectations and increased costs, we determined that indicators of impairment with respect to certain of our long-lived assets or asset groups existed. Our asset groups generally consist of the assets and liabilities of one or more mines, preparation plants and associated reserves for which the lowest level of identifiable cash flows largely are independent of cash flows of other mines, preparation plants and associated reserves.

During the fourth quarter of 2013, we continued to experience higher than expected production costs and operational inefficiencies at our Wabush operations within our Eastern Canadian Iron Ore operation segment that have resulted in continued declines in our profitability of that business, which represents an asset group for purposes of testing our long-lived assets for recoverability. Upon completion of an impairment analysis, it was determined the fair value was less than the carrying value of the asset group, which resulted in an other long-lived asset impairment charge of tangible property, plant and equipment of $140.1 million as *Impairment of goodwill and other long-lived assets* in the Statements of Consolidated Operations for the year ended December 31, 2013. The fair value estimate was calculated using a market approach.

As a result of the assessment in the fourth quarter of 2012, we determined that the projected future cash flows associated with our Eastern Canadian pelletizing operations were not sufficient to support the recoverability of the carrying value of these productive assets. Accordingly, during the fourth quarter of 2012, an asset impairment charge of $49.9 million was recorded as *Impairment of goodwill and other long-lived assets* in the Statements of Consolidated Operations for the year ended December 31, 2012 related to the Wabush mine pelletizing operations reported in our Eastern Canadian Iron Ore operating segment. The fair value estimate was calculated using a market approach. There was no impairment of the dock facilities or the mine and concentrator long-lived assets that are part of the Wabush mine in 2012.

The net book value of the land rights and mineral rights as of December 31, 2013 and 2012 is as follows:

	(In Millions)	
	December 31,	
	2013	2012
Land rights	**$ 46.3**	$ 46.4
Mineral rights:		
Cost	**$ 7,773.3**	$ 7,874.4
Less depletion	**942.6**	727.0
Net mineral rights	**$ 6,830.7**	$ 7,147.4

Accumulated depletion relating to mineral rights, which was recorded using the unit-of-production method, is included in *Cost of goods sold and operating expenses*. We recorded depletion expense of $206.5 million, $209.8 million and $159.7 million in the Statements of Consolidated Operations for the years ended December 31, 2013, 2012 and 2011, respectively.

NOTE 6 - ACQUISITIONS AND OTHER INVESTMENTS

Acquisitions

We allocate the cost of acquisitions to the assets acquired and liabilities assumed based on their estimated fair values. Any excess of cost over the fair value of the net assets acquired is recorded as goodwill.

Consolidated Thompson

On May 12, 2011, we completed our acquisition of Consolidated Thompson by acquiring all of the outstanding common shares of Consolidated Thompson for C$17.25 per share in an all-cash transaction, including net debt, pursuant to the terms of an arrangement agreement dated as of January 11, 2011. Upon the acquisition: (a) each outstanding Consolidated Thompson common share was acquired for a cash payment of C$17.25; (b) each outstanding option and warrant that was “in the money” was acquired for cancellation for a cash payment of C$17.25 less the exercise price per underlying Consolidated Thompson common share; (c) each outstanding performance share unit was acquired for cancellation for a cash payment of C$17.25; (d) all outstanding Quinto Mining Corporation rights to acquire common shares of Consolidated Thompson were acquired for cancellation for a cash payment of C$17.25 per underlying Consolidated Thompson common share; and (e) certain Consolidated Thompson management contracts were eliminated that contained certain change of control provisions for contingent payments upon termination. The acquisition date fair value of the consideration transferred totaled $4.6 billion. Our full ownership of Consolidated Thompson has been included in the consolidated financial statements since the acquisition date and the subsidiary CQIM is reported as a component of our Eastern Canadian Iron Ore segment.

The acquisition of Consolidated Thompson reflected our strategy to build scale by owning expandable and exportable steelmaking raw material assets serving international markets. Through our acquisition of Consolidated Thompson, we now own and operate an iron ore mine and processing facility near Bloom Lake in Quebec, Canada that produces iron ore concentrate of high quality. WISCO was a 25 percent partner in the Bloom Lake mine at the time of acquisition, but as of November 19, 2013, WISCO owns17.2 percent in the Bloom Lake mine. We also own additional development properties known as Labrador Trough South located in Quebec. All of these properties are in proximity to our existing Canadian operations and will allow us to leverage our port facilities and supply this iron ore to the seaborne market.

The following table summarizes the consideration paid for Consolidated Thompson and the estimated fair values of the assets acquired and liabilities assumed at the acquisition date. We finalized the purchase price allocation for the acquisition of Consolidated Thompson during the second quarter of 2012.

	(In Millions)		
	Initial Allocation	Final Allocation	Change
Consideration			
Cash	$ 4,554.0	$ 4,554.0	$ —
Fair value of total consideration transferred	$ 4,554.0	$ 4,554.0	$ —
Recognized amounts of identifiable assets acquired and liabilities assumed			
ASSETS:			
Cash	$ 130.6	$ 130.6	$ —
Accounts receivable	102.8	102.4	(0.4)
Product inventories	134.2	134.2	—
Other current assets	35.1	35.1	—
Mineral rights	4,450.0	4,825.6	375.6
Property, plant and equipment	1,193.4	1,193.4	—
Intangible assets	2.1	2.1	—
Total identifiable assets acquired	6,048.2	6,423.4	375.2
LIABILITIES:			
Accounts payable	(13.6)	(13.6)	—
Accrued liabilities	(130.0)	(123.8)	6.2
Convertible debentures	(335.7)	(335.7)	—
Other current liabilities	(41.8)	(47.9)	(6.1)
Long-term deferred tax liabilities	(831.5)	(1,041.8)	(210.3)
Senior secured notes	(125.0)	(125.0)	—
Capital lease obligations	(70.7)	(70.7)	—
Other long-term liabilities	(25.1)	(32.8)	(7.7)
Total identifiable liabilities assumed	(1,573.4)	(1,791.3)	(217.9)
Total identifiable net assets acquired	4,474.8	4,632.1	157.3
Noncontrolling interest in Bloom Lake	(947.6)	(1,075.4)	(127.8)
Goodwill	1,026.8	997.3	(29.5)
Total net assets acquired	$ 4,554.0	$ 4,554.0	$ —

Included in the changes to the initial purchase price allocation for Consolidated Thompson, which was performed during the second quarter of 2011, are changes recorded in the first quarter of 2012, when we further refined the fair value of the assets acquired and liabilities assumed. The acquisition date fair value was adjusted to record a $16.4 million increase related to pre-acquisition date Quebec mining duties tax. We recorded $6.1 million and $10.3 million as increases to current and long-term liabilities, respectively. This resulted in a reduction of our calculated minimum distribution payable to the minority partner by $2.6 million. These adjustments resulted in a net $13.8 million increase to our goodwill during the period. As our fair value estimates remained materially unchanged from December 31, 2011, the immaterial adjustments made to the initial purchase price allocation during the first quarter of 2012 were recorded in that period. All other changes to the initial allocation were recorded retrospectively to the acquisition date. During the second quarter of 2012, no further adjustments were recorded when the allocation was finalized.

During 2011, subsequent to the initial purchase price allocation for Consolidated Thompson, we adjusted the fair values of the assets acquired and liabilities assumed. Based on this process, the acquisition date fair value of the Consolidated Thompson mineral rights, deferred tax liability and noncontrolling interest in Bloom Lake were adjusted to $4,825.6 million, $1,041.8 million and $1,075.4 million, respectively, in the revised purchase price allocation during the fourth quarter of 2011. The change in mineral rights was caused by further refinements to the valuation model, most specifically as it related to potential tax structures that have value from a market participant standpoint and the risk premium used in determining the discount rate. The change in the deferred tax liability primarily was a result of the movement in the mineral rights value and obtaining additional detail of the acquired tax basis in the acquired assets and liabilities. Finally, the change in the noncontrolling interest in Bloom Lake was due to the change in mineral rights and a downward adjustment to the discount for lack of control being used in the valuation. A complete comparison of the initial and final purchase price allocation has been provided in the table above.

The fair value of the noncontrolling interest in the assets acquired and liabilities assumed in Bloom Lake has been allocated proportionately, based upon WISCO's 25 percent interest in Bloom Lake at the time of acquisition. We then reduced the allocated fair value of WISCO's ownership interest in Bloom Lake to reflect the noncontrolling interest discount.

The $997.3 million of goodwill resulting from the acquisition was assigned to our Eastern Canadian Iron Ore business segment through the CQIM reporting unit. The goodwill recognized primarily is attributable to the proximity to our existing Canadian operations and potential for future expansion in Eastern Canada, which would allow us to leverage our port facilities and supply iron ore to the seaborne market. None of the goodwill will be deductible for income tax purposes. After performing our annual goodwill impairment test in the fourth quarter of 2012, we determined that the goodwill resulting from the acquisition was impaired as the carrying value exceeded its fair value. The impairment charge was recorded as *Impairment of goodwill and other long-lived assets* in the Statements of Consolidated Operations for the year ended December 31, 2012. Refer to NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES for further information.

Acquisition-related costs in the amount of $25.4 million were charged directly to operations and are included within *Consolidated Thompson acquisition costs* in the Statements of Consolidated Operations for the year ended December 31, 2011. In addition, we recognized $15.7 million of deferred debt issuance costs, net of accumulated amortization of $1.9 million, associated with issuing and registering the debt required to fund the acquisition as of December 31, 2011. Of these costs, $1.7 million and $14.0 million, respectively, have been recorded in *Other current assets* and *Other non-current assets* in the Statements of Consolidated Financial Position at December 31, 2011. Upon the termination of the bridge credit facility that we entered into to provide a portion of the financing for Consolidated Thompson, $38.3 million of related debt issuance costs were recognized in *Interest expense, net* in the Statements of Consolidated Operations for the year ended December 31, 2011.

The Statements of Consolidated Operations for the year ended December 31, 2011 include incremental revenue of $571.0 million and income of $143.7 million related to the acquisition of Consolidated Thompson since the date of acquisition. Income during the period includes the impact of expensing an additional $59.8 million of costs due to stepping up the value of inventory in purchase accounting through *Cost of goods sold and operating expenses* for the year ended December 31, 2011.

The following unaudited consolidated pro forma information summarizes the results of operations for the years ended December 31, 2011 and 2010, as if the Consolidated Thompson acquisition and the related financing had been completed as of January 1, 2010. The pro forma information gives effect to actual operating results prior to the acquisition. The unaudited consolidated pro forma information does not purport to be indicative of the results that actually would have been obtained if the acquisition of Consolidated Thompson had occurred as of the beginning of the periods presented or that may be obtained in the future.

	(In Millions, Except Per Common Share)	
	2011	2010
REVENUES FROM PRODUCT SALES AND SERVICES	$ 6,772.3	$ 4,784.6
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS COMMON SHAREHOLDERS	$ 1,612.3	$ 912.5
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - BASIC	$ 11.50	$ 6.74
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - DILUTED	$ 11.43	$ 6.70

The 2011 pro forma *Net Income (Loss) Attributable to Cliffs Common Shareholders* was adjusted to exclude $69.6 million of Cliffs and Consolidated Thompson acquisition-related costs and $59.8 million of non-recurring inventory purchase accounting adjustments incurred during the year ended December 31, 2011. The 2010 pro forma *Net Income (Loss) Attributable to Cliffs Common Shareholders* was adjusted to include the $59.8 million of non-recurring inventory purchase accounting adjustments.

NOTE 7 - DISCONTINUED OPERATIONS

The table below sets forth selected financial information related to operating results of our business classified as discontinued operations. While the reclassification of revenues and expenses related to discontinued operations for prior periods has no impact upon previously reported net income, the Statements of Consolidated Operations present the revenues and expenses that were reclassified from the specified line items to discontinued operations. During the fourth quarter of 2012, we sold our 45 percent economic interest in Sonoma. The Sonoma operations previously were included in *Other* within our reportable segments.

The following table presents detail of our operations related to our Sonoma operations in the Statements of Consolidated Operations:

	(In Millions)		
	Year Ended December 31,		
	2013	2012	2011
REVENUES FROM PRODUCT SALES AND SERVICES			
Product	**$ —**	$ 151.6	$ 230.4
GAIN ON SALE FROM DISCONTINUED OPERATIONS, net of tax	**—**	38.0	—
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, net of tax	**2.0**	(2.1)	38.6
INCOME and GAIN ON SALE FROM DISCONTINUED OPERATIONS, net of tax	**$ 2.0**	$ 35.9	$ 38.6

Income and Gain on Sale from Discontinued Operations, net of tax during the year ended December 31, 2013 relates to additional income tax benefit resulting from the actual tax gain from the sale of Sonoma as included on the 2012 tax return, which was filed during the year ended December 31, 2013.

We recorded a gain of $38.0 million, net of $8.1 million in tax expense in *Income and Gain on Sale from Discontinued Operations, net of tax* in the Statements of Consolidated Operations for the year ended December 31, 2012 related to our sale of the Sonoma operations, which was completed as of November 12, 2012. We recorded a loss from discontinued operations in 2012 of $2.1 million, net of $2.4 million in tax expense. This compares to income from discontinued operations of $38.6 million, net of $12.4 million in tax expense for the year ended December 31, 2011.

NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES

Goodwill

Goodwill represents the excess purchase price paid over the fair value of the net assets of acquired companies and is not subject to amortization. We assign goodwill arising from acquired companies to the reporting units that are expected to benefit from the synergies of the acquisition. Our reporting units are either at the operating segment level or a component one level below our operating segments that constitutes a business for which management generally reviews production and financial results of that component. Decisions often are made as to capital expenditures, investments and production plans at the component level as part of the ongoing management of the related operating segment. We have determined that our Asia Pacific Iron Ore and Ferroalloys operating segments constitute separate reporting units, that CQIM and Wabush within our Eastern Canadian Iron Ore operating segment constitute reporting units, that CLCC within our North American Coal operating segment constitutes a reporting unit and that Northshore within our U.S. Iron Ore operating segment constitutes a reporting unit. Goodwill is allocated among and evaluated for impairment at the reporting unit level in the fourth quarter of each year or as circumstances occur that potentially indicate that the carrying amount of these assets may exceed their fair value.

During the fourth quarter of 2013, a goodwill impairment charge of $80.9 million was recorded for our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment. The impairment charge was primarily a result of the decision made in the fourth quarter of 2013 to indefinitely suspend the Chromite Project and to not allocate additional capital for the project given the uncertain timeline and risks associated with the development of necessary infrastructure to bring the project online.

During the fourth quarter of 2012, upon performing our annual goodwill impairment test, a goodwill impairment charge of $997.3 million was recorded for our CQIM reporting unit within the Eastern Canadian Iron Ore operating segment. The impairment charge for our CQIM reporting unit was driven by the project's lower than anticipated long-term profitability coupled with delays in achieving full operational capacity and higher capital and operating costs. Additionally, the announced delay of the Phase II expansion of the Bloom Lake mine also contributed to the impairment.

Additionally, during the fourth quarter of 2012, a goodwill impairment charge of $2.7 million was recorded for our Wabush reporting unit. This charge was primarily a result of downward long-term pricing estimates and increased costs.

Refer to NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS for further information.

The following table summarizes changes in the carrying amount of goodwill allocated by operating segment for theyears ended December 31, 2013 and December 31, 2012:

	(In Millions)											
	December 31, 2013						December 31, 2012					
	U.S. Iron Ore	Eastern Canadian Iron Ore	Asia Pacific Iron Ore	North American Coal	Other	Total	U.S. Iron Ore	Eastern Canadian Iron Ore	Asia Pacific Iron Ore	North American Coal	Other	Total
Beginning Balance	$ 2.0	$ —	$ 84.5	$ —	$ 80.9	$ 167.4	$ 2.0	$ 986.2	$ 83.0	$ —	$ 80.9	$ 1,152.1
Arising in business combinations	—	—	—	—	—	—	—	13.8	—	—	—	13.8
Impairment	—	—	—	—	(80.9)	(80.9)	—	(1,000.0)	—	—	—	(1,000.0)
Impact of foreign currency translation	—	—	(12.0)	—	—	(12.0)	—	—	1.5	—	—	1.5
Ending Balance	$ 2.0	$ —	$ 72.5	$ —	$ —	$ 74.5	$ 2.0	$ —	$ 84.5	$ —	$ 80.9	$ 167.4
Accumulated Goodwill Impairment Loss	$ —	$ (1,000.0)	$ —	$ (27.8)	$ (80.9)	$ (1,108.7)	$ —	$ (1,000.0)	$ —	$ (27.8)	$ —	$ (1,027.8)

Other Intangible Assets and Liabilities

Following is a summary of intangible assets and liabilities as ofDecember 31, 2013 and December 31, 2012:

		(In Millions)					
		December 31, 2013			December 31, 2012		
	Classification	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:							
Permits	*Intangible assets, net*	$ 127.4	$ (35.9)	$ 91.5	$ 136.1	$ (31.7)	$ 104.4
Utility contracts	*Intangible assets, net*	54.7	(53.1)	1.6	54.7	(32.4)	22.3
Leases	*Intangible assets, net*	2.4	(0.1)	2.3	5.7	(3.4)	2.3
Total intangible assets		$ 184.5	$ (89.1)	$ 95.4	$ 196.5	$ (67.5)	$ 129.0
Below-market sales contracts	*Other current liabilities*	$ (23.0)	$ —	$ (23.0)	$ (46.0)	$ —	$ (46.0)
Below-market sales contracts	*Other liabilities*	(205.9)	159.7	(46.2)	(250.7)	181.6	(69.1)
Total below-market sales contracts		$ (228.9)	$ 159.7	$ (69.2)	$ (296.7)	$ 181.6	$ (115.1)

Amortization expense relating to intangible assets was $19.9 million, $22.5 million and $17.7 million for the years ended December 31, 2013, 2012 and 2011, and is recognized in *Cost of goods sold and operating expenses* in the Statements of Consolidated Operations. Additionally, an impairment charge of $9.5 million was recorded related to the utility contracts intangible asset and is recognized in *Impairment of goodwill and other long-lived assets* in the Statements of Consolidated Operations. The estimated amortization expense relating to intangible assets for each of the five succeeding years is as follows:

	(In Millions)	
	Amount	
Year Ending December 31		
2014	$	9.3
2015		7.7
2016		7.2
2017		6.5
2018		7.5
Total	$	38.2

The below-market sales contract is classified as a liability and recognized over the term of the underlying contract, which has a remaining life of approximately three years. For the years ended December 31, 2013, 2012 and 2011, we recognized $45.9 million, $46.3 million and $57.0 million, respectively, in *Product revenues* related to below-market sales contracts. The following amounts are estimated to be recognized in *Product revenues* for each of the five succeeding fiscal years:

	(In Millions)	
	Amount	
Year Ending December 31		
2014	$	23.0
2015		23.0
2016		23.0
2017		0.2
2018	$	—
Total	$	69.2

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following represents the assets and liabilities of the Company measured at fair value at December 31, 2013 and 2012:

	(In Millions)			
	December 31, 2013			
Description	**Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets:				
Cash equivalents	$ 85.0	$ —	$ —	$ 85.0
Derivative assets	—	—	58.9	58.9
Available-for sale marketable securities	21.4	—	—	21.4
Foreign exchange contracts	—	0.3	—	0.3
Total	$ 106.4	$ 0.3	$ 58.9	$ 165.6
Liabilities:				
Derivative liabilities	$ —	$ 2.1	$ 10.3	$ 12.4
Foreign exchange contracts	—	26.9	—	26.9
Total	$ —	$ 29.0	$ 10.3	$ 39.3

	(In Millions)			
	December 31, 2012			
Description	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash equivalents	$ 100.0	$ —	$ —	$ 100.0
Derivative assets	—	—	62.4	62.4
Available-for sale marketable securities	27.0	—	—	27.0
Foreign exchange contracts	—	16.2	—	16.2
Total	$ 127.0	$ 16.2	$ 62.4	$ 205.6
Liabilities:				
Derivative liabilities	$ —	$ —	$ 11.3	$ 11.3
Foreign exchange contracts	—	1.9	—	1.9
Total	$ —	$ 1.9	$ 11.3	$ 13.2

Financial assets classified in Level 1 at December 31, 2013 and 2012 include money market funds and available-for-sale marketable securities. The valuation of these instruments is based upon unadjusted quoted prices for identical assets in active markets.

The valuation of financial assets and liabilities classified in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable. Level 2 securities primarily include derivative financial instruments valued using financial models that use as their basis readily observable market parameters. At December 31, 2013, such derivative financial instruments included our existing foreign currency exchange contracts and interest rate swaps. At December 31, 2012, such derivative financial instruments included our existing foreign currency exchange contracts. The fair value of the foreign currency exchange contracts is based on forward market prices and represents the estimated amount we would receive or pay to terminate these agreements at the reporting date, taking into account creditworthiness, nonperformance risk and liquidity risks associated with current market conditions.

The derivative financial assets classified within Level 3 at December 31, 2013 and December 31, 2012 included a freestanding derivative instrument related to certain supply agreements with one of our U.S. Iron Ore customers. The agreements include provisions for supplemental revenue or refunds based on the customer's annual steel pricing at the time the product is consumed in the customer's blast furnaces. We account for this provision as a derivative instrument at the time of sale and adjust this provision to fair value as an adjustment to *Product revenues* each reporting period until the product is consumed and the amounts are settled. The fair value of the instrument is determined using a market approach based on an estimate of the annual realized price of hot-rolled steel at the steelmaker's facilities, and takes into consideration current market conditions and nonperformance risk.

The Level 3 derivative assets and liabilities at December 31, 2013 and December 31, 2012, also consisted of derivatives related to certain provisional pricing arrangements with our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore customers at December 31, 2013 and our U.S. Iron Ore and Eastern Canadian Iron Ore customers at December 31, 2012. These provisional pricing arrangements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified point in time in the future, per the terms of the supply agreements. The difference between the provisionally agreed-upon price and the estimated final revenue rate is characterized as a derivative and is required to be accounted for separately once the revenue has been recognized. The derivative instrument is adjusted to fair value through *Product revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined.

The following table illustrates information about quantitative inputs and assumptions for the derivative assets and derivative liabilities categorized in Level 3 of the fair value hierarchy:

Qualitative/Quantitative Information About Level 3 Fair Value Measurements

($ in millions)	Fair Value at 12/31/2013	Balance Sheet Location	Valuation Technique	Unobservable Input	Range or Point Estimate (Weighted Average)
Provisional Pricing Arrangements	$ 3.1	*Other current assets*	Market Approach	Management's Estimate of 62% Fe	$135
	$ 10.3	*Other current liabilities*			
Customer Supply Agreement	$ 55.8	*Other current assets*	Market Approach	Hot-Rolled Steel Estimate	$605 - $655 ($640)

The significant unobservable input used in the fair value measurement of the reporting entity's provisional pricing arrangements is management's estimate of 62 percent Fe price based upon current market data, including historical seasonality and forward-looking estimates determined by management. Significant increases or decreases in this input would result in a significantly higher or lower fair value measurement, respectively.

The significant unobservable input used in the fair value measurement of the reporting entity's customer supply agreements is the future hot-rolled steel price that is estimated based on current market data, analysts' projections, projections provided by the customer and forward-looking estimates determined by management. Significant increases or decreases in this input would result in a significantly higher or lower fair value measurement, respectively.

We recognize any transfers between levels as of the beginning of the reporting period, including both transfers into and out of levels. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the years ended December 31, 2013 and 2012. The following tables represent a reconciliation of the changes in fair value of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2013 and 2012.

	(In Millions)			
	Derivative Assets (Level 3)		Derivative Liabilities (Level 3)	
	Year Ended December 31,		Year Ended December 31,	
	2013	2012	**2013**	2012
Beginning balance - January 1	**$ 62.4**	$ 157.9	**$ (11.3)**	$ (19.5)
Total gains (losses)				
Included in earnings	**152.3**	174.9	**(10.3)**	(11.3)
Settlements	**(155.8)**	(270.4)	**11.3**	19.5
Transfers into Level 3	**—**	—	**—**	—
Transfers out of Level 3	**—**	—	**—**	—
Ending balance - December 31	**$ 58.9**	$ 62.4	**$ (10.3)**	$ (11.3)
Total gains (losses) for the period included in earnings attributable to the change in unrealized gains (losses) on assets still held at the reporting date	**$ 152.3**	$ 174.9	**$ (10.3)**	$ (11.3)

Gains and losses included in earnings are reported in *Product revenues* in the Statements of Consolidated Operations for the years ended December 31, 2013 and 2012.

The carrying amount for certain financial instruments (e.g. *Accounts receivable, net*, *Accounts payable* and *Accrued expenses*) approximate fair value and, therefore, have been excluded from the table below. A summary of the carrying amount and fair value of other financial instruments at December 31, 2013 and 2012 were as follows:

		(In Millions)			
		December 31, 2013		December 31, 2012	
	Classification	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Other receivables:					
Customer supplemental payments	Level 2	**$ —**	**$ —**	$ 22.3	$ 21.3
ArcelorMittal USA—Receivable	Level 2	**11.3**	**11.9**	19.3	21.3
Other	Level 2	**9.4**	**9.4**	10.9	10.9
Total receivables		**$ 20.7**	**$ 21.3**	$ 52.5	$ 53.5
Long-term debt:					
Term loan—$1.25 billion	Level 2	**$ —**	**$ —**	$ 753.0	$ 753.0
Senior notes—$700 million	Level 2	**699.4**	**718.2**	699.4	759.4
Senior notes—$1.3 billion	Level 2	**1,289.6**	**1,404.9**	1,289.4	1,524.7
Senior notes—$400 million	Level 2	**398.4**	**432.1**	398.2	464.3
Senior notes—$500 million	Level 2	**496.5**	**523.8**	495.7	528.4
Revolving loan	Level 2	**—**	**—**	325.0	325.0
Equipment Loan Facilities	Level 2	**140.8**	**140.8**	—	—
Fair Value Adjustment to Interest Rate Hedge	Level 2	**(2.1)**	**(2.1)**	—	—
Total long-term debt		**$ 3,022.6**	**$ 3,217.7**	$ 3,960.7	$ 4,354.8

The fair value of the receivables and debt are based on the fair market yield curves for the remainder of the term expected to be outstanding.

The terms of one of our U.S. Iron Ore pellet supply agreements required supplemental payments to be paid by the customer during the period 2009 through 2012, with the option to defer a portion of the 2009 monthly amount up to $22.3 million in exchange for interest payments until the deferred amount was repaid in 2013. Interest was payable by the customer quarterly and began in September 2009 at the higher of 9 percent or the prime rate plus 350 basis points. During the first half of 2013, payments totaling $22.3 million on the outstanding amount due were made by the customer and the receivable was fully repaid by the end of June 2013. As of December 31, 2012, the receivable of $22.3 million was classified as current and recorded in *Other current assets* in the Statements of Consolidated Financial Position as all supplemental payments to be paid by the customer were due by the end of 2013. The fair value of the receivable of $21.3 million at December 31, 2012 is based on a discount rate of 2.81 percent, which represented the estimated credit-adjusted risk-free interest rate for the period the receivable was outstanding.

In 2002, we entered into an agreement with Ispat that restructured the ownership of the Empire mine and increased our ownership from 46.7 percent to 79.0 percent in exchange for the assumption of all mine liabilities. Under the terms of the agreement, we indemnified Ispat from obligations of Empire in exchange for certain future payments to Empire and to us by Ispat of $120.0 million, recorded at a present value of $11.3 million and $19.3 million at December 31, 2013 and December 31, 2012, respectively. At December 31, 2013, the remaining balance of $11.3 million was recorded in *Other current assets* and at December 31, 2012, $10.0 million of the remaining balance was recorded in *Other current assets*. The fair value of the receivable of $11.9 million and $21.3 million at December 31, 2013 and December 31, 2012, respectively, is based on a discount rate of 1.28 percent and 2.85 percent, respectively, which represents the estimated credit-adjusted risk-free interest rate for the period the receivable is outstanding.

The fair value of long-term debt was determined using quoted market prices or discounted cash flows based upon current borrowing rates. The term loan and revolving loan are variable rate interest and approximate fair value. See NOTE 10 - DEBT AND CREDIT FACILITIES for further information.

Items Measured at Fair Value on a Non-Recurring Basis

The following tables present information about the impairment charges on both financial and nonfinancial assets that were measured on a fair value basis at December 31, 2013 and December 31, 2012. The table also indicates the fair value hierarchy of the valuation techniques used to determine such fair value.

	(In Millions)				
	December 31, 2013				
Description	**Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**	**Total Losses**
Assets:					
Goodwill impairment - Ferroalloys reporting unit	**$ —**	**$ —**	**$ —**	**$ —**	**$ 80.9**
Other long-lived assets - Property, plant and equipment	**—**	**—**	**46.3**	**46.3**	**155.4**
Other long-lived assets - Intangibles and long-term deposits	**—**	**—**	**1.6**	**1.6**	**14.5**
Investment in ventures impairment - Amapá	**—**	**—**	**—**	**—**	**67.6**
Total	**$ —**	**$ —**	**$ 47.9**	**$ 47.9**	**$ 318.4**

Financial Assets

In light of the March 28, 2013 collapse of the Santana port shiploader and subsequent evaluation of the effect that this event had on the carrying value of our investment in Amapá as of June 30, 2013, we recorded an impairment charge of $67.6 million in the second quarter of 2013. The sale of Amapá was completed in the fourth quarter of 2013.

Non-Financial Assets

During the fourth quarter of 2013, a goodwill impairment charge of$80.9 million was recorded for our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment. The impairment charge was primarily a result of the decision to indefinitely suspend the Chromite Project and to not allocate additional capital for the project given the uncertain timeline and risks associated with the development of necessary infrastructure to bring the project online. Based on our review of the fair value hierarchy, the inputs used in these fair value measurements were considered Level 3 inputs.

We also recorded an impairment charges to property, plant and equipment during 2013 related to our Wabush operation within our Eastern Canadian Iron Ore operating segment, our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our *Other* reportable segments and certain mineral lands at our Asia Pacific Iron Ore operating segment to reduce the related assets to their estimated fair value as we determined that the cash flows associated with these operations were not sufficient to support the recoverability of the carrying value of these assets. Fair value was determined based on management's estimate of liquidation value, which is considered a Level 3 input, and resulted in a charge of $155.4 million.

	(In Millions)				
	December 31, 2012				
Description	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Total Losses
Assets:					
Goodwill impairment - CQIM reporting unit	$ —	$ —	$ —	$ —	$ 997.3
Goodwill impairment - Wabush reporting unit	—	—	—	—	2.7
Other long-lived assets - Property, plant and equipment	—	—	—	—	49.9
Investment in ventures impairment - Amapá	—	—	72.5	72.5	365.4
Total	$ —	$ —	$ 72.5	$ 72.5	$ 1,415.3

Financial Assets

On December 27, 2012, the Board of Directors approved the sale of our30 percent investment in Amapá, which is recorded as an equity method investment in the Statements of Consolidated Operations. The carrying value of the investment was reduced to fair value of $72.5 million as of December 31, 2012, resulting in an impairment charge of $365.4 million, which was recorded in the fourth quarter of 2012. We believed the sum of the sale proceeds approximated fair value. The fair value of the proceeds (and therefore the portion of the equity method investment measured at fair value) was determined using a probability-weighted cash flow approach.

Non-Financial Assets

During 2012, we recorded an impairment charge of $997.3 million within our Eastern Canadian Iron Ore segment to reduce the carrying value of the CQIM reporting unit's goodwill to zero. This impairment charge was determined by our analysis of the fair value of the CQIM reporting unit using the estimated expected present value of future cash flows, as well as reference to observable market transactions in determining the value of the pre-production resources. The present value of the reporting unit's future cash flows was calculated using an after-tax weighted average cost of capital. The value of the reporting unit's pre-production resources was determined with reference to implied valuations per ton of market transactions and applied to our estimated pre-production resource base. Based on our review of the fair value hierarchy, the inputs used in these fair value measurements were considered Level 3 inputs.

We reported an additional impairment charge during 2012 of $2.7 million within our Eastern Canadian Iron Ore segment to reduce the carrying value of the Wabush reporting unit's goodwill to zero. The estimate of the fair value of goodwill was determined based on the estimated expected present value of the future cash flows, discounted using an after-tax weighted average cost of capital. Based on our review of the fair value hierarchy, the inputs used in these fair value measurements were considered Level 3 inputs.

We also recorded an impairment charge during 2012 related to our Eastern Canadian pelletizing operations to reduce those assets to their estimated fair value as we determined that the cash flows associated with our Eastern Canadian pelletizing operations were not sufficient to support the recoverability of the carrying value of these productive assets. Fair value was determined based on management's estimate of liquidation value, which is considered a Level 3 input, and resulted in a charge of $49.9 million.

NOTE 10 - DEBT AND CREDIT FACILITIES

The following represents a summary of our long-term debt as of December 31, 2013 and 2012:

($ in Millions)

December 31, 2013

Debt Instrument	Type	Annual Effective Interest Rate	Final Maturity	Total Face Amount		Total Debt	
$700 Million 4.875% 2021 Senior Notes	**Fixed**	**4.88%**	**2021**	**$ 700.0**		**$ 699.4**	**(2)**
$500 Million 4.80% 2020 Senior Notes	**Fixed**	**4.83%**	**2020**	**500.0**		**499.2**	**(3)**
$800 Million 6.25% 2040 Senior Notes	**Fixed**	**6.34%**	**2040**	**800.0**		**790.4**	**(4)**
$400 Million 5.90% 2020 Senior Notes	**Fixed**	**5.98%**	**2020**	**400.0**		**398.4**	**(5)**
$500 Million 3.95% 2018 Senior Notes	**Fixed**	**4.14%**	**2018**	**500.0**		**496.5**	**(6)**
$1.75 Billion Credit Facility:							
Revolving Loan	**Variable**	**1.64%**	**2017**	**1,750.0**		**—**	**(7)**
Equipment Loans	**Fixed**	**Various**	**2020**	**164.8**		**161.7**	
Fair Value Adjustment to Interest Rate Hedge						**(2.1)**	
Total debt				**$ 4,814.8**		**$ 3,043.5**	
Less current portion						**20.9**	
Long-term debt						**$ 3,022.6**	

($ in Millions)

December 31, 2012

Debt Instrument	Type	Annual Effective Interest Rate	Final Maturity	Total Face Amount		Total Debt	
$1.25 Billion Term Loan	Variable	1.83%	2016	$ 847.1	(1)	$ 847.1	(1)
$700 Million 4.875% 2021 Senior Notes	Fixed	4.88%	2021	700.0		699.4	(2)
$500 Million 4.80% 2020 Senior Notes	Fixed	4.80%	2020	500.0		499.2	(3)
$800 Million 6.25% 2040 Senior Notes	Fixed	6.25%	2040	800.0		790.2	(4)
$400 Million 5.90% 2020 Senior Notes	Fixed	5.90%	2020	400.0		398.2	(5)
$500 Million 3.95% 2018 Senior Notes	Fixed	4.14%	2018	500.0		495.7	(6)
$1.75 Billion Credit Facility:							
Revolving Loan	Variable	2.02%	2017	1,750.0		325.0	(7)
Total debt				$ 5,497.1		$ 4,054.8	
Less current portion						94.1	
Long-term debt						$ 3,960.7	

(1) During the first quarter of 2013, the term loan was repaid in full through repayments totaling $847.1 million. As of December 31, 2012, $402.8 million had been paid on the original $1.25 billion term loan and, of the amount remaining under the term loan, $94.1 million was classified as *Current portion of debt*. The current classification was based upon the principal payment terms of the arrangement requiring principal payments on each three-month anniversary following the funding of the term loan.

(2) As of December 31, 2013 and December 31, 2012, the $700 million 4.875 percent senior notes were recorded at a par value of $700 million less unamortized discounts of $0.6 million for each period, based on an imputed interest rate of 4.88 percent.

(3) As of December 31, 2013 and December 31, 2012, the $500 million 4.80 percent senior notes were recorded at a par value of $500 million less unamortized discounts of $0.8 million for each period, based on an imputed interest rate of 4.83 percent.

(4) As of December 31, 2013 and December 31, 2012, the $800 million 6.25 percent senior notes were recorded at par value of $800 million less unamortized discounts of $9.6 million and $9.8 million, respectively, based on an imputed interest rate of 6.34 percent.

(5) As of December 31, 2013 and December 31, 2012, the $400 million 5.90 percent senior notes were recorded at a par value of $400 million less unamortized discounts of $1.6 million and $1.8 million, respectively, based on an imputed interest rate of 5.98 percent.

(6) As of December 31, 2013 and December 31, 2012, the $500 million 3.95 percent senior notes were recorded at a par value of $500 million less unamortized discounts of $3.5 million and $4.3 million, respectively, based on an imputed interest rate of 4.14 percent.

(7) As of December 31, 2013, no revolving loans were drawn under the credit facility. As of December 31, 2012, $325.0 million of revolving loans were drawn under the credit facility. As of December 31, 2013 and December 31, 2012, the principal amount of letter of credit obligations totaled $8.4 million and $27.7 million, respectively, thereby reducing available borrowing capacity to $1.7 billion and $1.4 billion for each period, respectively.

Credit Facility and Term Loan

On February 8, 2013, we amended the Term Loan Agreement among Cliffs Natural Resources Inc. and various lenders dated March 4, 2011, as amended, or term loan, and the Amended and Restated Multicurrency Credit Agreement among Cliffs Natural Resources Inc. and various lenders dated August 11, 2011 (as further amended by Amendment No. 1 as of October 16, 2012), or amended revolving credit agreement, to effect the following:

- Suspend the current Funded Debt to EBITDA ratio requirement for all quarterly measurement periods in 2013, after which point it will revert back to the period ending March 31, 2014 until maturity.
- Require a Minimum Tangible Net Worth of approximately $4.6 billion as of each of the three-month periods ended March 31, 2013, June 30, 2013, September 30, 2013 and December 31, 2013. Minimum Tangible Net Worth, in accordance with the amended revolving credit agreement and term loan, is defined as total equity less goodwill and intangible assets.
- Maintain a Maximum Total Funded Debt to Capitalization of 52.5 percent from the amendments' effective date through the period ended December 31, 2013.
- The amended agreements retain the Minimum Interest Coverage Ratio requirement of 2.5 to 1.0.

During February 2013, we repaid the $847.1 million outstanding balance under the term loan through the use of proceeds from the 2013 public equity offerings. Additionally, as a result of the term loan repayment, the remaining deferred financing costs associated with the issuance of the term loan of $7.1 million were expensed. Upon the repayment of the term loan, the financial covenants associated with the term loan no longer were applicable.

Per the terms of the amended revolving credit agreement, we are subject to higher borrowing costs. The applicable interest rate is determined by reference to the former Funded Debt to EBITDA ratio. Based on the amended terms, borrowing costs could increase as much as 0.5 percent relative to the outstanding borrowings, as well as 0.1 percent on unborrowed amounts. Furthermore, the amended revolving credit agreement places certain restrictions upon our declaration and payment of dividends, our ability to consummate acquisitions and the debt levels of our subsidiaries.

As of December 31, 2013, we were in compliance with all applicable financial covenants related to the amended revolving credit agreement.

At December 31, 2012, prior to the amendments made on February 8, 2013 that are discussed above, the terms of the term loan and amended revolving credit agreement each contained customary covenants that require compliance with certain financial covenants based on: (1) debt to earnings ratio (Total Funded Debt to EBITDA, as those terms are defined in the amended revolving credit agreement), as of the last day of each fiscal quarter cannot exceed (i) 3.5 to 1.0, if none of the $270.0 million private placement senior notes due 2013 remain outstanding, or otherwise (ii) the then applicable maximum multiple under the $270.0 million private placement senior notes due 2013 and (2) interest coverage ratio (Consolidated EBITDA to Interest Expense, as those terms are defined in the amended revolving credit agreement), for the preceding four quarters must not be less than 2.5 to 1.0 on the last day of any fiscal quarter. Because the $270.0 million private placement senior notes due 2013 were repaid on December 28, 2012 with the net proceeds from the 2012 public debt offering, the financial covenant relating to the outstanding private placement senior notes no longer was applicable. As of December 31, 2012, we were in compliance with the financial covenants related to both the term loan and the amended revolving credit agreement.

$500 Million Senior Notes — 2012 Offering

On December 6, 2012, we completed a $500 million public offering of senior notes at 3.95 percent due January 15, 2018. Interest is fixed and is payable on January 15 and July 15 of each year, beginning on July 15, 2013 until maturity. The senior notes are unsecured obligations and rank equally in right of payment with all our other existing and future unsecured and unsubordinated indebtedness. There are no subsidiary guarantees of the interest and principal amounts. A portion of the net proceeds from the senior notes offering were used on December 28, 2012 to repay $270.0 million and $55.0 million outstanding private placement senior notes in the aggregate and also for the repayment of a portion of the borrowings outstanding under the term loan and the revolving credit facility.

The senior notes may be redeemed any time at our option not less than 30 days nor more than 60 days after prior notice is sent to the holders of the applicable series of notes. The senior notes are redeemable at a redemption price equal to the greater of (1) 100 percent of the principal amount of the notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed, discounted to the redemption date on a semi-annual basis at the treasury rate plus 50 basis points with respect to the 2018 senior notes, plus, in each case, accrued and unpaid interest to the date of redemption.

In addition, if a change of control triggering event occurs with respect to the senior notes, as defined in the agreement, we will be required to offer to purchase the notes of the applicable series at a purchase price equal to 101 percent of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The terms of the senior notes contain certain customary covenants; however, there are no financial covenants.

Interest Rate Adjustment Based on Rating Events

The interest rate payable on the senior notes may be subject to adjustments from time to time if either Moody's or S&P or, in either case, any Substitute Rating Agency thereof downgrades (or subsequently upgrades) the debt rating assigned to the senior notes. In no event shall (1) the interest rate for the senior notes be reduced to below the interest rate payable on the senior notes on the date of the initial issuance of senior notes or (2) the total increase in the interest rate on the senior notes exceed 2.00% above the interest rate payable on the senior notes on the date of the initial issuance of senior notes.

$1 Billion Senior Notes — 2011 Offering

On March 23, 2011 and April 1, 2011, respectively, we completed a $1 billion public offering of senior notes consisting of two tranches: a 10-year tranche of $700 million aggregate principal amount at 4.88 percent senior notes due April 1, 2021, and a 30-year tranche of $300 million aggregate principal amount at 6.25

percent senior notes due October 1, 2040, of which $500 million aggregate principal amount previously was issued during September 2010. Interest is fixed and is payable on April 1 and October 1 of each year, beginning on October 1, 2011, for both series of senior notes until maturity. The senior notes are unsecured obligations and rank equally in right of payment with all our other existing and future unsecured and unsubordinated indebtedness. There are no subsidiary guarantees of the interest and principal amounts. The net proceeds from the senior notes offering were used to fund a portion of the acquisition of Consolidated Thompson and to pay the related fees and expenses.

The senior notes may be redeemed any time at our option not less than 30 days nor more than 60 days after prior notice is sent to the holders of the applicable series of notes. The senior notes are redeemable at a redemption price equal to the greater of (1) 100 percent of the principal amount of the notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed, discounted to the redemption date on a semi-annual basis at the treasury rate plus 25 basis points with respect to the 2021 senior notes and 40 basis points with respect to the 2040 senior notes, plus, in each case, accrued and unpaid interest to the date of redemption. However, if the 2021 senior notes are redeemed on or after the date that is three months prior to their maturity date, the 2021 senior notes will be redeemed at a redemption price equal to 100 percent of the principal amount of the notes to be redeemed plus accrued and unpaid interest to the date of redemption.

In addition, if a change of control triggering event occurs with respect to the senior notes, as defined in the agreement, we will be required to offer to purchase the notes of the applicable series at a purchase price equal to 101 percent of the principal amount, plus accrued and unpaid interest, if any, to the date of purchase.

The terms of the senior notes contain certain customary covenants; however, there are no financial covenants.

$1 Billion Senior Notes — 2010 Offering

On September 20, 2010, we completed a $1 billion public offering of senior notes consisting of two tranches: a 10-year tranche of $500 million aggregate principal amount at 4.80 percent due October 1, 2020, and a 30-year tranche of $500 million aggregate principal amount at 6.25 percent due October 1, 2040. Interest is fixed and is payable on April 1 and October 1 of each year, beginning on April 1, 2011, for both series of senior notes until maturity. The senior notes are unsecured obligations and rank equally in right of payment with all of our other existing and future senior unsecured and unsubordinated indebtedness. There are no subsidiary guarantees of the interest and principal amounts.

A portion of the net proceeds from the senior notes offering was used on September 22, 2010 to repay $350 million outstanding under our credit facility. A portion of the net proceeds was also used for general corporate purposes, including funding of capital expenditures and were used to fund a portion of the acquisition of Consolidated Thompson and related expenses.

The senior notes may be redeemed any time at our option not less than 30 days nor more than 60 days after prior notice is sent to the holders of the applicable series of notes. The senior notes are redeemable at a redemption price equal to the greater of (1) 100 percent of the principal amount of the notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed, discounted to the redemption date on a semi-annual basis at the treasury rate plus 35 basis points with respect to the 2020 senior notes and 40 basis points with respect to the 2040 senior notes, plus, in each case, accrued and unpaid interest to the date of redemption. In addition, if a change of control triggering event occurs with respect to the notes, we will be required to offer to purchase the notes at a purchase price equal to 101 percent of the principal amount, plus accrued and unpaid interest to the date of purchase.

The terms of the senior notes contain certain customary covenants; however, there are no financial covenants.

$400 Million Senior Notes Offering

On March 17, 2010, we completed a $400 million public offering of senior notes due March 15, 2020. Interest at a fixed rate of 5.90 percent is payable on March 15 and September 15 of each year, beginning on September 15, 2010, until maturity on March 15, 2020. The senior notes are unsecured obligations and rank equally in right of payment with all of our other existing and future senior unsecured and unsubordinated indebtedness. There are no subsidiary guarantees of the interest and principal amounts.

A portion of the net proceeds from the senior notes offering was used on March 31, 2010 to repay our $200 million term loan under our credit facility, as well as to repay on May 27, 2010 our share of Amapá's remaining debt outstanding of $100.8 million. In addition, we used the remainder of the net proceeds to help fund the acquisitions of Spider and CLCC during the third quarter of 2010.

The senior notes may be redeemed any time at our option not less than 30 days nor more than 60 days after prior notice is sent to the holders of the applicable series of notes. The senior notes are redeemable at a redemption price equal to the greater of (1) 100 percent of the principal amount of the notes to be redeemed or (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed, discounted to the redemption date on a semi-annual basis, plus accrued and unpaid interest to the date of redemption. In addition, if a change of control triggering event occurs, we will be required to offer to purchase the notes at a purchase price equal to 101 percent of the principal amount, plus accrued and unpaid interest to the date of purchase.

The terms of the senior notes contain certain customary covenants; however, there are no financial covenants.

$325 Million Private Placement Senior Notes

On June 25, 2008, we entered into a $325 million private placement consisting of $270 million of 6.31 percent five-year senior notes due June 15, 2013, and $55 million of 6.59 percent seven-year senior notes due June 15, 2015. Through the use of the net proceeds from the 2012 public offering of senior notes due on January 15, 2018, we repaid the $325 million private placement senior notes, including all accrued and unpaid interest and a make-whole amount on December 28, 2012. Interest was paid on the notes for both tranches on June 15 and December 15 until the payoff date. The notes were unsecured obligations with interest and principal amounts guaranteed by certain of our domestic subsidiaries. The notes and guarantees were not required to be registered under the Securities Act of 1933, as amended, and were placed with qualified institutional investors.

Equipment Loans

During the second half of 2013, we entered into $164.8 million of seven-year installment equipment loans with various interest rates. The loans are secured by equipment from our Eastern Canadian Iron Ore operations. Proceeds from the borrowings were used for general corporate purposes.

Short-Term Facilities

Asia Pacific Iron Ore maintains a bank contingent instrument and cash advance facility. The facility, which is renewable annually at the bank's discretion, provides A$30.0 million ($26.8 million) at December 31, 2013 in credit for contingent instruments, such as performance bonds, and the ability to request a cash advance facility to be provided at the discretion of the bank. The facility limit was reduced from A$40.0 million to A$30.0 million during the third quarter of 2013. At December 31, 2012, the facility provided A$40.0 million ($41.6 million) in credit for contingent instruments. As of December 31, 2013, the outstanding bank guarantees under the facility totaled A$23.0 million ($20.5 million), thereby reducing borrowing capacity to A$7.0 million ($6.3 million). As of December 31, 2012, the outstanding bank guarantees under the facility totaled A$25.0 million ($26.0 million), thereby reducing borrowing capacity to A$15.0 million ($15.6 million). We have provided a guarantee of the facility, along with certain of our Australian subsidiaries. The terms of the short-term facility contain certain customary covenants; however, there are no financial covenants.

Letters of Credit

We issued standby letters of credit with certain financial institutions in order to support Bloom Lake's general business obligations. As of December 31, 2013 and December 31, 2012, these letter of credit obligations totaled $48.0 million and $96.9 million, respectively. All of these standby letters of credit are in addition to the letters of credit provided for under the amended revolving credit agreement.

Debt Maturities

The following represents a summary of our maturities of debt instruments, excluding borrowings on the amended revolving credit agreement, based on the principal amounts outstanding at December 31, 2013:

	(In Millions)	
	Maturities of Debt	
2014	$	20.9
2015		21.8
2016		22.7
2017		23.6
2018		524.6
2019 and thereafter		2,448.1
Total maturities of debt	$	3,061.7

NOTE 11 - LEASE OBLIGATIONS

We lease certain mining, production and other equipment under operating and capital leases. The leases are for varying lengths, generally at market interest rates and contain purchase and/or renewal options at the end of the terms. Our operating lease expense was $29.5 million, $25.8 million and $26.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. Capital lease assets were $404.0 million and $471.7 million at December 31, 2013 and 2012, respectively. Corresponding accumulated amortization of capital leases included in respective allowances for depreciation were $198.5 million and $184.5 million at December 31, 2013 and 2012, respectively.

Future minimum payments under capital leases and non-cancellable operating leases atDecember 31, 2013 are as follows:

	(In Millions)				
	Capital Leases			Operating Leases	
2014	$	64.2		$	20.0
2015		85.7			13.1
2016		34.8			8.1
2017		27.4			7.3
2018		19.6			6.7
2019 and thereafter		32.2			14.7
Total minimum lease payments	$	263.9		$	69.9
Amounts representing interest		48.0			
Present value of net minimum lease payments	$	215.9	(1)		

(1) The total is comprised of $49.0 million and $166.9 million classified as *Other current liabilities* and *Other liabilities*, respectively, in the Statements of Unaudited Condensed Consolidated Financial Position at December 31, 2013.

NOTE 12 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS

We had environmental and mine closure liabilities of $321.0 million and $265.1 million at December 31, 2013 and 2012, respectively. Payments in 2013 and 2012 were $8.2 million and $2.4 million, respectively. The following is a summary of the obligations as of December 31, 2013 and 2012:

	(In Millions)	
	December 31,	
	2013	2012
Environmental	**$ 8.4**	$ 15.7
Mine closure		
LTVSMC	**22.0**	18.3
Operating mines:		
U.S. Iron Ore	**152.2**	81.2
Eastern Canadian Iron Ore	**78.2**	88.9
Asia Pacific Iron Ore	**25.5**	22.4
North American Coal	**34.7**	38.6
Total mine closure	**312.6**	249.4
Total environmental and mine closure obligations	**321.0**	265.1
Less current portion	**11.3**	12.3
Long-term environmental and mine closure obligations	**$ 309.7**	$ 252.8

Environmental

Our mining and exploration activities are subject to various laws and regulations governing the protection of the environment. We conduct our operations to protect the public health and environment and believe our operations are in compliance with applicable laws and regulations in all material respects. Our environmental liabilities of $8.4 million and $15.7 million at December 31, 2013 and 2012, respectively, including obligations for known environmental remediation exposures at various active and closed mining operations and other sites, have been recognized based on the estimated cost of investigation and remediation at each site. If the cost only can be estimated as a range of possible amounts with no specific amount being more likely, the minimum of the range is accrued. Future expenditures are not discounted unless the amount and timing of the cash disbursements readily are known. Potential insurance recoveries have not been reflected. Additional environmental obligations could be incurred, the extent of which cannot be assessed.

As discussed in further detail below, the environmental liability recorded at December 31, 2013 and 2012 primarily is comprised of remediation obligations related to the Rio Tinto mine site in Nevada where we are named as a potentially responsible party.

The Rio Tinto Mine Site

The Rio Tinto Mine Site is a historic underground copper mine located near Mountain City, Nevada, where tailings were placed in Mill Creek; a tributary to the Owyhee River. Site investigation and remediation work is being conducted in accordance with a Consent Order dated September 14, 2001 between the NDEP and the Rio Tinto Working Group composed of the Company, Atlantic Richfield Company, Teck Cominco American Incorporated and E. I. duPont de Nemours and Company. The Consent Order provides for technical review by the U.S. Department of the Interior Bureau of Indian Affairs, the U.S. Fish and Wildlife Service, U.S. Department of Agriculture Forest Service, the NDEP and the Shoshone-Paiute Tribe of the Duck Valley Reservation (collectively, "Rio Tinto Trustees"). In recognition of the potential for an NRD claim, the parties actively pursued a global settlement that would include the EPA and encompass both the remedial action and the NRD issues.

The NDEP published a Record of Decision for the Rio Tinto Mine, which was signed on February 14, 2012 by the NDEP and the EPA. On September 27, 2012, the agencies subsequently issued a proposed

Consent Decree, which was lodged with the U.S. District Court for the District of Nevada and opened for 30-day public comment on October 4, 2012. The Consent Decree was subsequently finalized on May 20, 2013. Under the terms of the Consent Decree, the Rio Tinto Working Group has agreed to pay over $29.0 million in cleanup costs and natural resource damages to the site and surrounding area. The Company's share of the total settlement cost, which includes remedial action, insurance and other oversight costs is $12.2 million, of which we have a remaining environmental liability of $5.3 million and $11.5 million in the Statements of Consolidated Financial Position as of December 31, 2013 and 2012, respectively, related to this issue.

Under the terms of the Consent Decree, the Rio Tinto Working Group will be responsible for removing mine tailings from Mill Creek, improving the creek to support redband trout and improving water quality in Mill Creek and the East Fork Owyhee River. Previous cleanup projects included filling in old mine shafts, grading and covering leach pads and tailings, and building diversion ditches. NDEP will oversee the cleanup, with input from EPA and monitoring from the nearby Shoshone-Paiute Tribes of Duck Valley.

Mine Closure

Our mine closure obligations of $312.6 million and $249.4 million at December 31, 2013 and 2012, respectively, includes our five consolidated U.S. operating iron ore mines, our two Eastern Canadian operating iron ore mines, our Asia Pacific operating iron ore mine, our four operating North American coal mines and a closed operation formerly operating as LTVSMC.

Management periodically performs an assessment of the obligation to determine the adequacy of the liability in relation to the closure activities still required at the LTVSMC site. The LTVSMC closure liability was $22.0 million and $18.3 million at December 31, 2013 and 2012, respectively. MPCA is presently working on an NPDES permit reissuance for this facility that could modify the closure liability, but the scale of that change will not be understood until the permit has been drafted and issued.

The accrued closure obligation for our active mining operations provides for contractual and legal obligations associated with the eventual closure of the mining operations. We performed a detailed assessment of our asset retirement obligations related to our active mining locations most recently in 2011, except for Asia Pacific Iron Ore, in accordance with our accounting policy, which requires us to perform an in-depth evaluation of the liability every three years in addition to routine annual assessments. Due to new legislation in Australia, the assessment for Asia Pacific Iron Ore was performed in 2012. For the assessments performed, we determined the obligations based on detailed estimates adjusted for factors that a market participant would consider (i.e., inflation, overhead and profit) and then discounted the obligation using the current credit-adjusted risk-free interest rate based on the corresponding life of mine. The estimate also incorporates incremental increases in the closure cost estimates and changes in estimates of mine lives. The closure date for each location was determined based on the exhaustion date of the remaining iron ore reserves. The accretion of the liability and amortization of the related asset is recognized over the estimated mine lives for each location.

The following represents a roll forward of our asset retirement obligation liability related to our active mining locations for the years ended December 31, 2013 and 2012:

	(In Millions)	
	December 31,	
	2013	2012
Asset retirement obligation at beginning of period	**$ 231.1**	$ 194.9
Accretion expense	**18.1**	17.6
Exchange rate changes	**(3.4)**	0.3
Revision in estimated cash flows	**44.8**	18.2
Payments	**—**	0.1
Asset retirement obligation at end of period	**$ 290.6**	$ 231.1

The revisions in estimated cash flows recorded during the year ended December 31, 2013 primarily include estimated asset retirement costs for one of our U.S. Iron Ore mines associated with required storm water management systems expected to be implemented subsequent to the closure of the mine.

NOTE 13 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

We offer defined benefit pension plans, defined contribution pension plans and other postretirement benefit plans, primarily consisting of retiree healthcare benefits, to most employees in North America as part of a total compensation and benefits program. We do not have employee retirement benefit obligations at our Asia Pacific Iron Ore operations. The defined benefit pension plans largely are noncontributory and benefits generally are based on employees' years of service and average earnings for a defined period prior to retirement or a minimum formula.

On November 9, 2012, the USW ratified 37 month labor contracts, which replaced the labor agreements that expired on September 1, 2012. The agreements cover approximately 2,400 USW-represented employees at our Empire and Tilden mines in Michigan and our United Taconite and Hibbing mines in Minnesota, or 32.0 percent of our total workforce. The new agreement set temporary monthly postretirement OPEB caps for participants who retire prior to January 1, 2015. These premium maximums will expire at the end of the contract period and revert to increasing premiums based on the terms of the 2004 bargaining agreement. Also agreed to was an OPEB cap that will limit the amount of contributions that we have to make toward medical insurance coverage for each retiree and spouse of a retiree per calendar year after it goes into effect. The amount of the annual OPEB cap will be based upon the costs we incur in 2014. The OPEB cap will apply to employees who retire on or after January 1, 2015 and will not apply to surviving spouses. In addition, the bargaining agreement renewed the lump sum special payments for certain employees retiring in the near future. The changes also included renewal of and an increase in payments to surviving spouses of certain retirees, as well as, an increase in the temporary supplemental benefit amount paid to certain retirees. The agreements also provide that we and our partners fund an estimated $65.7 million into the bargaining unit VEBA plans during the term of the agreements unless funding obligations have been reached. These agreements are effective through September 30, 2015.

In August 2013, we entered into a new labor agreement with the USW covering our represented employees at Bloom Lake. It has a three-year term that runs from September 1, 2013 through August 31, 2016. The new agreement provides us with significant workforce flexibility.

In November 2013, we entered into a new labor agreement the USW covering our represented employees at our Pointe Noire facility, which is part of our Wabush operations. It has a six-year term and runs from March 1, 2014 to February 28, 2020. It provides for a 26.0 percent increase in the cost of employment over the life of the contract. We also obtained the USW's consent to an application we had made to the Canadian Industrial Relations Board to have this workforce governed by Canadian federal labor law. Following entrance of this agreement, the CIRB granted our application, providing us with significantly more flexibility to manage any future labor disruptions.

In addition, we currently provide various levels of retirement health care and OPEB to most full-time employees who meet certain length of service and age requirements (a portion of which is pursuant to collective bargaining agreements). Most plans require retiree contributions and have deductibles, co-pay requirements and benefit limits. Most bargaining unit plans require retiree contributions and co-pays for major medical and prescription drug coverage. There is an annual limit on our cost for medical coverage under the U.S. salaried plans. The annual limit applies to each covered participant and equals $7,000 for coverage prior to age 65 and $3,000 for coverage after age 65, with the retiree's participation adjusted based on the age at which the retiree's benefits commence. For participants at our Northshore operation, the annual limit ranges from $4,020 to $4,500 for coverage prior to age 65, and equals $2,000 for coverage after age 65. Covered participants pay an amount for coverage equal to the excess of (i) the average cost of coverage for all covered participants, over (ii) the participant's individual limit, but in no event will the participant's cost be less than 15.0 percent of the average cost of coverage for all covered participants. For Northshore participants, the minimum participant cost is a fixed dollar amount. We do not provide OPEB for most U.S. salaried employees hired after January 1,

1993. Retiree healthcare coverage is provided through programs administered by insurance companies whose charges are based on benefits paid.

Our North American Coal segment is required under an agreement with the UMWA to pay amounts into the UMWA pension trusts based principally on hours worked by UMWA-represented employees. This agreement covers approximately 800 UMWA-represented employees at our Pinnacle Complex in West Virginia and our Oak Grove mine in Alabama, or 11.0 percent of our total workforce. These multi-employer pension trusts provide benefits to eligible retirees through a defined benefit plan. The UMWA 1993 Benefit Plan is a defined contribution plan that was created as the result of negotiations for the NBCWA of 1993. The plan provides healthcare insurance to orphan UMWA retirees who are not eligible to participate in the UMWA Combined Benefit Fund or the 1992 Benefit Fund or whose last employer signed the 1993 or later NBCWA and who subsequently goes out of business. Contributions to the trust were at a rate of $8.10 per hour worked in both 2013 and 2012 and $6.50 per hour worked in 2011. These amounted to $14.9 million in both 2013 and 2012 and $9.5 million in 2011, respectively. Our Pinnacle and Oak Grove mines are signatories to labor agreements with the UMWA, making them participants in the UMWA 1974 Pension Plan (the "1974 PP"). As of the most recent estimate, Pinnacle and Oak Grove's combined share of this underfunded liability was estimated to be approximately $342 million. If Pinnacle or Oak Grove were to withdraw from the 1974 PP or if a mass withdrawal were to occur, we would become obligated to pay this amount to the 1974 PP.

In December 2003, The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 was enacted. This act introduced a prescription drug benefit under Medicare Part D as well as a federal subsidy to sponsors of retiree healthcare benefit plans that provide a benefit that at least actuarially is equivalent to Medicare Part D. Our measures of the accumulated postretirement benefit obligation and net periodic postretirement benefit cost as of December 31, 2004 and for periods thereafter reflect amounts associated with the subsidy. We elected to adopt the retroactive transition method for recognizing the cost reduction in 2004. The following table summarizes the annual expense recognized related to the retirement plans for 2013, 2012 and 2011:

	(In Millions)		
	2013	2012	2011
Defined benefit pension plans	**$ 52.1**	$ 55.2	$ 37.8
Defined contribution pension plans	**6.8**	6.7	5.7
Other postretirement benefits	**17.4**	28.1	26.8
Total	**$ 76.3**	$ 90.0	$ 70.3

The following tables and information provide additional disclosures for our consolidated plans.

Obligations and Funded Status

The following tables and information provide additional disclosures for the December 31, 2013 and 2012:

	(In Millions)			
	Pension Benefits		Other Benefits	
Change in benefit obligations:	**2013**	2012	**2013**	2012
Benefit obligations — beginning of year	**$ 1,244.3**	$ 1,141.4	**$ 459.8**	$ 488.4
Service cost (excluding expenses)	**38.9**	32.0	**12.3**	14.7
Interest cost	**45.9**	48.4	**17.3**	20.6
Plan amendments	**0.8**	2.8	**—**	(58.3)
Actuarial (gain) loss	**(121.8)**	84.3	**(103.3)**	11.3
Benefits paid	**(72.9)**	(71.0)	**(28.0)**	(26.9)
Participant contributions	**—**	—	**5.6**	4.6
Federal subsidy on benefits paid	**—**	—	**0.5**	0.8
Exchange rate (gain) loss	**(17.2)**	6.4	**(8.0)**	4.6
Benefit obligations — end of year	**$ 1,118.0**	$ 1,244.3	**$ 356.2**	$ 459.8
Change in plan assets:				
Fair value of plan assets — beginning of year	**$ 838.7**	$ 744.1	**$ 237.0**	$ 193.5
Actual return on plan assets	**109.5**	92.5	**11.0**	26.1
Participant contributions	**—**	—	**1.8**	1.7
Employer contributions	**53.7**	67.7	**20.7**	23.3
Benefits paid	**(72.9)**	(71.0)	**(18.7)**	(7.6)
Exchange rate gain (loss)	**(13.7)**	5.4	**—**	—
Fair value of plan assets — end of year	**$ 915.3**	$ 838.7	**$ 251.8**	$ 237.0
Funded status at December 31:				
Fair value of plan assets	**$ 915.3**	$ 838.7	**$ 251.8**	$ 237.0
Benefit obligations	**(1,118.0)**	(1,244.3)	**(356.2)**	(459.8)
Funded status (plan assets less benefit obligations)	**$ (202.7)**	$ (405.6)	**$ (104.4)**	$ (222.8)
Amount recognized at December 31	**$ (202.7)**	$ (405.6)	**$ (104.4)**	$ (222.8)
Amounts recognized in Statements of Financial Position:				
Current liabilities	**$ (5.2)**	$ (1.8)	**$ (7.9)**	$ (8.3)
Noncurrent liabilities	**(197.5)**	(403.8)	**(96.5)**	(214.5)
Net amount recognized	**$ (202.7)**	$ (405.6)	**$ (104.4)**	$ (222.8)
Amounts recognized in accumulated other comprehensive income:				
Net actuarial loss	**$ 230.6**	$ 429.2	**$ 67.0**	$ 176.8
Prior service cost	**14.9**	17.2	**(45.4)**	(48.8)
Transition asset	**—**	—	**—**	—
Net amount recognized	**$ 245.5**	$ 446.4	**$ 21.6**	$ 128.0
The estimated amounts that will be amortized from accumulated other comprehensive income into net periodic benefit cost in 2014:				
Net actuarial loss	**$ 14.2**		**$ 4.6**	
Prior service cost	**2.7**		**(3.6)**	
Net amount recognized	**$ 16.9**		**$ 1.0**	

	(In Millions)							
	2013							
	Pension Plans					**Other Benefits**		
	Salaried	**Hourly**	**Mining**	**SERP**	**Total**	**Salaried**	**Hourly**	**Total**
Fair value of plan assets	**$ 357.4**	**$ 552.7**	**$ 5.2**	**$ —**	**$ 915.3**	**$ —**	**$ 251.8**	**$ 251.8**
Benefit obligation	**(427.2)**	**(674.8)**	**(6.8)**	**(9.2)**	**(1,118.0)**	**(53.6)**	**(302.6)**	**(356.2)**
Funded status	**$ (69.8)**	**$ (122.1)**	**$ (1.6)**	**$ (9.2)**	**$ (202.7)**	**$ (53.6)**	**$ (50.8)**	**$ (104.4)**

	2012							
	Pension Plans					Other Benefits		
	Salaried	Hourly	Mining	SERP	Total	Salaried	Hourly	Total
Fair value of plan assets	$ 328.2	$ 506.4	$ 4.1	$ —	$ 838.7	$ —	$ 237.0	$ 237.0
Benefit obligation	(464.4)	(764.8)	(6.4)	(8.7)	(1,244.3)	(72.6)	(387.2)	(459.8)
Funded status	$ (136.2)	$ (258.4)	$ (2.3)	$ (8.7)	$ (405.6)	$ (72.6)	$ (150.2)	$ (222.8)

The accumulated benefit obligation for all defined benefit pension plans was $1,091.4 million and $1,204.7 million at December 31, 2013 and 2012, respectively. The decrease in the accumulated benefit obligation primarily is a result of an increase in the discount rates.

Components of Net Periodic Benefit Cost

	(In Millions)					
	Pension Benefits			**Other Benefits**		
	2013	2012	2011	**2013**	2012	2011
Service cost	**$ 38.9**	$ 32.0	$ 23.6	**$ 12.3**	$ 14.7	$ 11.1
Interest cost	**45.9**	48.4	51.4	**17.3**	20.6	22.3
Expected return on plan assets	**(65.6)**	(59.5)	(61.2)	**(20.1)**	(17.7)	(16.1)
Amortization:						
Net asset	**—**	—	—	**—**	(3.0)	(3.0)
Prior service costs (credits)	**3.0**	3.9	4.4	**(3.6)**	1.9	3.7
Net actuarial gains	**29.9**	30.4	19.6	**11.5**	11.6	8.8
Net periodic benefit cost	**$ 52.1**	$ 55.2	$ 37.8	**$ 17.4**	$ 28.1	$ 26.8
Acquired through business combinations	**—**	—	—	**—**	—	—
Current year actuarial (gain)/loss	**(168.8)**	53.1	165.3	**(95.2)**	3.2	46.8
Amortization of net loss	**(29.9)**	(30.4)	(19.6)	**(11.5)**	(11.6)	(8.8)
Current year prior service cost	**0.8**	2.8	—	**—**	(58.3)	—
Amortization of prior service (cost) credit	**(3.0)**	(3.9)	(4.4)	**3.6**	(1.9)	(3.7)
Amortization of transition asset	**—**	—	—	**—**	3.0	3.0
Total recognized in other comprehensive income	**$ (200.9)**	$ 21.6	$ 141.3	**$ (103.1)**	$ (65.6)	$ 37.3
Total recognized in net periodic cost and other comprehensive income	**$ (148.8)**	$ 76.8	$ 179.1	**$ (85.7)**	$ (37.5)	$ 64.1

Additional Information

	(In Millions)					
	Pension Benefits			**Other Benefits**		
	2013	2012	2011	**2013**	2012	2011
Effect of change in mine ownership & noncontrolling interest	**$ 46.5**	$ 54.8	$ 53.3	**$ 4.8**	$ 8.6	$ 12.5
Actual return on plan assets	**109.5**	92.5	10.8	**11.0**	26.1	1.9

Assumptions

For our U.S. pension and other postretirement benefit plans, we used a discount rate as of December 31, 2013 of 4.57 percent, compared with a discount rate of 3.70 percent as of December 31, 2012. The U.S. discount rates are determined by matching the projected cash flows used to determine the PBO and APBO to a projected yield curve of 494 Aa graded bonds in the 10th to 90th percentiles. These bonds are either noncallable or callable with make-whole provisions. The duration matching produced rates ranging from 4.36 percent to 4.66 percent for our plans. Based upon these results, we selected a December 31, 2013 discount rate of 4.57 percent for our plans. This methodology is consistent with the calculation of the prior-year discount rate.

For our Canadian plans, we used a discount rate as of December 31, 2013 of 4.50 percent for the pension plans and 4.75 percent for the other postretirement benefit plans. Similar to the U.S. plans, the Canadian discount rates are determined by matching the projected cash flows used to determine the PBO and APBO to a projected yield curve of 334 corporate bonds in the 10th to 90th percentiles. The corporate bonds are either Aa graded, or (for maturities of 10 or more years) A or Aaa graded with an appropriate credit spread adjustment. These bonds are either noncallable or callable with make whole provisions. This methodology is consistent with the calculation of the prior-year discount rate.

Weighted-average assumptions used to determine benefit obligations at December 31 were:

	Pension Benefits		Other Benefits	
	2013	2012	**2013**	2012
U.S. plan discount rate	**4.57%**	3.70%	**4.57%**	3.70%
Canadian plan discount rate	**4.50**	3.75	**4.75**	4.00
Salaried rate of compensation increase	**4.00**	4.00	**4.00**	4.00
Hourly rate of compensation increase (ultimate)	**3.00**	4.00	**N/A**	N/A
U.S. expected return on plan assets	**8.25**	8.25	**7.00**	8.25
Canadian expected return on plan assets	**7.25**	7.25	**N/A**	N/A

Weighted-average assumptions used to determine net benefit cost for the years 2013, 2012 and 2011 were:

	Pension Benefits			Other Benefits		
	2013	2012	2011	**2013**	2012	2011
U.S. plan discount rate	**3.70 %**	4.28 %	5.11 %	**3.70 %**	4.28/3.51 % [1]	5.11 %
Canadian plan discount rate	**3.75**	4.00	5.00	**4.00**	4.25	5.00
U.S. expected return on plan assets	**8.25**	8.25	8.50	**8.25**	8.25	8.50
Canadian expected return on plan assets	**7.25**	7.25	7.50	**N/A**	N/A	7.50
Salaried rate of compensation increase	**4.00**	4.00	4.00	**4.00**	4.00	4.00
Hourly rate of compensation increase	**4.00**	4.00	4.00	**N/A**	N/A	N/A

[1] 4.28 percent for the Salaried Plan. For the Hourly Plan, 4.28 percent from January 1, 2012 through October 31, 2012, and 3.51 percent from November 1, 2012 through December 31, 2012.

Assumed health care cost trend rates at December 31 were:

	2013	2012
U.S. plan health care cost trend rate assumed for next year	**7.25 %**	7.50 %
Canadian plan health care cost trend rate assumed for next year	**4.00**	7.50
Ultimate health care cost trend rate	**5.00**	5.00
U.S. plan year that the ultimate rate is reached	**2023**	2023
Canadian plan year that the ultimate rate is reached	**2018**	2018

The Canadian plan health care cost trend rate assumed for next year decreased as we have experienced lower than expected Canadian plan health care costs in recent years.

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A change of one percentage point in assumed health care cost trend rates would have the following effects:

	(In Millions)	
	Increase	**Decrease**
Effect on total of service and interest cost	$ 5.4	$ (4.1)
Effect on postretirement benefit obligation	38.2	(31.3)

Plan Assets

Our financial objectives with respect to our pension and VEBA plan assets are to fully fund the actuarial accrued liability for each of the plans, to maximize investment returns within reasonable and prudent levels of risk, and to maintain sufficient liquidity to meet benefit obligations on a timely basis.

Our investment objective is to outperform the expected Return on Asset ("ROA") assumption used in the plans' actuarial reports over a full market cycle, which is considered a period during which the U.S. economy experiences the effects of both an upturn and a downturn in the level of economic activity. In general, these periods tend to last between three and five years. The expected ROA takes into account historical returns and estimated future long-term returns based on capital market assumptions applied to the asset allocation strategy.

The asset allocation strategy is determined through a detailed analysis of assets and liabilities by plan, which defines the overall risk that is acceptable with regard to the expected level and variability of portfolio returns, surplus (assets compared to liabilities), contributions and pension expense.

The asset allocation review process involves simulating the effect of financial market performance for various asset allocation scenarios and factoring in the current funded status and likely future funded status levels by taking into account expected growth or decline in the contributions over time. The modeling is then adjusted by simulating unexpected changes in inflation and interest rates. The process also includes quantifying the effect of investment performance and simulated changes to future levels of contributions, determining the appropriate asset mix with the highest likelihood of meeting financial objectives and regularly reviewing our asset allocation strategy.

The asset allocation strategy varies by plan. The following table reflects the actual asset allocations for pension and VEBA plan assets as of December 31, 2013 and 2012, as well as the 2014 weighted average target asset allocations as of December 31, 2013. Equity investments include securities in large-cap, mid-cap and small-cap companies located in the U.S. and worldwide. Fixed income investments primarily include corporate bonds and government debt securities. Alternative investments include hedge funds, private equity, structured credit and real estate.

Asset Category	Pension Assets 2014 Target Allocation	Pension Assets Percentage of Plan Assets at December 31, 2013	Pension Assets Percentage of Plan Assets at December 31, 2012	VEBA Assets 2014 Target Allocation	VEBA Assets Percentage of Plan Assets at December 31, 2013	VEBA Assets Percentage of Plan Assets at December 31, 2012
Equity securities	46.9%	**51.5%**	45.9%	10.9%	**10.4%**	42.6%
Fixed income	28.4%	**26.7%**	29.5%	69.4%	**66.6%**	32.9%
Hedge funds	6.5%	**6.3%**	10.2%	8.0%	**9.8%**	9.8%
Private equity	5.8%	**3.2%**	3.5%	2.7%	**2.4%**	2.6%
Structured credit	6.2%	**6.7%**	6.7%	4.0%	**5.4%**	5.3%
Real estate	6.2%	**4.5%**	3.5%	5.0%	**5.3%**	6.7%
Cash	—%	**1.1%**	0.7%	—%	**0.1%**	0.1%
Total	100.0%	**100.0%**	100.0%	100.0%	**100.0%**	100.0%

Pension

The fair values of our pension plan assets at December 31, 2013 and 2012 by asset category are as follows:

Asset Category	**(In Millions) December 31, 2013 — Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Equity securities:				
U.S. large-cap	**$ 261.5**	**$ —**	**$ —**	**$ 261.5**
U.S. small/mid-cap	**60.8**	**—**	**—**	**60.8**
International	**149.3**	**—**	**—**	**149.3**
Fixed income	**214.8**	**30.1**	**—**	**244.9**
Hedge funds	**—**	**—**	**57.6**	**57.6**
Private equity	**—**	**—**	**29.1**	**29.1**
Structured credit	**—**	**—**	**61.0**	**61.0**
Real estate	**—**	**—**	**40.9**	**40.9**
Cash	**10.2**	**—**	**—**	**10.2**
Total	**$ 696.6**	**$ 30.1**	**$ 188.6**	**$ 915.3**

Asset Category	(In Millions) December 31, 2012 — Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities:				
U.S. large-cap	$ 231.1	$ —	$ —	$ 231.1
U.S. small/mid-cap	39.2	—	—	39.2
International	114.5	—	—	114.5
Fixed income	209.1	38.4	—	247.5
Hedge funds	—	—	85.6	85.6
Private equity	—	—	29.3	29.3
Structured credit	—	—	56.2	56.2
Real estate	—	—	29.4	29.4
Cash	5.9	—	—	5.9
Total	$ 599.8	$ 38.4	$ 200.5	$ 838.7

Following is a description of the inputs and valuation methodologies used to measure the fair value of our plan assets.

Equity Securities

Equity securities classified as Level 1 investments include U.S. large-, small- and mid-cap investments and international equity. These investments are comprised of securities listed on an exchange, market or automated quotation system for which quotations are readily available. The valuation of these securities is determined using a market approach, and is based upon unadjusted quoted prices for identical assets in active markets.

Fixed Income

Fixed income securities classified as Level 1 investments include bonds and government debt securities. These investments are comprised of securities listed on an exchange, market or automated quotation system for which quotations are readily available. The valuation of these securities is determined using a market approach, and is based upon unadjusted quoted prices for identical assets in active markets. Also included in Fixed Income is a portfolio of U.S. Treasury STRIPS, which are zero-coupon bearing fixed income securities backed by the full faith and credit of the U.S. government. The securities sell at a discount to par because there are no incremental coupon payments. STRIPS are not issued directly by the Treasury, but rather are created by a financial institution, government securities broker or government securities dealer. Liquidity on the issue varies depending on various market conditions; however, in general the STRIPS market is slightly less liquid than that of the U.S. Treasury Bond market. The STRIPS are priced daily through a bond pricing vendor and are classified as Level 2.

Hedge Funds

Hedge funds are alternative investments comprised of direct or indirect investment in offshore hedge funds of funds with an investment objective to achieve an attractive risk-adjusted return with moderate volatility and moderate directional market exposure over a full market cycle. The valuation techniques used to measure fair value attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. Considerable judgment is required to interpret the factors used to develop estimates of fair value. Valuations of the underlying investment funds are obtained and reviewed. The securities that are valued by the funds are interests in the investment funds and not the underlying holdings of such investment funds. Thus, the inputs used to value the investments in each of the underlying funds may differ from the inputs used to value the underlying holdings of such funds.

In determining the fair value of a security, the fund managers may consider any information that is deemed relevant, which may include one or more of the following factors regarding the portfolio security, if appropriate: type of security or asset; cost at the date of purchase; size of holding; last trade price; most recent valuation; fundamental analytical data relating to the investment in the security; nature and duration of any restriction on the disposition of the security; evaluation of the factors that influence the market in which the security is purchased or sold; financial statements of the issuer; discount from market value of unrestricted securities of the same class at the time of purchase; special reports prepared by analysts; information as to any transactions or offers with respect to the security; existence of merger proposals or tender offers affecting the security; price and extent of public trading in similar securities of the issuer or compatible companies and other relevant matters; changes in interest rates; observations from financial institutions; domestic or foreign government actions or pronouncements; other recent events; existence of shelf registration for restricted securities; existence of any undertaking to register the security; and other acceptable methods of valuing portfolio securities.

Hedge fund investments in the SEI Special Situations Fund are valued quarterly and recorded on a one-month lag. For alternative investment values reported on a lag, current market information is reviewed for any material changes in values at the reporting date. Share repurchases for the SEI Special Situations Fund are considered semi-annually subject to notice of 95 days.

Private Equity Funds

Private equity funds are alternative investments that represent direct or indirect investments in partnerships, venture funds or a diversified pool of private investment vehicles (fund of funds).

Investment commitments are made in private equity funds of funds based on an asset allocation strategy, and capital calls are made over the life of the funds to fund the commitments. As of December 31, 2013, remaining commitments total $8.7 million for both our pension and other benefits. Committed amounts are funded from plan assets when capital calls are made. Investment commitments are not pre-funded in reserve accounts. Refer to the valuation methodologies for equity securities above for further information.

The valuation of investments in private equity funds of funds initially is performed by the underlying fund managers. In determining the fair value, the fund managers may consider any information that is deemed relevant, which may include: type of security or asset; cost at the date of purchase; size of holding; last trade price; most recent valuation; fundamental analytical data relating to the investment in the security; nature and duration of any restriction on the disposition of the security; evaluation of the factors that influence the market in which the security is purchased or sold; financial statements of the issuer; discount from market value of unrestricted securities of the same class at the time of purchase; special reports prepared by analysts; information as to any transactions or offers with respect to the security; existence of merger proposals or tender offers affecting the security; price and extent of public trading in similar securities of the issuer or compatible companies and other relevant matters; changes in interest rates; observations from financial institutions; domestic or foreign government actions or pronouncements; other recent events; existence of shelf registration for restricted securities; existence of any undertaking to register the security; and other acceptable methods of valuing portfolio securities.

The valuations are obtained from the underlying fund managers, and the valuation methodology and process is reviewed for consistent application and adherence to policies. Considerable judgment is required to interpret the factors used to develop estimates of fair value.

Private equity investments are valued quarterly and recorded on a one-quarter lag. For alternative investment values reported on a lag, current market information is reviewed for any material changes in values at the reporting date. Capital distributions for the funds do not occur on a regular frequency. Liquidation of these investments would require sale of the partnership interest.

Structured Credit

Structured credit investments are alternative investments comprised of collateralized debt obligations and other structured credit investments that are priced based on valuations provided by independent, third-party pricing agents, if available. Such values generally reflect the last reported sales price if the security is actively traded. The third-party pricing agents may also value structured credit investments at an evaluated bid price by employing methodologies that utilize actual market transactions, broker-supplied valuations, or other methodologies designed to identify the market value of such securities. Such methodologies generally consider such factors as security prices, yields, maturities, call features, ratings and developments relating to specific securities in arriving at valuations. Securities listed on a securities exchange, market or automated quotation system for which quotations are readily available are valued at the last quoted sale price on the primary exchange or market on which they are traded. Debt obligations with remaining maturities of 60 days or less may be valued at amortized cost, which approximates fair value.

Structured credit investments are valued monthly and recorded on a one-month lag. For alternative investment values reported on a lag, current market information is reviewed for any material changes in values at the reporting date. Redemption requests are considered quarterly subject to notice of 90 days.

Real Estate

The real estate portfolio for the pension plans is an alternative investment comprised of three funds with strategic categories of real estate investments. All real estate holdings are appraised externally at least annually, and appraisals are conducted by reputable, independent appraisal firms that are members of the

Appraisal Institute. All external appraisals are performed in accordance with the Uniform Standards of Professional Appraisal Practices. The property valuations and assumptions of each property are reviewed quarterly by the investment advisor and values are adjusted if there has been a significant change in circumstances relating to the property since the last external appraisal. The valuation methodology utilized in determining the fair value is consistent with the best practices prevailing within the real estate appraisal and real estate investment management industries, including the Real Estate Information Standards, and standards promulgated by the National Council of Real Estate Investment Fiduciaries, the National Association of Real Estate Investment Fiduciaries, and the National Association of Real Estate Managers. In addition, the investment advisor may cause additional appraisals to be performed. Two of the funds' fair values are updated monthly, and there is no lag in reported values. Redemption requests for these two funds are considered on a quarterly basis, subject to notice of 45 days.

Effective October 1, 2009, one of the real estate funds began an orderly wind-down over a three to four year period. The decision to wind down the fund primarily was driven by real estate market factors that adversely affected the availability of new investor capital. Third-party appraisals of this fund's assets were eliminated; however, internal valuation updates for all assets and liabilities of the fund are prepared quarterly. The fund's asset values are recorded on a one-quarter lag, and current market information is reviewed for any material changes in values at the reporting date. Distributions from sales of properties will be made on a pro-rata basis. Repurchase requests will not be honored during the wind-down period.

During 2011, a new real estate fund of funds investment was added for the Empire, Tilden, Hibbing and United Taconite VEBA plans as a result of the asset allocation review process. This fund invests in pooled investment vehicles that in turn invest in commercial real estate properties. Valuations are performed quarterly and financial statements are prepared on a semi-annual basis, with annual audited statements. Asset values for this fund are reported with a one-quarter lag and current market information is reviewed for any material changes in values at the reporting date. In most cases, values are based on valuations reported by underlying fund managers or other independent third-party sources, but the fund has discretion to use other valuation methods, subject to compliance with ERISA. Valuations are typically estimates only and subject to upward or downward revision based on each underlying fund's annual audit. Withdrawals are permitted on the last business day of each quarter subject to a 65-day prior written notice.

The following represents the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the years ended December 31, 2013 and 2012:

	(In Millions)				
	Year Ended December 31, 2013				
	Hedge Funds	Private Equity Funds	Structured Credit Fund	Real Estate	Total
Beginning balance — January 1, 2013	$ 85.6	$ 29.3	$ 56.2	$ 29.4	$ 200.5
Actual return on plan assets:					
Relating to assets still held at the reporting date	4.5	(2.1)	33.5	5.1	41.0
Relating to assets sold during the period	(1.2)	5.2	(28.7)	(0.4)	(25.1)
Purchases	66.0	14.7	27.5	36.8	145.0
Sales	(97.3)	(18.0)	(27.5)	(30.0)	(172.8)
Ending balance — December 31, 2013	$ 57.6	$ 29.1	$ 61.0	$ 40.9	$ 188.6

	(In Millions)				
	Year Ended December 31, 2012				
	Hedge Funds	Private Equity Funds	Structured Credit Fund	Real Estate	Total
Beginning balance — January 1, 2012	$ 100.7	$ 30.1	$ 44.9	$ 16.5	$ 192.2
Actual return on plan assets:					
Relating to assets still held at the reporting date	4.2	1.4	11.3	4.9	21.8
Relating to assets sold during the period	(0.3)	—	—	(0.5)	(0.8)
Purchases	—	2.2	—	12.2	14.4
Sales	(19.0)	(4.4)	—	(3.7)	(27.1)
Ending balance — December 31, 2012	$ 85.6	$ 29.3	$ 56.2	$ 29.4	$ 200.5

The expected return on plan assets takes into account historical returns and the weighted average of estimated future long-term returns based on capital market assumptions for each asset category. The expected return is net of investment expenses paid by the plans.

VEBA

Assets for other benefits include VEBA trusts pursuant to bargaining agreements that are available to fund retired employees' life insurance obligations and medical benefits. The fair values of our other benefit plan assets at December 31, 2013 and 2012 by asset category are as follows:

	(In Millions)			
	December 31, 2013			
Asset Category	**Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Equity securities:				
U.S. large-cap	**$ 15.7**	**$ —**	**$ —**	**$ 15.7**
U.S. small/mid-cap	**2.7**	**—**	**—**	**2.7**
International	**7.8**	**—**	**—**	**7.8**
Fixed income	**134.4**	**33.7**	**—**	**168.1**
Hedge funds	**—**	**—**	**24.6**	**24.6**
Private equity	**—**	**—**	**6.0**	**6.0**
Structured credit	**—**	**—**	**13.5**	**13.5**
Real estate	**—**	**—**	**13.2**	**13.2**
Cash	**0.2**	**—**	**—**	**0.2**
Total	**$ 160.8**	**$ 33.7**	**$ 57.3**	**$ 251.8**

Asset Category	(In Millions) December 31, 2012 Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities:				
U.S. large-cap	$ 58.2	$ —	$ —	$ 58.2
U.S. small/mid-cap	10.3	—	—	10.3
International	32.3	—	—	32.3
Fixed income	78.1	—	—	78.1
Hedge funds	—	—	23.2	23.2
Private equity	—	—	6.2	6.2
Structured Credit	—	—	12.5	12.5
Real estate	—	—	15.9	15.9
Cash	0.3	—	—	0.3
Total	**$ 179.2**	**$ —**	**$ 57.8**	**$ 237.0**

Refer to the pension asset discussion above for further information regarding the inputs and valuation methodologies used to measure the fair value of each respective category of plan assets.

The following represents the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the year ended December 31, 2013 and 2012:

	(In Millions) Year Ended December 31, 2013				
	Hedge Funds	**Private Equity Funds**	**Structured Credit Fund**	**Real Estate**	**Total**
Beginning balance — January 1	**$ 23.2**	**$ 6.2**	**$ 12.5**	**$ 15.9**	**$ 57.8**
Actual return on plan assets:					
Relating to assets still held at the reporting date	**2.1**	**0.2**	**2.4**	**2.8**	**7.5**
Relating to assets sold during the period	**(0.7)**	**0.4**	**(1.4)**	**(0.7)**	**(2.4)**
Purchases	**22.5**	**0.3**	**11.0**	**14.2**	**48.0**
Sales	**(22.5)**	**(1.1)**	**(11.0)**	**(19.0)**	**(53.6)**
Ending balance — December 31	**$ 24.6**	**$ 6.0**	**$ 13.5**	**$ 13.2**	**$ 57.3**

	(In Millions) Year Ended December 31, 2012				
	Hedge Funds	Private Equity Funds	Structured Credit Fund	Real Estate	Total
Beginning balance — January 1	$ 28.3	$ 6.8	$ —	$ 10.2	$ 45.3
Actual return on plan assets:					
Relating to assets still held at the reporting date	0.9	0.3	1.5	1.3	4.0
Purchases	—	0.2	11.0	4.4	15.6
Sales	(6.0)	(1.1)	—	—	(7.1)
Ending balance — December 31	$ 23.2	$ 6.2	$ 12.5	$ 15.9	$ 57.8

The expected return on plan assets takes into account historical returns and the weighted average of estimated future long-term returns based on capital market assumptions for each asset category. The expected return is net of investment expenses paid by the plans.

Contributions

Annual contributions to the pension plans are made within income tax deductibility restrictions in accordance with statutory regulations. In the event of plan termination, the plan sponsors could be required to fund additional shutdown and early retirement obligations that are not included in the pension obligations. The Company currently has no intention to shutdown, terminate or withdraw from any of its employee benefit plans.

	(In Millions)			
		Other Benefits		
Company Contributions	Pension Benefits	VEBA	Direct Payments	Total
2012	$ 67.7	$ 17.4	$ 21.6	$ 39.0
2013	53.7	14.6	10.9	25.5
2014 (Expected)*	68.2	—	7.9	7.9

* Pursuant to the bargaining agreement, benefits can be paid from VEBA trusts that are at least 70 percent funded (all VEBA trusts are 70 percent funded at December 31, 2013). Funding obligations are suspended when Hibbing's, UTAC's, Tilden's and Empire's share of the value of their respective trust assets reaches 90 percent of their obligation.

VEBA plans are not subject to minimum regulatory funding requirements. Amounts contributed are pursuant to bargaining agreements.

Contributions by participants to the other benefit plans were $5.6 million for the year ended December 31, 2013 and $4.6 million for the year ended December 31, 2012.

Estimated Cost for 2014

For 2014, we estimate net periodic benefit cost as follows:

	(In Millions)
Defined benefit pension plans	$ 28.0
Other postretirement benefits	8.3
Total	$ 36.3

Estimated Future Benefit Payments

	(In Millions)			
		Other Benefits		
	Pension Benefits	Gross Company Benefits	Less Medicare Subsidy	Net Company Payments
2014	$ 81.7	$ 23.7	$ 1.0	$ 22.7
2015	77.9	24.9	1.1	23.8
2016	78.6	24.8	1.2	23.6
2017	79.6	25.0	1.4	23.6
2018	81.6	25.0	1.5	23.5
2019-2023	414.6	119.6	9.4	110.2

Other Potential Benefit Obligations

While the foregoing reflects our obligation, our total exposure in the event of non-performance is potentially greater. Following is a summary comparison of the total obligation:

	(In Millions)	
	December 31, 2013	
	Defined Benefit Pensions	Other Benefits
Fair value of plan assets	$ 915.3	$ 251.8
Benefit obligation	(1,118.0)	(356.2)
Underfunded status of plan	$ (202.7)	$ (104.4)
Additional shutdown and early retirement benefits	$ (15.4)	$ (53.6)

NOTE 14 - STOCK COMPENSATION PLANS

At December 31, 2013, we have two share-based compensation plans, which are described below. The compensation cost that has been charged against income for those plans was $21.1 million, $20.6 million and $15.9 million in 2013, 2012 and 2011, respectively, which primarily was recorded in *Selling, general and administrative expenses* in the Statements of Consolidated Operations. The total income tax benefit recognized in the Statements of Consolidated Operations for share-based compensation arrangements was $7.4 million, $7.2 million and $5.6 million for 2013, 2012 and 2011, respectively.

Employees' Plans

On May 11, 2010, our shareholders approved and adopted an amendment and restatement of the ICE Plan to increase the authorized number of shares available for issuance under the plan and to provide an annual limitation on the number of shares available to grant to any one participant in any fiscal year of 500,000 common shares. As of December 31, 2011, our ICE Plan authorized up to 11.0 million of our common shares to be issued as stock options, SARs, restricted shares, restricted share units, retention units, deferred shares and performance shares or performance units. Any of the foregoing awards may be made subject to attainment of performance goals over a performance period of one or more years. Each stock option and SAR will reduce the common shares available under the ICE Plan by one common share. Each other award will reduce the common shares available under the ICE Plan by two common shares. The performance shares and performance share units are intended to meet the requirements of section 162(m) of the Internal Revenue Code for deduction.

The ICE Plan was terminated on May 8, 2012 and no additional grants will be issued from the ICE Plan after this date; however, all awards previously granted under the ICE Plan continue in full force and effect in accordance with the terms of the award.

The 2012 Equity Plan was approved by our Board of Directors on March 13, 2012 and our shareholders approved it on May 8, 2012, effective as of March 13, 2012. The 2012 Equity Plan replaced the ICE Plan. The maximum number of shares that may be issued under the 2012 Equity Plan is 6.0 million common shares. On March 11, 2013, the Compensation and Organization Committee of the Board of Directors approved a grant under our shareholder-approved 2012 Equity Plan for the 2013 to 2015 performance period. A total of 1.0 million shares were granted under the award, consisting of 0.8 million performance shares and 0.2 million restricted share units. In addition, 0.1 million restricted share units related to retention or employees newly hired were granted during 2013. Dividend equivalents are accrued on unvested performance shares and restricted share units and payable in cash upon vesting.

For the outstanding ICE Plan and Equity Plan awards, each performance share, if earned, entitles the holder to receive common shares or cash for participants in China within a range between a threshold and maximum number of our common shares, with the actual number of common shares earned dependent upon whether the Company achieves certain objectives and performance goals as established by the Committee. The performance share or unit grants vest over a period of three years and are intended to be paid out in common shares or cash in certain circumstances. Performance for the 2011 to 2013 performance period is measured on the basis of two factors: 1) relative TSR for the period and 2) three-year cumulative free cash flow. The relative TSR for the 2011 to 2013 performance period is measured against the constituents of the S&P Metals and Mining ETF Index on the last day of trading of the performance period. Performance for the 2012 to 2014 and for the 2013 to 2015 performance periods are measured only on the basis of relative TSR for the period and measured against the constituents of the S&P Metals and Mining ETF Index on the last day of trading of the performance period. The final payouts for the 2011 to 2013 performance period, the 2012 to 2014 performance period and the 2013 to 2015 performance period will vary from zero to 200 percent of the original grant. The restricted share units are subject to continued employment, are retention based, will vest at the end of the respective performance period, and are payable in common shares or cash in certain circumstances at a time determined by the Committee at its discretion.

Upon the occurrence of a change in control, all performance shares, restricted share units, restricted stock, performance units and retention units granted to a participant prior to October 2013 will vest and become nonforfeitable and will be paid out in cash for awards currently outstanding. For any future equity grants after September 2013, if we experience a change in control, then the vesting of all such grants only will accelerate following a termination associated with the change in control and if the common shares are not substituted.

Following is a summary of our Performance Share Award Agreements currently outstanding:

Performance Share Plan Year	Performance Shares Outstanding		Forfeitures (1)	Grant Date	Performance Period
2013	574,941		177,279	March 11, 2013	1/1/2013 - 12/31/2015
2012	239,072		70,768	March 12, 2012	1/1/2012 - 12/31/2014
2011	156,178		32,112	March 8, 2011	1/1/2011 - 12/31/2013
2011	1,717		373	April 14, 2011	1/1/2011 - 12/31/2013
2011	1,290		—	May 2, 2011	1/1/2011 - 12/31/2013
2010	12,480	(2)	—	March 8, 2010	12/31/2009 - 12/31/2013
2009	44,673	(2)	—	December 17, 2009	12/31/2009 - 12/31/2013

(1) The 2013 and 2012 awards are based on assumed forfeitures. The 2011 awards reflect actual forfeitures.

(2) Represents the target payout as of December 31, 2013 related to the 44,673 shares awarded on December 17, 2009 and the 12,480 shares awarded on March 8, 2010 based upon the Compensation Committee’s ability to exercise negative discretion.

The performance shares awarded under the ICE Plan to the Company’s retired Chief Executive Officer on December 17, 2009 and March 8, 2010 of 67,009 shares and 18,720 shares met the aggregate value-added performance objective under the award terms as of December 31, 2010. The number of shares paid out under these particular awards at the end of each incentive period will be determined by the Compensation Committee based upon the achievement of certain other performance factors evaluated solely at the Compensation Committee’s discretion and may be reduced from the 67,009 shares and 18,720 shares granted. Based on the Compensation Committee’s ability to exercise negative discretion, the targeted payout for the award was 44,673 shares and 12,480 shares, respectively, as of December 31, 2013. These other performance factors are in addition to the aggregate value-added performance objective. Pursuant to the terms of the retired Chief Executive Officer's severance agreement and release, he will receive at least the target number of shares under the December 17, 2009 and March 8, 2010 awards.

Nonemployee Directors

The Directors’ Plan authorizes us to issue up to 800,000 common shares to nonemployee Directors. Under the Share Ownership Guidelines in effect for 2013 ("Guidelines"), a Director is required by the end of five years from date of election or September 1, 2010, whichever is later, to hold common shares with a market value of at least $250,000. If, as of December 1 annually, the nonemployee Director does not meet the Guidelines, the nonemployee Director must take a portion of the annual retainer fee in common shares with a market value of $24,000 (“Required Retainer”) until such time as the nonemployee Director reaches the ownership required by the Guidelines. Once the nonemployee Director meets the Guidelines, the nonemployee Director may elect to receive the Required Retainer in cash. Since April 1, 2011, nonemployee Directors have received an annual retainer fee of $60,000.

The Directors’ Plan also provides for an Annual Equity Grant ("Equity Grant"). The Equity Grant is awarded at our annual meeting each year to all nonemployee Directors elected or re-elected by the shareholders and a pro-rata amount is awarded to new directors upon their appointment. The value of the Equity Grant is payable in restricted shares with a three-year vesting period from the date of grant. The closing market price of our common shares on our annual meeting date is divided into the Equity Grant to determine the number of restricted shares awarded. In 2011, nonemployee Directors each received Equity Grants of $80,000 and that amount was increased effective May 8, 2012 to $85,000. The Directors’ Plan offers the nonemployee Director the opportunity to defer all or a portion of the Directors’ annual retainer fee, committee chair retainers, meeting fees and the Equity Grant into the Directors’ Plan. A nonemployee Director who is 69 or older at the Equity Grant date will receive common shares with no restrictions.

For the last three years, Equity Grant shares have been awarded to elected or re-elected nonemployee Directors as follows:

Year of Grant	Unrestricted Equity Grant Shares	Restricted Equity Grant Shares	Deferred Equity Grant Shares
2011	1,850	6,475	1,850
2012	1,498	8,988	2,996
2013	3,985	31,506	7,970

Other Information

The following table summarizes the share-based compensation expense that we recorded for continuing operations in 2013, 2012 and 2011:

	(In Millions, except per share amounts)		
	2013	2012	2011
Cost of goods sold and operating expenses	**$ 6.3**	$ 4.0	$ 2.7
Selling, general and administrative expenses	**14.8**	16.6	13.2
Reduction of operating income from continuing operations before income taxes and equity income (loss) from ventures	**21.1**	20.6	15.9
Income tax benefit	**(7.4)**	(7.2)	(5.6)
Reduction of net income attributable to Cliffs shareholders	**$ 13.7**	$ 13.4	$ 10.3
Reduction of earnings per share attributable to Cliffs shareholders:			
Basic	**$ 0.09**	$ 0.09	$ 0.07
Diluted	**$ 0.08**	$ 0.09	$ 0.07

Determination of Fair Value

The fair value of each grant is estimated on the date of grant using a Monte Carlo simulation to forecast relative TSR performance. A correlation matrix of historic and projected stock prices was developed for both the Company and our predetermined peer group of mining and metals companies. The fair value assumes that performance goals will be achieved.

The expected term of the grant represents the time from the grant date to the end of the service period for each of the three plan-year agreements. We estimate the volatility of our common shares and that of the peer group of mining and metals companies using daily price intervals for all companies. The risk-free interest rate is the rate at the grant date on zero-coupon government bonds, with a term commensurate with the remaining life of the performance plans.

The following assumptions were utilized to estimate the fair value for the 2013 performance share grants:

Grant Date	Grant Date Market Price	Average Expected Term (Years)	Expected Volatility	Risk-Free Interest Rate	Dividend Yield	Fair Value	Fair Value (Percent of Grant Date Market Price)
March 11, 2013	$ 23.83	2.81	52.9%	0.40%	2.52%	$ 17.01	71.38%

The fair value of the restricted share units is determined based on the closing price of the Company’s common shares on the grant date. The restricted share units granted under either the ICE Plan or 2012 Equity Plan vest over a period of three years.

Restricted share units, restricted stock awards, deferred stock allocation and performance share activity under our long-term equity plans and Directors' Plans are as follows:

	2013	2012	2011
	Shares	Shares	Shares
Restricted awards:			
Outstanding and restricted at beginning of year	**393,787**	425,166	371,712
Granted during the year	**396,844**	151,869	125,059
Vested	**(118,973)**	(161,741)	(61,330)
Canceled	**(85,574)**	(21,507)	(10,275)
Outstanding and restricted at end of year	**586,084**	393,787	425,166
Performance shares:			
Outstanding at beginning of year	**772,484**	877,435	843,238
Granted during the year [1]	**806,271**	501,346	263,816
Issued [2]	**(289,054)**	(574,518)	(215,870)
Forfeited/canceled	**(249,248)**	(31,779)	(13,749)
Outstanding at end of year	**1,040,453**	772,484	877,435
Vested or expected to vest as of December 31, 2013	**1,030,351**		
Directors' retainer and voluntary shares:			
Outstanding at beginning of year	**2,880**	2,611	2,509
Granted during the year	**8,136**	1,823	1,815
Canceled	**(1,521)**	—	—
Vested	**(2,166)**	(1,554)	(1,713)
Outstanding at end of year	**7,329**	2,880	2,611
Reserved for future grants or awards at end of year:			
Employee plans	**2,988,310**		
Directors' plans	**40,932**		
Total	**3,029,242**		

1 The shares granted during the year include 54,051 shares, 191,506 shares and 71,956 shares for each year presented, respectively, related to the 23%, 50% and 50% payout associated with the prior-year pool as actual payout exceeded target.

2 For each year presented, the shares vested on December 31, 2012, December 31, 2011 and December 31, 2010, respectively, and were valued on February 21, 2013, February 13, 2012 and February 14, 2011, respectively.

A summary of our outstanding share-based awards as of December 31, 2013 is shown below:

	Shares	**Weighted Average Grant Date Fair Value**
Outstanding, beginning of year	1,169,151	$61.81
Granted	1,211,251	$19.84
Vested	(410,193)	$51.24
Forfeited/expired	(336,343)	$36.42
Outstanding, end of year	1,633,866	$40.20

The total compensation cost related to outstanding awards not yet recognized is $18.2 million at December 31, 2013. The weighted average remaining period for the awards outstanding at December 31, 2013 is approximately 1.9 years.

NOTE 15 - INCOME TAXES

Income (Loss) from Continuing Operations Before Income Taxes and Equity Income (Loss) from Ventures includes the following components:

	(In Millions)		
	2013	2012	2011
United States	**$ 837.7**	$ 838.6	$ 1,506.5
Foreign	**(348.4)**	(1,340.4)	684.0
	$ 489.3	$ (501.8)	$ 2,190.5

The components of the provision (benefit) for income taxes on continuing operations consist of the following:

	(In Millions)		
	2013	2012	2011
Current provision (benefit):			
United States federal	**$ 101.3**	$ 71.1	$ 246.8
United States state & local	**4.0**	7.6	2.8
Foreign	**87.9**	50.2	224.7
	193.2	128.9	474.3
Deferred provision (benefit):			
United States federal	**23.3**	221.2	23.8
United States state & local	**3.0**	1.4	4.7
Foreign	**(164.4)**	(95.6)	(95.1)
	(138.1)	127.0	(66.6)
Total provision on income (loss) from continuing operations	**$ 55.1**	$ 255.9	$ 407.7

Reconciliation of our income tax attributable to continuing operations computed at the U.S. federal statutory rate is as follows:

	(In Millions)					
	2013		2012		2011	
Tax at U.S. statutory rate of 35 percent	**$ 171.3**	**35.0 %**	$ (175.6)	35.0 %	$ 766.7	35.0 %
Increase (decrease) due to:						
Foreign exchange remeasurement	**(2.6)**	**(0.5)**	62.3	(12.4)	(62.6)	(2.9)
Non-taxable income related to noncontrolling interests	**(1.5)**	**(0.3)**	61.0	(12.0)	(63.6)	(2.9)
Impact of tax law change	**—**	**—**	(357.1)	71.2	—	—
Percentage depletion in excess of cost depletion	**(97.6)**	**(19.9)**	(109.1)	21.7	(153.4)	(7.0)
Impact of foreign operations	**(10.2)**	**(2.1)**	65.2	(13.0)	(44.0)	(2.0)
Income not subject to tax	**(106.6)**	**(21.8)**	(108.0)	21.5	(67.5)	(3.1)
Goodwill impairment	**20.5**	**4.2**	202.2	(40.3)	—	—
Non-taxable hedging income	**—**	**—**	—	—	(32.4)	(1.5)
State taxes, net	**5.6**	**1.1**	7.3	(1.5)	7.5	0.3
Manufacturer's deduction	**(7.9)**	**(1.6)**	(4.7)	0.9	(11.9)	(0.5)
Valuation allowance	**73.0**	**14.9**	634.5	(126.5)	49.5	2.3
Tax uncertainties	**19.6**	**5.3**	(14.8)	2.9	17.7	0.8
Prior year adjustment in current year	**(11.4)**	**(3.6)**	(5.7)	1.1	(18.0)	(0.8)
Other items — net	**2.9**	**0.6**	(1.6)	0.4	19.7	0.9
Income tax expense	**$ 55.1**	**11.3 %**	$ 255.9	(51.0)%	$ 407.7	18.6 %

The components of income taxes for other than continuing operations consisted of the following:

	(In Millions)		
	2013	2012	2011
Other comprehensive (income) loss:			
Pension/OPEB liability	**$ 100.0**	$ 13.8	$ (60.2)
Mark-to-market adjustments	**2.0**	1.7	(17.7)
Other	**(12.4)**	2.6	—
Total	**$ 89.6**	$ 18.1	$ (77.9)
Paid in capital — acquisition of noncontrolling interest	**$ 102.1**	$ —	$ —
Paid in capital — stock based compensation	**$ 3.5**	$ (12.8)	$ (4.6)
Discontinued Operations	**$ (2.0)**	$ 10.4	$ 3.2

Significant components of our deferred tax assets and liabilities as of December 31, 2013 and 2012 are as follows:

	(In Millions)	
	2013	2012
Deferred tax assets:		
Pensions	**$ 88.4**	$ 161.2
MRRT starting base allowance	**300.3**	357.1
Postretirement benefits other than pensions	**58.0**	87.7
Alternative minimum tax credit carryforwards	**299.2**	274.9
Investment in ventures	**—**	14.1
Asset retirement obligations	**61.7**	48.2
Operating loss carryforwards	**524.4**	396.4
Product inventories	**16.4**	45.4
Property, plant and equipment and mineral rights	**56.0**	49.2
Lease liabilities	**31.9**	31.0
Other liabilities	**138.3**	140.9
Total deferred tax assets before valuation allowance	**1,574.6**	1,606.1
Deferred tax asset valuation allowance	**864.1**	858.4
Net deferred tax assets	**710.5**	747.7
Deferred tax liabilities:		
Property, plant and equipment and mineral rights	**1,400.8**	1,350.5
Investment in ventures	**196.4**	207.6
Intangible assets	**33.5**	24.6
Income tax uncertainties	**48.5**	48.5
Financial derivatives	**—**	1.6
Product inventories	**12.8**	19.6
Other assets	**93.0**	101.9
Total deferred tax liabilities	**1,785.0**	1,754.3
Net deferred tax (liabilities) assets	**$ (1,074.5)**	$ (1,006.6)

The deferred tax amounts are classified in the Statements of Consolidated Financial Position as current or long-term consistently with the underlying asset or liability that generates the basis difference between financial reporting and tax. Following is a summary:

	(In Millions)	
	2013	2012
Deferred tax assets:		
United States	**$ 7.2**	$ 5.2
Foreign		
Current	**29.4**	3.8
Long-term	**41.5**	151.5
Total deferred tax assets	**78.1**	160.5
Deferred tax liabilities:		
United States	**175.3**	58.4
Foreign		
Current	**6.1**	—
Long-term	**971.2**	1,108.7
Total deferred tax liabilities	**1,152.6**	1,167.1
Net deferred tax (liabilities)	**$ (1,074.5)**	$ (1,006.6)

At December 31, 2013 and 2012, we had $299.2 million and $274.9 million, respectively, of gross deferred tax assets related to U.S. alternative minimum tax credits that can be carried forward indefinitely.

We had gross state and foreign net operating loss carryforwards of $157.9 million, and $3.5 billion, respectively, at December 31, 2013. We had gross state and foreign net operating loss carryforwards at December 31, 2012 of, $185.0 million and $2.1 billion, respectively. State net operating losses will begin to expire in 2022, and the foreign net operating losses will begin to expire in 2015. We had foreign tax credit carryforwards of $5.8 million at December 31, 2013 and December 31, 2012. The foreign tax credit carryforwards will begin to expire in 2020.

We recorded a $102.1 million net increase to the deferred tax liabilities related to the acquisition of noncontrolling interest in Bloom Lake.

We recorded a $5.7 million net increase in the valuation allowance of certain deferred tax assets where management believes that realization of the related deferred tax assets is not more likely than not. Of this amount, a $40.9 million increase relates to ordinary losses of certain foreign and state operations for which future utilization is currently uncertain, a $6.9 million increase relates to certain foreign assets where tax basis exceeds book basis, a $13.5 million decrease relates to the reversal of our valuation allowance on MRRT tax credits which are expected to be realized based on future projected taxable income, and a $24.4 million increase relates to management's conclusion that it was more likely than not that the deferred tax asset related to the Alternative Minimum Tax credit would not be utilized. The Australian valuation allowance decreased by $65.5 million as a result of the change in foreign exchange rates. A $14.5 million increase relates to Canadian deferred tax assets that management has determined it is more likely than not that the assets will not be realized.

At December 31, 2013 and 2012, cumulative undistributed earnings of foreign subsidiaries included in consolidated retained earnings amounted to $1.2 billion and $0.8 billion, respectively. These earnings are indefinitely reinvested in international operations. Accordingly, no provision has been made for U.S. deferred taxes related to future repatriation of these earnings, nor is it practical to estimate the amount of income taxes that would have to be provided if we were to conclude that such earnings will be remitted in the foreseeable future.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	(In Millions)		
	2013	2012	2011
Unrecognized tax benefits balance as of January 1	**$ 55.5**	$ 102.1	$ 79.8
Increases for tax positions in prior years	**13.6**	2.7	42.1
Increases for tax positions in current year	**5.3**	11.1	29.5
Increase due to foreign exchange	**—**	—	—
Settlements	**—**	(60.4)	(3.5)
Lapses in statutes of limitations	**—**	—	(45.8)
Other	**—**	—	—
Unrecognized tax benefits balance as of December 31	**$ 74.4**	$ 55.5	$ 102.1

At December 31, 2013 and 2012, we had $74.4 million and $55.5 million, respectively, of unrecognized tax benefits recorded. Of this amount, $25.9 million and $7.0 million were recorded in *Other liabilities* and $48.5 million was recorded as *Other non-current assets* in the Statements of Consolidated Financial Position for both years. If the $74.4 million were recognized, the full amount would impact the effective tax rate. We do not expect that the amount of unrecognized tax benefits will change significantly within the next twelve months. At December 31, 2013 and 2012, we had $1.2 million and $0.8 million, respectively, of accrued interest and penalties related to the unrecognized tax benefits recorded in *Other liabilities* in the Statements of Consolidated Financial Position.

On July 18, 2013, the FASB issued Accounting Standards Update No. 2013-11. *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* (ASU 2013-11). ASU 2013-11 requires the netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions except where the deferred tax asset or other carryforward are not available for use. The adoption of the pronouncement does not have an impact in the presentation of our financial statement.

Tax years that remain subject to examination are years 2009 and forward for the U.S., 2006 and forward for Canada, and 2007 and forward for Australia.

NOTE 16 - CAPITAL STOCK

Depositary Shares

On February 21, 2013, we issued 29.25 million depositary shares, representing an aggregate of 731,250 preferred shares, comprised of the 27.0 million depositary share offering and the exercise of an underwriters' over-allotment option to purchase an additional 2.25 million depositary shares. Each depositary share represents a 1/40th interest in a share of our 7.00 percent Series A Mandatory Convertible Preferred Stock, Class A, without par value ("Preferred Share") at a price of $25 per depositary share for total net proceeds of approximately $709.4 million, after underwriter fees and discounts. Each Preferred Share has an initial liquidation preference of $1,000 per share (equivalent to a $25 liquidation preference per depositary share). When and if declared by our Board of Directors, we will pay cumulative dividends on each Preferred Share at an annual rate of 7.00 percent on the liquidation preference. We will pay declared dividends in cash on February 1, May 1, August 1 and November 1 of each year, commencing on May 1, 2013 and to, and including February 1, 2016. Holders of the depositary shares are entitled to a proportional fractional interest in the rights and preferences of the Preferred Shares, including conversion, dividend, liquidation and voting rights, subject to the provisions of the deposit agreement.

The Preferred Shares may be converted, at the option of the holder, at the minimum conversion rate of 28.1480 of our common shares (equivalent to 0.7037 of our common shares per depositary share) at any time prior to February 1, 2016 or other than during a fundamental change conversion period, subject to anti-dilution adjustments. If not converted prior to that time, each Preferred Share will convert automatically on

February 1, 2016 into between 28.1480 and 34.4840 common shares, par value $0.125 per share, subject to anti-dilution adjustments. The number of common shares issuable on conversion will be determined based on the average VWAP per share of our common shares during the 20 trading day period beginning on, and including, the 23rd scheduled trading day prior to February 1, 2016, subject to customary anti-dilution adjustments. Upon conversion, a minimum of 20.6 million common shares and a maximum of 25.2 million common shares will be issued.

If certain fundamental changes involving the Company occur, holders of the Preferred Shares may convert their shares into a number of common shares at the conversion rate that will be adjusted under certain circumstances, and such holders also will be entitled to a fundamental change dividend make-whole amount. The Preferred Shares are not redeemable.

Common Share Public Offering

On February 21, 2013, we issued 10.35 million common shares, comprised of the 9.0 million common share offering and the exercise of an underwriters' option to purchase an additional 1.35 million common shares. We received net proceeds of approximately $285.3 million at a closing price of $29.00 per common share.

Dividends

On March 20, 2013, our Board of Directors declared a cash dividend of $13.6111 per Preferred Share, which is equivalent to approximately $0.34 per depositary share. The cash dividend was paid on May 1, 2013 to our shareholders of record as of the close of business on April 15, 2013. On May 7, 2013 and September 9, 2013, our Board of Directors declared a quarterly cash dividend of $17.50 per Preferred Share, which is equivalent to approximately $0.44 per depositary share. The cash dividend was paid on August 1, 2013 and November 1, 2013 to our shareholders of record as of the close of business on July 15, 2013 and October 15, 2013, respectively. On November 11, 2013, our Board of Directors declared the quarterly cash dividend of $17.50 per Preferred Share, which is equivalent to approximately $0.44 per depositary share. The cash dividend of $12.8 million was paid on February 3, 2014 to our shareholders of record as of the close of business on January 15, 2014.

A $0.28 per common share cash dividend was paid on March 1, 2012 to our shareholders of record as of the close of business on February 15, 2012. On March 13, 2012, our Board of Directors increased the quarterly common share dividend by 123 percent to $0.625 per share. The increased cash dividend of $0.625 per share was paid on June 1, 2012, August 31, 2012 and December 3, 2012 to our common shareholders of record as of the close of business on April 27, 2012, August 15, 2012 and November 23, 2012, respectively. On February 11, 2013, our Board of Directors approved a reduction to our quarterly cash dividend rate by 76 percent to $0.15 per share. Our Board of Directors took this step in order to improve the future cash flows available for investment in the Phase II expansion at Bloom Lake, as well as to preserve our investment-grade credit ratings. The decreased dividend of $0.15 per share was paid on March 1, 2013, June 3, 2013, September 3, 2013 and December 2, 2013 to our common shareholders of record as of the close of business on February 22, 2013, May 17, 2013, August 15, 2013 and November 22, 2013, respectively.

NOTE 17 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of *Accumulated other comprehensive income (loss)* within Cliffs shareholders' equity and related tax effects allocated to each are shown below as of December 31, 2013, 2012 and 2011:

	(In Millions)		
	Pre-tax Amount	Tax Benefit (Provision)	After-tax Amount
As of December 31, 2011:			
Postretirement benefit liability	$ (615.9)	$ 207.0	$ (408.9)
Foreign currency translation adjustments	312.5	—	312.5
Unrealized net gain on derivative financial instruments	1.7	(0.5)	1.2
Unrealized gain on securities	2.5	0.1	2.6
	$ (299.2)	$ 206.6	$ (92.6)
As of December 31, 2012:			
Postretirement benefit liability	$ (576.7)	$ 194.0	$ (382.7)
Foreign currency translation adjustments	316.3	—	316.3
Unrealized net gain on derivative financial instruments	12.4	(3.7)	8.7
Unrealized gain on securities	3.3	(1.2)	2.1
	$ (244.7)	$ 189.1	$ (55.6)
As of December 31, 2013:			
Postretirement benefit liability	**$ (299.3)**	**$ 94.4**	**$ (204.9)**
Foreign currency translation adjustments	**106.7**	**—**	**106.7**
Unrealized net loss on derivative financial instruments	**(30.0)**	**9.1**	**(20.9)**
Unrealized gain on securities	**9.3**	**(3.1)**	**6.2**
	$ (213.3)	**$ 100.4**	**$ (112.9)**

Table of Contents

The following tables reflect the changes in *Accumulated other comprehensive income (loss)* related to Cliffs shareholders' equity for December 31, 2013, 2012 and 2011 :

	(In Millions)				
	Postretirement Benefit Liability, net of tax	Unrealized Net Gain (Loss) on Securities, net of tax	Unrealized Net Gain (Loss) on Foreign Currency Translation	Net Unrealized Gain (Loss) on Derivative Financial Instruments, net of tax	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2012	$ (382.7)	$ 2.1	$ 316.3	$ 8.7	$ (55.6)
Other comprehensive income (loss) before reclassifications	(1.1)	2.5	3.3	(5.0)	(0.3)
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	6.4	0.1	—	(2.0)	4.5
Balance March 31, 2013	$ (377.4)	$ 4.7	$ 319.6	$ 1.7	$ (51.4)
Other comprehensive loss before reclassifications	(1.5)	(2.0)	(152.0)	(42.2)	(197.7)
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	8.1	3.6	—	(2.2)	9.5
Balance June 30, 2013	$ (370.8)	$ 6.3	$ 167.6	$ (42.7)	$ (239.6)
Other comprehensive income (loss) before reclassifications	(0.6)	3.5	22.8	12.1	37.8
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	6.3	0.9	—	16.2	23.4
Balance September 30, 2013	$ (365.1)	$ 10.7	$ 190.4	$ (14.4)	$ (178.4)
Other comprehensive income (loss) before reclassifications	$ 154.5	$ (4.9)	$ (83.7)	$ (16.6)	$ 49.3
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	$ 5.7	$ 0.4	$ —	$ 10.1	$ 16.2
Balance December 31, 2013	$ (204.9)	$ 6.2	$ 106.7	$ (20.9)	$ (112.9)

	(In Millions)				
	Postretirement Benefit Liability, net of tax	Unrealized Net Gain (Loss) on Securities, net of tax	Unrealized Net Gain on Foreign Currency Translation	Net Unrealized Gain on Derivative Financial Instruments, net of tax	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2010	$ (305.1)	$ 33.6	$ 314.7	$ 2.7	$ 45.9
Change during 2011	$ (103.8)	$ (31.0)	$ (2.2)	$ (1.5)	$ (138.5)
Balance December 31, 2011	$ (408.9)	$ 2.6	$ 312.5	$ 1.2	$ (92.6)
Change during 2012	26.2	(0.5)	3.8	7.5	37.0
Balance December 31, 2012	$ (382.7)	$ 2.1	$ 316.3	$ 8.7	$ (55.6)

The following table reflects the details about *Accumulated other comprehensive income (loss)* components related to Cliffs shareholders' equity for the year ended December 31, 2013:

	(In Millions)	
Details about Accumulated Other Comprehensive Income (Loss) Components	**Amount of (Gain)/Loss Reclassified into Income**	**Affected Line Item in the Statement of Unaudited Condensed Consolidated Operations**
	Year Ended December 31, 2013	
Amortization of Pension and Postretirement Benefit Liability:		
Prior-service costs	**$ (0.6)**	(1)
Net actuarial loss	**41.4**	(1)
	40.8	Total before taxes
	(14.3)	*Income tax expense*
	$ 26.5	Net of taxes
Unrealized gain (loss) on marketable securities:		
Sale of marketable securities	**$ (0.2)**	*Other non-operating income (expense)*
Impairment	**5.3**	*Other non-operating income (expense)*
	5.1	Total before taxes
	(0.1)	*Income tax expense*
	$ 5.0	Net of taxes
Unrealized gain (loss) on derivative financial instruments:		
Australian dollar foreign exchange contracts	**$ 17.0**	*Product revenues*
Canadian dollar foreign exchange contracts	**15.3**	*Cost of goods sold and operating expenses*
	32.3	Total before taxes
	(10.2)	*Income tax expense*
	$ 22.1	Net of taxes
Total Reclassifications for the Period	**$ 53.6**	

(1) These accumulated other comprehensive income components are included in the net periodic benefit cost recognized for the year ended December 31, 2013. See NOTE 13 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS for further information.

NOTE 18 - RELATED PARTIES

Three of our five U.S. iron ore mines and one of our two Eastern Canadian iron ore mines are owned with various joint venture partners that are integrated steel producers or their subsidiaries. We are the manager of each of the mines we co-own and rely on our joint venture partners to make their required capital contributions and to pay for their share of the iron ore pellets and concentrate that we produce. The joint venture partners are also our customers. The following is a summary of the mine ownership of these iron ore mines at December 31, 2013:

Mine	Cliffs Natural Resources	ArcelorMittal	U.S. Steel Canada	WISCO
Empire	79.0%	21.0%	—	—
Tilden	85.0%	—	15.0%	—
Hibbing	23.0%	62.3%	14.7%	—
Bloom Lake	82.8%	—	—	17.2%

ArcelorMittal has a unilateral right to put its interest in the Empire mine to us, but has not exercised this right to date.

Product revenues from related parties were as follows:

	(In Millions)		
	Year Ended December 31,		
	2013	2012	2011
Product revenues from related parties	**$ 1,664.8**	$ 1,660.8	$ 2,192.4
Total product revenues	**5,346.6**	5,520.9	6,321.3
Related party product revenue as a percent of total product revenue	**31.1%**	30.1%	34.7%

Amounts due from related parties recorded in *Accounts receivable, net* and *Other current assets,* including customer supply agreements and provisional pricing arrangements, were $132.0 million and $149.8 million at December 31, 2013 and 2012, respectively. Amounts due to related parties recorded in *Other current liabilities,* including provisional pricing arrangements and liabilities to related parties, were $25.1 million and $20.2 million at December 31, 2013 and 2012, respectively.

In 2002, we entered into an agreement with Ispat that restructured the ownership of the Empire mine and increased our ownership from 46.7 percent to 79.0 percent in exchange for the assumption of all mine liabilities. Under the terms of the agreement, we indemnified Ispat from obligations of Empire in exchange for certain future payments to Empire and to us by Ispat of $120.0 million, recorded at a present value of $11.3 million and $19.3 million at December 31, 2013 and December 31, 2012, respectively. At December 31, 2013, the remaining balance of $11.3 million was recorded in *Other current assets* and at December 31, 2012, $10.0 million of the remaining balance was recorded in *Other current assets*. The fair value of the receivable of $11.9 million and $21.3 million at December 31, 2013 and December 31, 2012, respectively, is based on a discount rate of 1.28 percent and 2.85 percent, respectively, which represents the estimated credit-adjusted risk-free interest rate for the period the receivable is outstanding.

Supply agreements with one of our customers include provisions for supplemental revenue or refunds based on the customer's annual steel pricing for the year the product is consumed in the customer's blast furnace. The supplemental pricing is characterized as an embedded derivative. Refer to NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

NOTE 19 - EARNINGS PER SHARE

The following table summarizes the computation of basic and diluted earnings per share attributable to Cliffs shareholders:

	(In Millions, Except Per Share Amounts)		
	Year Ended December 31,		
	2013	2012	2011
Net Income from Continuing Operations attributable to Cliffs shareholders	**$ 411.5**	$ (935.3)	$ 1,599.0
Income (Loss) and Gain on Sale from Discontinued Operations, net of tax	**2.0**	35.9	20.1
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	**$ 413.5**	$ (899.4)	$ 1,619.1
PREFERRED STOCK DIVIDENDS	**(48.7)**	—	—
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS COMMON SHAREHOLDERS	**$ 364.8**	$ (899.4)	$ 1,619.1
Weighted Average Number of Shares:			
Basic	**151.7**	142.4	140.2
Depositary Shares	**22.1**	—	—
Employee Stock Plans	**0.5**	—	0.8
Diluted	**174.3**	142.4	141.0
Earnings (loss) per Common Share Attributable to Cliffs Common Shareholders - Basic:			
Continuing operations	**$ 2.39**	$ (6.57)	$ 11.41
Discontinued operations	**0.01**	0.25	0.14
	$ 2.40	$ (6.32)	$ 11.55
Earnings (loss) per Common Share Attributable to Cliffs Common Shareholders - Diluted:			
Continuing operations	**$ 2.36**	$ (6.57)	$ 11.34
Discontinued operations	**0.01**	0.25	0.14
	$ 2.37	$ (6.32)	$ 11.48

NOTE 20 - COMMITMENTS AND CONTINGENCIES

We have total contractual obligations and binding commitments of approximately$14.3 billion as of December 31, 2013 compared with $14.6 billion as of December 31, 2012, primarily related to purchase commitments, principal and interest payments on long-term debt, lease obligations, pension and OPEB funding minimums, and mine closure obligations. Such future commitments total approximately $1.2 billion in 2014, $0.9 billion in 2015, $0.7 billion in 2016, $0.6 billion in 2017, $1.0 billion in 2018 and $9.9 billion thereafter.

Purchase Commitments

In 2011, we began to incur capital commitments related to the expansion of the Bloom Lake mine. The Phase II expansion project includes expansion of the mine and the mine's processing capabilities. The capital investment also includes common infrastructure necessary to sustain current operations and support the expansion. As previously announced, we are continuing to delay certain components of the Phase II expansion at the Bloom Lake mine, including the completion of the concentrator and load-out facility. Common infrastructure projects necessary to sustain current operations and support the expansion are continuing as planned. Through December 31, 2013, approximately $1.3 billion of the total capital investment for the Bloom Lake expansion project had been committed, of which a total of approximately $1.2 billion had been expended. Of the remaining committed capital, expenditures of approximately $40 million are expected to be made during 2014.

Contingencies

Litigation

We are currently a party to various claims and legal proceedings incidental to our operations. If management believes that a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the loss, or the minimum estimated liability when the loss is estimated using a range, and no point within the range is more probable than another. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Based on currently available information, management believes that the ultimate outcome of these matters, individually and in the aggregate, will not have a material effect on our financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, additional funding requirements or an injunction. If an unfavorable ruling were to occur, there exists the possibility of a material impact on the financial position and results of operations of the period in which the ruling occurs, or future periods. However, we believe that any pending litigation will not result in a material liability in relation to our consolidated financial statements.

Environmental Matters

We had environmental liabilities of $8.4 million and $15.7 million at December 31, 2013 and 2012, respectively, including obligations for known environmental remediation exposures at active and closed mining operations and other sites. These amounts have been recognized based on the estimated cost of investigation and remediation at each site, and include site studies, design and implementation of remediation plans, legal and consulting fees, and post-remediation monitoring and related activities. If the cost can only be estimated as a range of possible amounts with no specific amount being more likely, the minimum of the range is accrued. Future expenditures are not discounted unless the amount and timing of the cash disbursements are readily known. Potential insurance recoveries have not been reflected. Additional environmental obligations could be incurred, the extent of which cannot be assessed. The amount of our ultimate liability with respect to these matters may be affected by several uncertainties, primarily the ultimate cost of required remediation and the extent to which other responsible parties contribute. Refer to NOTE 12 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS for further information.

Tax Matters

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax regulations. We recognize liabilities for anticipated tax audit issues based on our estimate of whether, and the extent to which, additional taxes will be due. If we ultimately determine that payment of these amounts is unnecessary, we reverse the liability and recognize a tax benefit during the period in which we determine that the liability is no longer necessary. We also recognize tax benefits to the extent that it is more likely than not that our positions will be sustained when challenged by the taxing authorities. To the extent we prevail in matters for which liabilities have been established, or are required to pay amounts in excess of our liabilities, our effective tax rate in a given period could be materially affected. An unfavorable tax settlement would require use of our cash and result in an increase in our effective tax rate in the year of resolution. A favorable tax settlement would be recognized as a reduction in our effective tax rate in the year of resolution. Refer to NOTE 15 - INCOME TAXES for further information.

NOTE 21 - CASH FLOW INFORMATION

A reconciliation of capital additions to cash paid for capital expenditures for the years ended December 31, 2013, 2012 and 2011 is as follows:

	(In Millions)		
	Year Ended December 31,		
	2013	2012	2011
Capital additions	**$ 752.3**	$ 1,335.3	$ 960.9
Cash paid for capital expenditures [1]	**861.6**	1,127.5	862.1
Difference	**$ (109.3)**	$ 207.8	$ 98.8
Non-cash accruals	**$ (109.3)**	$ 152.5	$ 60.1
Capital leases	**—**	55.3	38.7
Total	**$ (109.3)**	$ 207.8	$ 98.8

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[1] Cash paid for capital expenditures for 2011 has been shown net of cash proceeds of $18.6 million from the Pinnacle longwall sale-leaseback that was completed in October 2011. The adjustment was necessary in 2011 due to the timing of the cash payments related to the longwall.

Cash payments for interest and income taxes in 2013, 2012 and 2011 are as follows:

	(In Millions)		
	2013	2012	2011
Taxes paid on income	**$ 153.3**	$ 443.2	$ 275.3
Interest paid on debt obligations	**174.4**	207.5	175.1

Non-Cash Financing Activities - Declared Dividends

On November 11, 2013, our Board of Directors declared the quarterly cash dividend on our 7.00 percent Series A Mandatory Convertible Preferred Stock, Class A, of $17.50 per share, which is equivalent to approximately $0.44 per depositary share, each representing 1/40th of a share of Series A preferred stock. The cash dividend of $12.8 million was paid on February 3, 2014 to our preferred shareholders of record as of the close of business on January 15, 2014.

NOTE 22 - SUBSEQUENT EVENTS

Wabush Mine

On February 11, 2014, the Company announced its plan to idle its Wabush mine in Newfoundland and Labrador by the end of the first quarter of 2014.

Table of Contents

NOTE 23 - QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The sum of quarterly EPS may not equal EPS for the year due to discrete quarterly calculations.

	(In Millions, Except Per Share Amounts)				
	2013				
	Quarters				
	First	Second	Third	Fourth	Year
Revenues from product sales and services	$ 1,140.5	$ 1,488.5	$ 1,546.6	$ 1,515.8	$ 5,691.4
Sales margin	237.9	268.2	348.7	294.5	1,149.3
Net Income (Loss) from Continuing Operations attributable to Cliffs shareholders	$ 107.0	$ 146.0	$ 115.2	$ 43.3	$ 411.5
Income from Discontinued Operations	—	—	2.0	—	2.0
Net Income (Loss) Attributable to Cliffs Shareholders	$ 107.0	$ 146.0	$ 117.2	$ 43.3	$ 413.5
Earnings per common share attributable to Cliffs common shareholders — Basic:					
Continuing Operations	$ 0.66	$ 0.87	$ 0.67	$ 0.20	$ 2.39
Discontinued Operations	—	—	0.01	—	0.01
	$ 0.66	$ 0.87	$ 0.68	$ 0.20	$ 2.40
Earnings per common share attributable to Cliffs common shareholders — Diluted:					
Continuing Operations	$ 0.66	$ 0.82	$ 0.65	$ 0.20	$ 2.36
Discontinued Operations	—	—	0.01	—	0.01
	$ 0.66	$ 0.82	$ 0.66	$ 0.20	$ 2.37

The diluted earnings per share calculation for the first and fourth quarters of 2013 exclude depositary shares that were anti-dilutive totaling 12.9 million and 25.2 million, respectively.

	2012				
	Quarters				
	First	Second	Third	Fourth	Year
Revenues from product sales and services	$ 1,212.4	$ 1,579.5	$ 1,544.9	$ 1,535.9	$ 5,872.7
Sales margin	291.8	443.5	198.3	238.5	1,172.1
Net Income (Loss) from Continuing Operations attributable to Cliffs shareholders	$ 370.3	$ 255.7	$ 87.8	$ (1,649.1)	$ (935.3)
Income (Loss) and Gain on Sale from Discontinued Operations, net of tax	5.5	2.3	(2.7)	30.8	35.9
Net Income Attributable to Cliffs Shareholders	$ 375.8	$ 258.0	$ 85.1	$ (1,618.3)	$ (899.4)
Earnings per common share attributable to Cliffs common shareholders — Basic:					
Continuing Operations	$ 2.60	$ 1.79	$ 0.62	$ (11.58)	$ (6.57)
Discontinued Operations	0.04	0.02	(0.02)	0.22	0.25
	$ 2.64	$ 1.81	$ 0.60	$ (11.36)	$ (6.32)
Earnings per common share attributable to Cliffs common shareholders — Diluted:					
Continuing Operations	$ 2.59	$ 1.79	$ 0.61	$ (11.58)	$ (6.57)
Discontinued Operations	0.04	0.02	(0.02)	0.22	0.25
	$ 2.63	$ 1.81	$ 0.59	$ (11.36)	$ (6.32)

Fourth Quarter Results

Upon performing our annual goodwill impairment test in the fourth quarter of 2013, a goodwill impairment charge of$80.9 million was recorded for our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment. We also recorded an other long-lived asset impairment charge of $154.6 million related to our Wabush operations within our Eastern Canadian Iron Ore operating segment to reduce those assets to their estimated fair value as of December 31, 2013. All of these charges impacted *Impairment of goodwill and other long-lived assets*.

During the fourth quarter of 2012 after performing our annual goodwill impairment test, we determined that$997.3 million and $2.7 million of goodwill associated with our CQIM and Wabush reporting units, respectively, was impaired. We also recorded an asset impairment charge of $49.9 million related to the Wabush mine pelletizing operations during the period. In addition, during the fourth quarter, we recorded tax expense of $314.7 million and $226.4 million related to the MRRT starting base deferred tax asset net valuation allowance and Alternative Minimum Tax credit valuation allowance, respectively.

As discussed in NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES , we recorded an adjustment to correct an immaterial prior period error in the noncontrolling interest related to Bloom Lake. Accordingly, the adjustment was recorded prospectively in the Statements of Consolidated Operations for the period ended December 31, 2013 and in the Statements of Consolidated Financial Position as of December 31, 2013. The adjustment to noncontrolling interest related to Bloom Lake was approximately $45.1 million and resulted in an increase to *Net Income (Loss) Attributable to Cliffs Shareholders* and a reduction of *Loss (income) attributable to noncontrolling interest* and corresponding decrease to *Noncontrolling interest* in the Statements of Consolidated Financial Position for the three months ended and year ended December 31, 2013. The adjustments also resulted in an increase to basic and diluted earnings per common share of $0.29 for the three months ended December 31, 2013. The impact of the prospective adjustments in the Statements of Consolidated Operations would have resulted in an increase to basic and diluted earnings per common share of $0.14, $0.03, $0.04 and $0.04 for the first, second, third and fourth quarter, respectively, of the year ended December 31, 2012.

Refer to NOTE 8 - GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES , NOTE 5 - PROPERTY, PLANT AND EQUIPMENT and NOTE 15 - INCOME TAXES for further information.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Cliffs Natural Resources Inc.
Cleveland, Ohio

We have audited the internal control over financial reporting of Cliffs Natural Resources Inc. and subsidiaries (the “Company”) as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Report on Internal Control Over Financial Reporting.* Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2013 of the Company and our report dated February 14, 2014 expressed an unqualified opinion on those financial statements and financial statement schedule.

/s/ DELOITTE & TOUCHE LLP

Cleveland, Ohio
February 14, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Cliffs Natural Resources Inc.
Cleveland, Ohio

We have audited the accompanying statements of consolidated financial position of Cliffs Natural Resources Inc. and subsidiaries (the "Company") as of December 31, 2013 and 2012, and the related statements of consolidated operations, comprehensive income (loss), cash flows, and changes in equity for each of the three years in the period ended December 31, 2013. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Cliffs Natural Resources Inc. and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 14, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP

Cleveland, Ohio
February 14, 2014

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure*

None.

Item 9A. *Controls and Procedures*

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Operating Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based solely on the definition of "disclosure controls and procedures" in Rule 13a-15(e) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our President and Chief Operating Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President and Chief Operating Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Exchange Act.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with appropriate authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of the Company's internal control over financial reporting as ofDecember 31, 2013 using the framework specified in *Internal Control - Integrated Framework* (1992), published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that the Company's internal control over financial reporting was effective as of December 31, 2013.

The effectiveness of the Company's internal control over financial reporting as ofDecember 31, 2013 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report that appears herein.

February 14, 2014

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting or in other factors that occurred during our last fiscal quarter or our last fiscal year that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. *Other Information*

On February 11, 2014, the Board of Directors approved a plan to idle production at our Wabush Scully mine by the end of the first quarter of 2014. The Wabush Scully mine has a capacity of 5.6 million metric tons per year. The decision to idle was based on the high cost of the operation. Approximately 500 employees at both the Wabush Scully mine and the Pointe Noire rail and port operation in Quebec will be impacted by this decision.

As a result of this decision, management expects to record charges between $90 million and $100 million ($70 million and $75 million after-tax, or $0.40 to $0.43 per diluted share) in 2014. These estimated charges include approximately $40 million for employee-related costs and the remaining charges consist of potential contractual liabilities, general idle, energy and other related costs. Of these charges, substantially all will result in future cash outlay.

Amounts related to this action are still being finalized. Additional details of this action will be provided in our Form 10-Q for the quarterly period ended March 31, 2014. Also, it is possible that charges in addition to those described above may be recognized in future periods.

PART III

Item 10. *Directors, Executive Officers and Corporate Governance*

The information required to be furnished by this Item will be set forth in our definitive Proxy Statement to security holders under the headings "Board Meetings and Committees - Audit Committee", "Business Ethics Policy", "Independence and Related Party Transactions", "Information Concerning Director Nominees” and “Section 16(a) Beneficial Ownership Reporting Compliance”, and is incorporated herein by reference and made a part hereof from the Proxy Statement. The information regarding executive officers required by this Item is set forth in *Part I - Item 1. Business* hereof under the heading “Executive Officers of the Registrant”, which information is incorporated herein by reference and made a part hereof.

Item 11. *Executive Compensation*

The information required to be furnished by this Item will be set forth in our definitive Proxy Statement to security holders under the headings “Director Compensation”, “Compensation Committee Report”, “Compensation Committee Interlocks and Insider Participation” and “Executive Compensation” and is incorporated herein by reference and made a part hereof from the Proxy Statement.

Item 12. *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*

The information required to be furnished by this Item regarding "Securities Authorized for Issuance Under Equity Compensation Plans", "Related Stockholder Matters" and "Security Ownership" will be set forth in our definitive Proxy Statement to security holders under the headings "Independence and Related Party Transactions", "Ownership of Equity Securities of the Company" and "Equity Compensation Plan Information", respectively, and is incorporated herein by reference and made part hereof from the Proxy Statement.

Item 13. *Certain Relationships and Related Transactions, and Director Independence*

The information required to be furnished by this Item will be set forth in our definitive Proxy Statement to security holders under the heading “Independence and Related Party Transactions” and is incorporated herein by reference and made a part hereof from the Proxy Statement.

Item 14. *Principal Accountant Fees and Services*

The information required to be furnished by this Item will be set forth in our definitive Proxy Statement to security holders under the heading “Ratification of Independent Registered Public Accounting Firm” and is incorporated herein by reference and made a part hereof from the Proxy Statement.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a)(1) and (2) - List of Financial Statements and Financial Statement Schedules.

The following consolidated financial statements of Cliffs Natural Resources Inc. are included at *Item 8. Financial Statements and Supplementary Data* above:

- Statements of Consolidated Financial Position - December 31, 2013 and 2012
- Statements of Consolidated Operations - Years ended December 31, 2013, 2012 and 2011
- Statements of Consolidated Comprehensive Income - Years ended December 31, 2013, 2012 and 2011
- Statements of Consolidated Cash Flows - Years ended December 31, 2013, 2012 and 2011
- Statements of Consolidated Changes in Equity - Years ended December 31, 2013, 2012 and 2011
- Notes to Consolidated Financial Statements

The following consolidated financial statement schedule of Cliffs Natural Resources Inc. is included herein in Item 15(d) and attached as Exhibit 99(a):

Schedule II - Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the SEC are not required under the related instructions or are inapplicable, and therefore have been omitted.

(3) List of Exhibits - Refer to Exhibit Index on pages 202- 210, which is incorporated herein by reference.

(c) Exhibits listed in Item 15(a)(3) above are incorporated herein by reference.

(d) The schedule listed above in Item 15(a)(1) and (2) is attached as Exhibit 99(a) and incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CLIFFS NATURAL RESOURCES INC.

By: /s/ Timothy K. Flanagan

Name: Timothy K. Flanagan

Title: Vice President, Corporate Controller and Chief Accounting Officer

Date: February 14, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
* G. B. Halverson	President, Chief Executive Officer and Director (Principal Executive Officer)	February 14, 2014
/s/ T.M. PARADIE T. M. Paradie	Executive Vice President & Chief Financial Officer (Principal Financial Officer)	February 14, 2014
/s/ T.K. FLANAGAN T. K. Flanagan	Vice-President, Corporate Controller & Chief Accounting Officer (Principal Accounting Officer)	February 14, 2014
* S. M. Cunningham	Director	February 14, 2014
* B. J. Eldridge	Director	February 14, 2014
* M. E. Gaumond	Director	February 14, 2014
* A. R. Gluski	Director	February 14, 2014
* S. M. Green	Director	February 14, 2014
* J. K. Henry	Director	February 14, 2014
* S. M. Johnson	Director	February 14, 2014
* J. F. Kirsch	Director	February 14, 2014
* R. K. Riederer	Director	February 14, 2014
* T. Sullivan	Director	February 14, 2014

* The undersigned, by signing his name hereto, does sign and execute this Annual Report on Form 10-K pursuant to a Power of Attorney executed on behalf of the above-indicated officers and directors of the registrant and filed herewith as Exhibit 24 on behalf of the registrant.

By: /s/ T.M. PARADIE

(T. M. Paradie, as Attorney-in-Fact)

Table of Contents

EXHIBIT INDEX

All documents referenced below have been filed pursuant to the Securities Exchange Act of 1934 by Cliffs Natural Resources Inc., file number 1-09844, unless otherwise indicated.

Exhibit Number	Exhibit
	Articles of Incorporation and By-Laws of Cliffs Natural Resources Inc.
3.1	Third Amended Articles of Incorporation of Cliffs (as filed with the Secretary of State of the State of Ohio on May 13, 2013 (filed as Exhibit 3.1 to Cliffs' Form 8-K on May 13, 2013 and incorporated herein by reference)
3.2	Regulations of Cleveland-Cliffs Inc. (filed as Exhibit 3.2 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
	Instruments defining rights of security holders, including indentures
4.1	Form of Indenture between Cliffs Natural Resources Inc. and U.S. Bank National Association, as trustee, dated March 17, 2010 (filed as Exhibit 4.1 to Cliffs' Form S-3 No. 333-165376 on March 10, 2010 and incorporated herein by reference)
4.2	Form of 5.90% Notes due 2020 First Supplemental Indenture between Cliffs Natural Resources Inc. and U.S. Bank National Association, as trustee, dated March 17, 2010, including Form of 5.90% Notes due 2020 (filed as Exhibit 4.2 to Cliffs' Form 8-K on March 16, 2010 and incorporated herein by reference)
4.3	Form of 4.80% Notes due 2020 Second Supplemental Indenture between Cliffs Natural Resources Inc. and U.S. Bank National Association, as trustee, dated September 20, 2010, including Form of 4.80% Notes due 2020 (filed as Exhibit 4.3 to Cliffs' Form 8-K on September 17, 2010 and incorporated herein by reference)
4.4	Form of 6.25% Notes due 2040 Third Supplemental Indenture between Cliffs Natural Resources Inc. and U.S. Bank National Association, as trustee, dated September 20, 2010, including Form of 6.25% Notes due 2040 (filed as Exhibit 4.4 to Cliffs' Form 8-K on September 17, 2010 and incorporated herein by reference)
4.5	Form of 4.875% Notes due 2021 Fourth Supplemental Indenture between Cliffs and U.S. Bank National Association, as trustee, dated March 23, 2011, including Form of 4.875% Notes due 2021 (filed as Exhibit 4.1 to Cliffs' Form 8-K on March 23, 2011 and incorporated herein by reference)
4.6	Fifth Supplemental Indenture between Cliffs and U.S. Bank National Association, as trustee, dated March 31, 2011 (filed as Exhibit 4(b) to Cliffs' Form 10-Q for the period ended June 30, 2011 and incorporated herein by reference)
4.7	Form of 3.95% Notes due 2018 Sixth Supplemental Indenture between Cliffs and U.S. Bank National Association, as trustee, dated December 13, 2012, including form of 3.95% Notes due 2018 (filed as Exhibit 4.1 to Cliffs' Form 8-K on December 13, 2012 and incorporated herein by reference)
4.8	Form of Common Share Certificate (filed herewith)
	Material Contracts
10.1	* Form of Change in Control Severance Agreement, effective January 1, 2014 (covering existing grants) (filed herewith)
10.2	* Form of Change in Control Severance Agreement (covering newly hired officers) (filed herewith)
10.3	* Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (Amended and Restated as of January 1, 2000) (filed as Exhibit 10.2 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)

10.4	*First Amendment to the Cleveland-Cliffs Inc. 2000 Voluntary Non-Qualified Deferred Compensation Plan (Amended and Restated as of January 1, 2000) (filed as Exhibit 10.4 to Cliffs' Form 10-Q for the period ended September 30, 2012 and incorporated herein by reference)
10.5	*Cliffs Natural Resources Inc. 2005 Voluntary Non-Qualified Deferred Compensation Plan (Effective as of January 1, 2005) dated November 11, 2008 (filed as Exhibit 10(a) to Cliffs' Form 8-K on November 14, 2008 and incorporated herein by reference)
10.6	*First Amendment to Cliffs Natural Resources Inc. 2005 Voluntary Non-Qualified Deferred Compensation Plan dated September 2, 2009 and effective as of January 1, 2009 (filed as Exhibit 10(a) to Cliffs' Form 10-Q for the period ended September 30, 2009 and incorporated herein by reference)
10.7	*Second Amendment to Cliffs Natural Resources Inc. 2005 Voluntary Non-Qualified Deferred Compensation Plan dated November 8, 2011 and effective as of January 1, 2012 (filed as Exhibit 10.6 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.8	*Third Amendment to Cliffs Natural Resources Inc. 2005 Voluntary Non-Qualified Deferred Compensation Plan, effective November 1, 2012 (filed as Exhibit 10.3 to Cliffs' Form 10-Q for the period ended September 30, 2012 and incorporated herein by reference)
10.9	*Cliffs Natural Resources Inc. 2012 Non-Qualified Deferred Compensation Plan (effective January 1, 2012) dated November 8, 2011 (filed as Exhibit 10.1 to Cliffs' Form 8-K on November 8, 2011 and incorporated herein by reference)
10.10	* Form of Indemnification Agreement between Cleveland-Cliffs Inc and Directors (filed as Exhibit 10.5 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.11	* Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors effective on July 1, 1995 (filed as Exhibit 10.6 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.12	* Amendment to Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors dated as of January 1, 2001 (filed as Exhibit 10.7 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.13	* Second Amendment to the Amended and Restated Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors dated and effective January 14, 2003 (filed as Exhibit 10.8 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.14	*Cliffs Natural Resources Inc. Nonemployee Directors' Compensation Plan (Amended and Restated as of December 31, 2008) (filed as Exhibit 10(nnn) to Cliffs' Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.15	* Trust Agreement No. 1 (Amended and Restated effective June 1, 1997), dated June 12, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan, Severance Pay Plan for Key Employees and certain executive agreements (filed as Exhibit 10.10 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)

10.16	* Trust Agreement No. 1 Amendments to Exhibits, effective as of January 1, 2000, by and between Cleveland-Cliffs Inc and KeyBank National Association, as Trustee (filed as Exhibit 10.13 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.17	* First Amendment to Trust Agreement No. 1, effective September 10, 2002, by and between Cleveland-Cliffs Inc and KeyBank National Association, as Trustee (filed as Exhibit 10.12 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.18	*Second Amendment to Trust Agreement No. 1 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of December 31, 2008 (filed as Exhibit 10(y) to Cliffs’ Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.19	* Amended and Restated Trust Agreement No. 2, effective as of October 15, 2002, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to Executive Agreements and Indemnification Agreements with the Company’s Directors and certain Officers, the Company’s Severance Pay Plan for Key Employees, and the Retention Plan for Salaried Employees (filed as Exhibit 10.14 to Cliffs’ Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.20	*Second Amendment to Amended and Restated Trust Agreement No. 2 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of December 31, 2008 (filed as Exhibit 10(aa) to Cliffs’ Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.21	* Trust Agreement No. 5, dated as of October 28, 1987, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (filed as Exhibit 10.16 to Cliffs’ Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.22	* First Amendment to Trust Agreement No. 5, dated as of May 12, 1989, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.17 to Form 10-K of Cliffs’ for the period ended December 31, 2011 and incorporated herein by reference)
10.23	* Second Amendment to Trust Agreement No. 5, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.18 to Form 10-K of Cliffs’ for the period ended December 31, 2011 and incorporated herein by reference)
10.24	* Third Amendment to Trust Agreement No. 5, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.19 to Cliffs’ Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.25	* Fourth Amendment to Trust Agreement No. 5, dated November 18, 1994, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.20 to Cliffs’ Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)

10.26	* Fifth Amendment to Trust Agreement No. 5, dated May 23, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.19 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.27	*Sixth Amendment to Trust Agreement No. 5 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of December 31, 2008 (filed as Exhibit 10(hh) to Cliffs' Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.28	* Trust Agreement No. 7, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (filed as Exhibit 10.23 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.29	* First Amendment to Trust Agreement No. 7, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, dated as of March 9, 1992 (filed as Exhibit 10.24 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.30	* Second Amendment to Trust Agreement No. 7, dated November 18, 1994, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.25 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.31	* Third Amendment to Trust Agreement No. 7, dated May 23, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.26 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.32	* Fourth Amendment to Trust Agreement No. 7, dated July 15, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.27 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.33	* Amendment to Exhibits to Trust Agreement No. 7, effective as of January 1, 2000, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.28 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.34	*Sixth Amendment to Trust Agreement No. 7 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of December 31, 2008 (filed as Exhibit 10(oo) to Cliffs' Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.35	* Trust Agreement No. 8, dated as of April 9, 1991, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Retirement Plan for Non-Employee Directors (filed as Exhibit 10.32 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.36	* First Amendment to Trust Agreement No. 8, dated as of March 9, 1992, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.31 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)

10.37	* Second Amendment to Trust Agreement No. 8, dated June 12, 1997, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee (filed as Exhibit 10.32 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.38	*Third Amendment to Trust Agreement No. 8 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of December 31, 2008 (filed as Exhibit 10(ss) to Cliffs' Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.39	* Trust Agreement No. 9, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Supplemental Compensation Plan (filed as Exhibit 10.34 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.40	*First Amendment to Trust Agreement No. 9 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of December 31, 2008 (filed as Exhibit 10(uu) to Cliffs' Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.41	* Trust Agreement No. 10, dated as of November 20, 1996, by and between Cleveland-Cliffs Inc and KeyBank National Association, Trustee, with respect to the Cleveland-Cliffs Inc Nonemployee Directors' Compensation Plan (filed as Exhibit 10.36 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.42	*First Amendment to Trust Agreement No. 10 between Cliffs Natural Resources Inc. (f/k/a Cleveland-Cliffs Inc) and KeyBank National Association, Trustee, entered into and effective as of December 31, 2008 (filed as Exhibit 10(ww) to Cliffs' Form 10-K for the period ended February 26, 2009 and incorporated herein by reference)
10.43	* Letter Agreement of Employment by and between Cleveland-Cliffs Inc and Joseph A. Carrabba dated April 29, 2005 (filed as Exhibit 10.38 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.44	*Severance Agreement, by and between Joseph A. Carrabba and Cliffs Natural Resources Inc. and its affiliates, dated July 17, 2013 (filed as Exhibit 10.2 to Cliffs' Form 10-Q for the period ended June 30, 2013 and incorporated herein by reference)
10.45	*Release by Joseph A. Carrabba in favor of Cliffs Natural Resources Inc. and its affiliates, dated November 18, 2013 (filed herewith)
10.46	* Letter Agreement of Employment by and between Cleveland-Cliffs Inc and Laurie Brlas dated November 22, 2006 (filed as Exhibit 10.39 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.47	*Severance Agreement and Release, by and between Laurie Brlas and Cliffs Natural Resources Inc. and its affiliates, dated August 20, 2013 (filed as Exhibit 10.1 to Cliffs' Form 10-Q for the period ended September 30, 2013 and incorporated herein by reference)
10.48	*Severance Agreement, by and between David B. Blake and Cliffs Natural Resources Inc. and its affiliates, dated August 21, 2013 (filed as Exhibit 10.2 to Cliffs' Form 10-Q for the period ended September 30, 2013 and incorporated herein by reference)
10.49	*Release by David B. Blake in favor of Cliffs Natural Resources Inc. and its affiliates, dated November 8, 2013 (filed herewith)

10.50	*Letter Agreement of Employment by and between Cliffs Natural Resources Inc. and Gary B. Halverson dated October 23, 2013 (filed herewith)
10.51	*Non-employee Director Phantom Stock Unit Award Agreement, by and between Cliffs and James F. Kirsch dated July 9, 2013 (filed herewith)
10.52	*Letter Agreement between Cliffs Natural Resources Inc. and James Kirsch dated December 4, 2013 (filed herewith)
10.53	*Severance Agreement and Release between Cliffs Natural Resources Inc. and Donald J. Gallagher dated December 30, 2013 (filed herewith)
10.54	*Release by Donald J. Gallagher in favor of Cliffs Natural Resources Inc. and its affiliates, dated January 3, 2014 (filed herewith)
10.55	*Form of Letter Agreement of Employment between Cliffs Asia Pacific Iron Ore Management Pty Ltd and Australian Executives (filed herewith)
10.56	*Letter Agreement between Cliffs Natural Resources Inc. and William Hart dated October 10, 2013 (filed herewith)
10.57	*Cleveland-Cliffs Inc and Subsidiaries Management Performance Incentive Plan Summary, effective January 1, 2004 (filed as Exhibit 10.47 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.58	*Cliffs Natural Resources Inc. 2012 Executive Management Performance Incentive Plan effective March 13, 2012 (filed as Exhibit 10.3 to Cliffs' Form 8-K on May 14, 2012 and incorporated herein by reference)
10.59	*Amended and Restated Cliffs Natural Resources Inc. 2007 Incentive Equity Plan adopted July 27, 2007 and effective as of May 11, 2010 (filed as Exhibit 10(a) to the Cliffs' Form 8-K on May 14, 2010 and incorporated herein by reference)
10.60	*First Amendment to Amended and Restated Cliffs Natural Resources Inc. 2007 Incentive Equity Plan dated January 11, 2011 (filed as Exhibit 10(rr) to Cliffs' Form 10-K for the period ended December 31, 2010 and incorporated herein by reference)
10.61	*Second Amendment to Amended and Restated Cliffs Natural Resources Inc. 2007 Incentive Equity Plan effective as of May 8, 2012 (filed as Exhibit 10.2 to Cliffs' Form 8-K on May 14, 2012 and incorporated herein by reference)
10.62	*2009 Participant Grant under the 2007 Incentive Equity Plan by and between Cliffs and Joseph A. Carrabba effective December 17, 2009 subject to Terms and Conditions of the 2009 Participant Grant to Joseph A. Carrabba (filed as Exhibit 10(qqq) to Cliffs' Form 10-K for the period ended December 31, 2009 and incorporated herein by reference)
10.63	*2010 Participant Grant under the 2007 Incentive Equity Plan by and between Cliffs and Joseph A. Carrabba effective March 8, 2010 subject to Terms and Conditions of the 2009 Participant Grant to Joseph A. Carrabba (filed herewith)
10.64	*Form of Cliffs Natural Resources Inc. 2011 Participant Grant under the Amended and Restated Cliffs 2007 Incentive Equity Plan, as Amended (filed as Exhibit 10(a) to Cliffs' Form 10-Q for the period ended March 31, 2011 and incorporated herein by reference)
10.65	*Form of Cliffs Natural Resources Inc. 2011 Participant Grant (Australia) under the Amended and Restated Cliffs 2007 Incentive Equity Plan, as Amended (filed as Exhibit 10(b) to Cliffs' Form 10-Q for the period ended March 31, 2011 and incorporated herein by reference)

10.66	*Form of Cliffs Natural Resources Inc. (U.S.) 2012 Participant Grant under the Amended and Restated 2007 Incentive Equity Plan, as Amended (filed as Exhibit 10.66 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.67	*Cliffs Natural Resources Inc. 2012 Chile Labor Agreement Grant for Participants (filed as Exhibit 10.67 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.68	*Form of Cliffs Natural Resources Inc. (Australia) 2012 Participant Grant under the Amended and Restated Cliffs 2007 Incentive Equity Plan (filed as Exhibit 10.68 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.69	*Form of Cliffs Natural Resources Inc. (Canada) 2012 Participant Grant under the Amended and Restated Cliffs 2007 Incentive Equity Plan (filed as Exhibit 10.69 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.70	*Form of Cliffs Natural Resources Inc. (China) 2012 Participant Grant under the Amended and Restated Cliffs 2007 Incentive Equity Plan (filed as Exhibit 10.70 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.71	*Form of Cliffs Natural Resources Inc. (Japan) 2012 Participant Grant under the Amended and Restated Cliffs 2007 Incentive Equity Plan (filed as Exhibit 10.71 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.72	*Form of Cliffs Natural Resources Inc. 2013 Performance Share Award Memorandum and Performance Share Award Agreement under the 2012 Incentive Equity Plan (filed herewith)
10.73	*Cliffs Natural Resources Inc. 2012 Incentive Equity Plan effective March 13, 2012 (filed as Exhibit 10.1 to Cliffs Form 8-K on May 14, 2012 and incorporated herein by reference)
10.74	*First Amendment to Cliffs Natural Resources Inc. 2012 Incentive Plan effective September 11, 2012 (filed as Exhibit 10.2 to Cliffs' Form 10-Q for the period ended September 30, 2012 and incorporated herein by reference)
10.75	*Form of Cliffs Natural Resources Inc. Restricted Share Units Award Agreement pursuant to 2012 Incentive Equity Plan (filed as Exhibit 10.74 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
10.76	*Form of Cliffs Natural Resources Inc. Performance Restricted Share Units Agreement effective May 26, 2011 under the Amended and Restated 2007 Incentive Equity Plan, as amended (filed herewith)
10.77	*Form of Cliffs Natural Resources Inc. Restricted Share Unit Award Memorandum and Restricted Share Unit Award Agreement under the 2012 Incentive Equity Plan (filed herewith)
10.78	*Form of Cliffs Natural Resources Inc. Restricted Share Unit Award Memorandum (Graduated Vesting 50%) and Restricted Share Unit Award Agreement under the 2012 Incentive Equity Plan (filed herewith)
10.79	*Form of Cliffs Natural Resources Inc. Restricted Share Unit Award Memorandum (Graduated Vesting 33%) and Restricted Share Unit Award Agreement under the 2012 Incentive Equity Plan (filed herewith)

10.80	*Form of Cliffs Natural Resources Inc. Restricted Share Unit Award Memorandum (3 year Vesting) and Restricted Share Unit Award Agreement under the 2012 Incentive Equity Plan (filed herewith)
10.81	*Form of Cliffs Natural Resources Inc. Restricted Share Unit Award Memorandum (Graduated Vesting) and Restricted Share Unit Award Agreement under the 2012 Incentive Equity Plan (filed herewith)
10.82	*Form of Cliffs Natural Resources Restricted Shares Agreement pursuant to the Amended and Restated Cliffs 2007 Incentive Equity Plan between the employee participant and the Company or its Subsidiary (filed as Exhibit 10.62 to Cliffs' Form 10-K for the period ended December 31, 2011 and incorporated herein by reference)
10.83	*Cliffs Natural Resources Inc. Supplemental Retirement Benefit Plan (as Amended and Restated effective December 1, 2006) dated December 31, 2008 (filed as Exhibit 10(mmm) to Cliffs' Form 10-K for the period ended December 31, 2008 and incorporated herein by reference)
10.84	** Pellet Sale and Purchase Agreement, dated and effective as of April 10, 2002, by and among The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Northshore Mining Company, Northshore Sales Company, International Steel Group Inc., ISG Cleveland Inc., and ISG Indiana Harbor Inc. (filed herewith)
10.85	** First Amendment to Pellet Sale and Purchase Agreement, dated and effective December 16, 2004 by and among The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Northshore Mining Company, Cliffs Sales Company (formerly known as Northshore Sales Company), International Steel Group Inc., ISG Cleveland Inc. and ISG Indiana Harbor (filed herewith)
10.86	** Pellet Sale and Purchase Agreement, dated and effective as of December 31, 2002 by and among The Cleveland-Cliffs Iron Company, Cliffs Mining Company, and Ispat Inland Inc. (filed herewith)
10.87	** 2011 Omnibus Agreement, dated as of April 8, 2011 and effective as of March 31, 2011, by and among ArcelorMittal USA LLC, as successor in interest to Ispat Inland Inc., ArcelorMittal Cleveland Inc. (formerly known as ISG Cleveland Inc.), ArcelorMittal Indiana Harbor LLC (formerly known as ISG Indiana Harbor Inc.) and Cliffs Natural Resources Inc., The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Northshore Mining Company and Cliffs Sales Company (formerly known as Northshore Sales Company) (filed as Exhibit 10(a) to Cliffs' Form 10-Q for the period ended June 30, 2011 and incorporated herein by reference)
10.88	Amended and Restated Multicurrency Credit Agreement entered into as of August 11, 2011, among Cliffs, certain foreign subsidiaries of the Company from time to time party thereto, Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, JPMorgan Chase Bank, N.A., as Syndication Agent and L/C Issuer, Merrill Lynch, Pierce, Fenner & Smith Incorporated, J.P. Morgan Securities LLC, Citigroup Global Markets Inc., PNC Capital Markets Inc. and U.S. Bank National Association, as Joint Lead Arrangers and Joint Book Managers, Fifth Third Bank and RBS Citizens, N.A., as Co-Documentation Agents, and the various institutions from time to time party thereto (filed as Exhibit 10(a) to Cliffs' Form 8-K on August 17, 2011 and incorporated herein by reference)
10.89	Amendment No. 1, dated as of October 16, 2012 to Amended and Restated Multicurrency Credit Agreement (filed as Exhibit 10.1 to Cliffs' Form 8-K on October 19, 2012 and incorporated herein by reference)

10.90	Amendment No. 2 to the Amended and Restated Multicurrency Credit Agreement dated as of February 8, 2013 (filed as Exhibit 10.92 to Cliffs' Form 10-K for the period ended December 31, 2012 and incorporated herein by reference)
12	Ratio of Earnings To Combined Fixed Charges And Preferred Stock Dividend Requirements (filed herewith)
21	Subsidiaries of the Registrant (filed herewith)
23	Consent of Independent Registered Public Accounting Firm (filed herewith)
24	Power of Attorney (filed herewith)
31.1	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Gary B. Halverson as of February 14, 2014 (filed herewith)
31.2	Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Terrance M. Paradie as of February 14, 2014 (filed herewith)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Gary B. Halverson, President and Chief Executive Officer of Cliffs Natural Resources Inc., as of February 14, 2014 (filed herewith)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Terrance M. Paradie, Executive Vice President and Chief Financial Officer of Cliffs Natural Resources Inc., as of February 14, 2014 (filed herewith)
95	Mine Safety Disclosures (filed herewith)
99(a)	Schedule II – Valuation and Qualifying Accounts (filed herewith)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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* Indicates management contract or other compensatory arrangement.

** Confidential treatment requested and/or approved as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.

COMMON STOCK

EXHIBIT 4.8

SEE REVERSE SIDE FOR CERTAIN DEFINITIONS

CUSIP 18683K 10 1

NUMBER

WF 21439

SHARES

CLIFFS

CLIFFS NATURAL RESOURCES INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF OHIO

THIS CERTIFIES THAT

SPECIMEN

is the owner of

FULLY PAID AND NON-ASSESSABLE COMMON SHARES OF THE PAR VALUE OF $0.125 EACH OF

CLIFFS NATURAL RESOURCES INC.

transferable on the books of the Company by the registered holder in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Articles of the Company filed in the office of the Secretary of State of Ohio (copies of which are on file with the Company and with the Transfer Agent) to which the holder by acceptance hereof assents. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the seal of the Company and the signatures of its duly authorized officers.

Dated:

COUNTERSIGNED AND REGISTERED:
WELLS FARGO BANK, N.A.
TRANSFER AGENT AND REGISTRAR

BY

AUTHORIZED SIGNATURE

CLIFFS NATURAL RESOURCES INC. CORPORATE SEAL OHIO

PRESIDENT

SECRETARY

AMERICAN FINANCIAL PRINTING INCORPORATED - MINNEAPOLIS

CLIFFS NATURAL RESOURCES INC.

A COPY OF THE EXPRESS TERMS OF THE SHARES REPRESENTED BY THIS CERTIFICATE AND OF ALL OTHER CLASSES AND SERIES OF SHARES WHICH CLIFFS NATURAL RESOURCES INC. IS AUTHORIZED TO ISSUE WILL BE MAILED TO ANY SHAREHOLDER WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT FROM SUCH SHAREHOLDER OF A WRITTEN REQUEST THEREFOR. SUCH REQUESTS SHOULD BE ADDRESSED TO THE SECRETARY OF CLIFFS NATURAL RESOURCES INC., 33RD FLOOR, 200 PUBLIC SQUARE, CLEVELAND, OHIO 44114-2315.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common	UTMA –	________ Custodian ________ (Cust) (Minor)
TEN ENT – as tenants by entireties		under Uniform Transfers to Minors
JT TEN – as joint tenants with right of survivorship and not as tenants in common		Act ________ (State)

Additional abbreviations may also be used though not in above list.

For value received ____ *hereby sell, assign, and transfer unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING ZIP CODE OF ASSIGNEE)

________ *Shares*

of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint ________

________ *Attorney*

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated ________

X ________

X ________

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE GUARANTEED

ALL GUARANTEES MUST BE MADE BY A FINANCIAL INSTITUTION (SUCH AS A BANK OR BROKER) WHICH IS A PARTICIPANT IN THE SECURITIES TRANSFER AGENTS MEDALLION PROGRAM ("STAMP"), THE NEW YORK STOCK EXCHANGE, INC. MEDALLION SIGNATURE PROGRAM ("MSP"), OR THE STOCK EXCHANGES MEDALLION PROGRAM ("SEMP") AND MUST NOT BE DATED. GUARANTEES BY A NOTARY PUBLIC ARE NOT ACCEPTABLE.

CHANGE IN CONTROL

SEVERANCE AGREEMENT

This CHANGE IN CONTOL SEVERANCE AGREEMENT (this "Agreement"), dated and effective as of this 1st day of January, 2014 (the "Effective Date") is made and entered into by and between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and ______________________ (the "Executive").

WITNESSETH:

WHEREAS, the Executive is a key employee of the Company or one or more of its Subsidiaries who is expected to make major contributions to the short- and long-term profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change in Control (as defined below) exists;

WHEREAS, the Company desires to assure itself of both present and future continuity of management and desires to establish certain minimum severance benefits for certain of its executives, including the Executive, applicable in the event of a Change in Control;

WHEREAS, the Company wishes to ensure that its executives are not distracted from discharging their duties in respect of a proposed or actual transaction involving a Change in Control; and

WHEREAS, the Company desires to provide additional inducement for the Executive to continue to remain in the employ of the Company.

NOW, THEREFORE, the Company and the Executive agree as follows:

1. Certain Defined Terms. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) "Base Pay" means the Executive's annual base salary rate as in effect from time to time.

(b) "Board" means the Board of Directors of the Company.

(c) "Cause" means that, prior to any termination pursuant to Section 3(a) or (b), the Executive shall have committed:

(i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his duties or in the course of his employment with the Company or any Subsidiary;

(ii) intentional wrongful damage to property of the Company or any Subsidiary;

(iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or

(iv) intentional wrongful engagement in any Competitive Activity;

and any such act shall have been demonstrably and materially harmful to the Company or any Subsidiary. For purposes of this Agreement, no act or failure to act on the part of the Executive shall be deemed “intentional” if it was due primarily to an error in judgment or negligence, but shall be deemed “intentional” only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive’s action or omission was in the best interest of the Company or Subsidiary, as applicable. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for “Cause” hereunder unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the Board then in office at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive’s counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting “Cause” as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) “Change in Control” means:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a “Person”) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (x) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section 1(d)(i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (D) any acquisition pursuant to a transaction that complies with Sections (1)(d)(iii)(A), (1)(d)(iii)(B) and (1)(d)(iii)(C), below;

(ii) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, with respect to any compensation hereunder (i) that is subject to Code Section 409A and (ii) for which a Change in Control would accelerate the timing of payment thereunder, the term “Change in Control” shall mean a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company, each as defined in Code Section 409A and authoritative guidance thereunder, but only to the extent inconsistent with the above definition and as determined by the Company to be necessary to avoid the incurrence of tax penalties under Code Section 409A.

(e) "Code" shall mean the Internal Revenue Code of 1986 and regulations thereunder, both as amended from time to time.

(f) "Competitive Activity" means the Executive's participation, without the written consent of an officer of the Company, in the management of any business enterprise if such enterprise engages in substantial and direct competition with the Company and such enterprise's sales of any product or service competitive with any product or service of the Company amounted to at least 10% of the Company's net sales for its most recently completed fiscal year. "Competitive Activity" will not include (i) the ownership of less than 5% of the securities in any such enterprise and/or the exercise of rights appurtenant thereto or (ii) participation in the management of any such enterprise other than in connection with the competitive operations of such enterprise.

(g) "Controlled Group" means the Company and all other persons or entities that would be considered a single employer under Code Section 414(b) and/or 414(c) provided that in such Code Sections "50%" shall be used wherever "80%" appears, but only during the periods any such corporation, business organization or member would be so considered under Code Section 414(b) and/or 414(c).

(h) "Continuation Period" means the three-year period commencing on the date of the Executive's Separation from Service.

(i) "Employee Benefits" means the perquisites, benefits and service credit for benefits as provided under any and all employee retirement income, incentive compensation and/or welfare benefit policies, plans, programs or arrangements in which the Executive is entitled to participate, including without limitation any savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company or a Subsidiary), disability, salary continuation, expense reimbursement and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs or arrangements that may be adopted hereafter by the Company or a Subsidiary, providing perquisites, benefits and service credit for benefits at least as great in value in the aggregate as are payable thereunder prior to a Change in Control.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(k) "Good Reason" means the initial occurrence, without the Executive's consent, of one or more of the following events:

(i) a material diminution in his Base Pay;

(ii) a material diminution in his authority, duties or responsibilities;

(iii) a material change in the geographic location at which he must perform services;

(iv) a material reduction in his Incentive Pay opportunity; and

(v) any other action or inaction that constitutes a material breach by his employer of the employment agreement, if any, under which he provides services;

provided, however, that “Good Reason” shall not be deemed to exist unless:

(A) the Executive has provided notice to his employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions; and

(B) such condition or conditions have not been cured by his employer within 30 days after receipt of such notice.

(l) “Incentive Pay” means an annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company or a Subsidiary, or any successor thereto.

(m) “Parent” shall mean the entity that owns at least 50% of the total fair market value and total voting power of the Controlled Group member that employs the Executive.

(n) “Protection Period” means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the second anniversary of the occurrence of the Change in Control, or (ii) the Executive’s death.

(o) “Retirement Plans” means the Company defined benefit pension plan, supplemental executive retirement, excess benefits and retiree medical, life and similar benefit plans providing retirement perquisites, benefits and service credit for benefits at least as great in value in the aggregate as are payable thereunder prior to a Change in Control.

(p) “Separation from Service” means the Executive’s separation from service within the meaning of Code Section 409A with the Company and all members of the Controlled Group, for any reason, including without limitation, quit, discharge, or retirement, or a leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government if the period of such leave exceeds the greater of six months or the period for which the Executive’s right to reemployment is provided either by statute or by contract). “Separation from Service” also means the permanent decrease in the Executive’s service for the Company and all Controlled Group members to a level that is no more than 20% of its prior level. For this purpose, whether a Separation from

Service has occurred is determined based on whether it is reasonably anticipated that no further services as an employee will be performed by the Executive after a certain date or that the level of bona fide services the Executive will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Executive has been providing services less than 36 months).

(e) "Severance Compensation" means the severance pay and other benefits provided by Sections 4(a) and (b).

(f) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding capital or profits interests or Voting Stock.

(g) "Supplemental Retirement Plan" or "SRP" means the Cliffs Natural Resources Inc. Supplemental Retirement Benefit Plan (as Amended and Restated as of December 1, 2006), as it may be amended prior to a Change in Control, and modified as provided in Annex A.

(h) "Term" means the period commencing as of January 1, 2014 and expiring as of the later of (i) the close of business on December 31, 2016, or (ii) the expiration of the Protection Period; provided, however, that (A) on January 1, 2015, and each January 1 thereafter, the Term will automatically be extended for one additional year unless, not later than ninety (90) days prior to the date of any such extension, the Company or the Executive shall have given notice that it or the Executive, as the case may be, does not wish to have the Term extended and (B) subject to the last sentence of Section 10, if, prior to a Change in Control, the Executive ceases for any reason to be an Officer of the Company and any Subsidiary, thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate upon such cessation and be of no further effect.

(i)"Voting Stock" means securities of the Company entitled to vote generally in the election of directors.

2. Operation of Agreement. This Agreement will be effective and binding immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, this Agreement will not be operative unless and until a Change in Control occurs. Upon the occurrence of a Change in Control at any time during the course of the Term, without further action, this Agreement shall become immediately operative, including without limitation, under the circumstances described in the last sentence of Section 10, notwithstanding that the Term may have theretofore terminated.

3. Termination Following a Change in Control.

(a) In the event of the occurrence of a Change in Control, the Executive's employment may be terminated by the Company or a Subsidiary during the Protection Period and the Executive shall be entitled to the benefits provided by Section 4 unless such termination is the result of the occurrence of one or more of the following events:

(i) The Executive's death;

(ii) If the Executive becomes permanently disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Executive immediately prior to the Change in Control; or

(iii) Cause.

If, during the Protection Period, the Executive's employment is terminated by the Company or any Subsidiary other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), the Executive will be entitled to the benefits provided by Section 4 hereof.

(b) The Executive may terminate employment with the Company and any Subsidiary for Good Reason during the Protection Period with the right to Severance Compensation as provided in Section 4.

(c) A termination by the Company pursuant to Section 3(a) or by the Executive pursuant to Section 3(b) will not affect any rights that the Executive may have pursuant to any agreement, policy, plan, program or arrangement of the Company or Subsidiary providing Employee Benefits, which rights shall be governed by the terms thereof, except for any rights to severance compensation to which the Executive may be entitled upon Separation from Service under any severance pay policy, plan, program or arrangement of the Company, which rights shall, during the Protection Period, be superseded by this Agreement.

4. Severance Compensation.

(a) If, following the occurrence of a Change in Control, the Company or Subsidiary terminates the Executive's employment during the Protection Period other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), or if the Executive terminates his employment during the Protection Period pursuant to Section 3(b), the Company will pay to the Executive the amounts described in Annex A at the times and in the manner described therein.

(b) Without limiting the rights of the Executive at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to the so-called composite "prime rate" as quoted from time to time during the relevant period in the Midwest Edition of The Wall Street Journal, plus 2%. Such interest will be payable as it accrues on demand, but in all cases shall be paid within 2-1/2 months after the end of the Executive's taxable year in which it accrues. Any change in such prime rate will be effective on and as of the date of such change.

(c) Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under this Section 4 and under Sections 5, 6, 7, 8, the last sentence of Section 9, 10, 11 and Annex A, and any other provision of this Agreement that by its terms applies following any termination or expiration of this Agreement or the Executive's Separation from Service following a Change in

Control, will survive any termination or expiration of this Agreement or the Executive's Separation from Service following a Change in Control for any reason whatsoever.

(d) In the event that there is no express provision in any applicable policy, plan, program or agreement dealing with the occurrence of a Change in Control, all equity incentive grants and awards held by the Executive shall become fully vested and immediately payable in cash on the date of the Change of Control valued at target on such date and all stock options held by the Executive shall become fully exercisable on the date of the Change in Control; provided, however, to the extent that the payment of any such amounts that is subject to the timing requirements of Code Section 409A, payment timing shall confirm to such requirements.

(e) No Mitigation Obligation. The Company hereby acknowledges that it will be difficult and may be impossible for the Executive to find reasonably comparable employment following his Separation from Service and that the non-competition covenant contained in Section 7 will further limit the employment opportunities for the Executive. In addition, the Company acknowledges that its severance pay plans applicable in general to its salaried employees do not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the payment of the Severance Compensation by the Company to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable, and the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in Paragraphs (2) and (3) of Annex A.

5. Payments not Considered for Other Benefits, etc. Payments made pursuant to Paragraphs (1) and (6) of Annex A will be counted for purposes of determining benefits under the SRP, but will not be counted for purposes of any other employee benefit plan. All other payments under this Agreement, including the legal fee and expense reimbursement provided under Section 6 and reimbursements for outplacement counseling provided under Paragraph (9) of Annex A will not be counted for any purpose under any employee benefit plan of the Company. Such payments and payments of severance pay will not be made from any benefit plan funds, and shall constitute an unfunded unsecured obligation of the Company.

6. Legal Fees and Expenses.

(a) It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement or defense of the Executive's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of the Executive's choice, at the expense of the Company as hereafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship shall exist between the Executive and such counsel. Without respect to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing, which fees shall be paid within five days of the day the Executive submits to the Company an invoice from such counsel for the fees and expenses, which invoice shall be submitted no later than five days prior to the end of the taxable year of the Executive following the year in which the expenses were incurred.

(b) To ensure that the provisions of this Agreement can be enforced by the Executive, certain trust arrangements ("Trusts") have been established between KeyBank National Association, as Trustee ("Trustee"), and the Company. Each of Trust Agreement No. 1 (Amended and Restated Effective June 1, 1997, as amended) ("Trust Agreement No. 1"), Amended and Restated Trust Agreement No. 2 (Effective October 15, 2002, as amended) ("Trust Agreement No. 2"), and Trust Agreement No. 7 dated April 9, 1991, as amended ("Trust Agreement No. 7"), as it may be subsequently amended and/or restated, between the Trustee and the Company, sets forth the terms and conditions relating to payment from Trust Agreement No. 1 of compensation, pension benefits and other benefits pursuant to the Agreement owed by the Company, payment from Trust Agreement No. 2 for attorneys' fees and related fees and expenses pursuant to Section 6(a) hereof owed by the Company, and payment from Trust Agreement No. 7 of pension benefits owed by the Company. The Executive shall make demand on the Company for any payments due the Executive pursuant to Section 6(a) hereof prior to making demand therefor on the Trustee under Trust Agreement No. 2.

(c) Upon the earlier to occur of (i) a Change in Control or (ii) a declaration by the Board that a Change in Control is imminent, the Company shall promptly to the extent it has not previously done so, and in any event within five (5) business days:

(A) transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 1 a sum equal to (I) the present value on the date of the Change in Control (or on such fifth business day if the Board has declared a Change in Control to be imminent) of the payments to be made to the Executive under the provisions of Annex A, such present value to be computed using the assumptions set forth in Annex A hereof less (II) the balance in the Executive's accounts provided for in Trust Agreement No. 1 as of the most recent completed valuation thereof, as certified by the Trustee under Trust Agreement No. 1 less (III) the balance in the Executive's accounts provided for in Trust Agreement No. 7 as of the most recently completed valuation thereof, as certified by the Trustee under Trust Agreement No. 7; provided, however, that if the Trustee under Trust Agreement No. 1 and/or Trust Agreement No. 7 does not so certify by the end of the fourth (4th) business day after the earlier of such Change in Control or declaration, then the balance of such respective account shall be deemed to be zero. Any payments of compensation, pension or other benefits by the Trustee pursuant to Trust Agreement No. 1 or Trust Agreement No. 7 shall, to the extent thereof, correspondingly discharge the Company's obligation to pay compensation, pension and other benefits hereunder; and

(B) transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 2 the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000) less any principal in such Trust on such fifth business day. Any payments of the Executive's attorneys' and related fees and expenses by the Trustee pursuant to Trust Agreement No. 2 shall, to the extent thereof, correspondingly discharge the Company's obligation hereunder. The Executive understands and acknowledges that the entire corpus of the Trust under Trust Agreement No. 2 will be $250,000 and that said amount will be available to discharge not only the obligations of the Company to the Executive under Section 6(a) hereof, but also similar obligations of the Company to other executives and employees under similar provisions of other agreements and plans.

7. Competitive Activity; Confidentiality; Nonsolicitation.

(a) During the Term and for the duration of the Continuation Period, if the Executive shall have received or shall be receiving benefits under Section 4, the Executive shall not, without the prior written consent of the Company, which consent shall not be unreasonably withheld, engage in any Competitive Activity.

(b) During the Term, the Company agrees that it will disclose to the Executive its confidential or proprietary information (as defined in this Section 7(b)) to the extent necessary for the Executive to carry out his obligations to the Company. The Executive hereby covenants and agrees that he will not, without the prior written consent of the Company, during the Term or thereafter disclose to any person not employed by the Company, or use in connection with engaging in competition with the Company, any confidential or proprietary information of the Company. For purposes of this Agreement, the term "confidential or proprietary information" will include all information of any nature and in any form that is owned by the Company and that is not publicly available (other than by the Executive's breach of this Section 7(b)) or generally known to persons engaged in businesses similar or related to those of the Company. Confidential or proprietary information will include, without limitation, the Company's financial matters, customers, employees, industry contracts, strategic business plans, product development (or other proprietary product data), marketing plans, and all other secrets and all other information of a confidential or proprietary nature. For purposes of the preceding two sentences, the term “Company” will also include any Subsidiary (collectively, the “Restricted Group”). The foregoing obligations imposed by this Section 7(b) will not apply (i) during the Term, in the course of the business of and for the benefit of the Company, (ii) if such confidential or proprietary information will have become, through no fault of the Executive, generally known to the public or (iii) if the Executive is required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement).

(c) The Executive hereby covenants and agrees that during the Term and for the duration of the Continuation Period, the Executive will not, without the prior written consent of the Company, which consent shall not unreasonably be withheld, on behalf of the Executive or on behalf of any person, firm or company, directly or indirectly, attempt to influence, persuade or induce, or assist any other person in so persuading or inducing, any employee of the Restricted Group to give up, or to not commence, employment or a business relationship with the Restricted Group.

(d) The Executive further agrees that he shall return, within 10 days of the effective date of his termination as an employee of the Company and any Subsidiary, in good condition, all property of the Company and any Subsidiary then in his possession, including, without limitation, whether in hard copy or in media (i) property, documents and/or all other materials (including copies, reproductions, summaries and/or analyses) which constitute, refer or relate to confidential or proprietary information of the Company or any Subsidiary, (ii) keys to property of the Company or any Subsidiary, (iii) files and (iv) blueprints or other drawings.

(e) The Executive further acknowledges and agrees that his obligation of confidentiality shall survive until and unless such confidential or proprietary information of the Company or any Subsidiary shall have become, through no fault of the Executive, generally known to the public or the Executive is required by law (after providing the Company with notice and opportunity to contest such requirement) to make disclosure. The Executive’s obligations under this Section are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which the Executive may have to the Company and any Subsidiary under general legal or equitable principles or statutes.

(f) During the term and for the duration of the Continuation Period, the Executive further agrees that he will not, directly or indirectly:

(i) induce or attempt to induce customers, business relations or accounts of the Company or any of the Subsidiaries to relinquish their contracts or relationships with the Company or any of the Subsidiaries; or

(ii) solicit, entice, assist or induce other employees, agents or independent contractors to leave the employ of the Company or any of the Subsidiaries or to terminate their engagements with the Company and/or any of the Subsidiaries or assist any competitors of the Company or any of the

Subsidiaries in securing the services of such employees, agents or independent contractors.

8. Release. Receipt of Severance Compensation and other benefits or amounts by the Executive under this Agreement, to the extent representing new or additional amounts and/or rights, is conditioned upon the Executive executing and delivering to the Company a release substantially in the form provided in Exhibit A. Such release must be executed and delivered by no later than the fifth day following the expiration of the 21-day period referred to in Paragraph 5(c) of Exhibit A, and no payment of any Severance will be made until the expiration of the 7-day revocation period referred to in Paragraph 5(d) of Exhibit A.

9. Employment Rights. Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company, a Subsidiary or the Executive to have the Executive remain in the employment of the Company or a Subsidiary at any time prior to or following a Change in Control. Any Separation from Service of the Executive or the removal of the Executive from his office or position in the Company or a Subsidiary prior to a Change in Control shall be deemed to be a Separation from Service of the Executive after a Change in Control for all purposes of this Agreement, but only if such Separation from Service occurs: (a) during the one-year period preceding a Change in Control; or (b) following the commencement of any discussion with any third person that ultimately resulted in Change in Control.

10. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling.

11. Section 280G.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the Accounting Firm shall determine that receipt of all Payments would subject the Executive to tax under Code Section 4999, the Accounting Firm shall determine whether some amount of Agreement Payments meets the definition of “Reduced Amount.” If the Accounting Firm determines that there is a Reduced Amount, then the aggregate Agreement Payments shall be reduced to such Reduced Amount.

(b) If the Accounting Firm determines that the aggregate Agreement Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof, and the Executive may then elect, in his or her sole discretion, which and how much of the Agreement Payments shall be eliminated or reduced (as long as after such election the present value of the aggregate Agreement Payments equals the Reduced Amount); provided, that the Executive shall not be permitted to elect to reduce any Agreement Payment that constitutes “nonqualified deferred compensation” for purposes of Code Section 409A, and shall advise the Company in writing of his or her election within ten days of his or her receipt of notice. If no such election is made by the Executive within such ten day period, the Company shall reduce the Agreement Payments in the following order: (1) Agreement Payments which do not constitute “nonqualified deferred compensation subject to Code Section 409A shall be reduced first; and (2) all other Agreement Payments shall then be reduced, in each case as follows: (i) cash payments shall be reduced before non-cash payments and (ii) payments to be made on a later payment date shall be reduced before payments to be made on an earlier payment date. All determinations made by the Accounting Firm under this Section 11 shall be binding upon the Company and the Executive and shall be made within 60 days of the Executive's Separation from Service. In connection with making determinations under this Section 12, the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by the Executive before or after the Change in Control, including any non-competition provisions that may apply to the Executive and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

(c) As a result of the uncertainty in the application of Code Section 4999 at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed (each, an "Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed (each, an "Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be repaid by the Executive to the Company together with interest at the applicable federal rate provided for in Code Section 7872(f)(2); provided, however, that no such repayment shall be required if and to the extent such deemed repayment would not either reduce the amount on which the Executive is subject to tax under Code Section 1 and Code Section 4999 or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Code Section 7872(f)(2).

(d) All fees and expenses of the Accounting Firm in implementing the provisions of this Section 11 shall be borne by the Company.

(e) Definitions. The following terms shall have the following meanings for purposes of this Section 11.

(i) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Code Section 280G(b)(2)) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise;

(ii) "Agreement Payment" shall mean a Payment paid or payable pursuant to this Agreement (disregarding this Section 11);

(iii) "Net After-Tax Receipt" shall mean the present value of a Payment net of all taxes imposed on the Executive with respect thereto under Code Sections 1 and 4999 and under applicable state and local laws, determined by applying the highest marginal rate under Code Section 1 and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Executive shall certify, in the Executive's sole discretion, as likely to apply to the Executive in the relevant tax year(s);

(iv) "Accounting Firm" shall mean Grant Thornton LLP, or such other nationally recognized certified public accounting firm as may be designated by the Executive;

(v) "Reduced Amount" shall mean the amount of Agreement Payments that (x) has a present value that is less than the present value of all Agreement Payments and (y) results in aggregate Net After-Tax Receipts for all Payments that are greater than the Net After-Tax Receipts for all Payments that would result if the aggregate present value of Agreement Payments were any other amount that is less than the present value of all Agreement Payments.

12. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 12(a) and 12(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 12(c), the

Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

(d) The obligation of the Company to make payments and/or provide benefits hereunder shall represent an unsecured obligation of the Company.

(e) The Company recognizes that each Executive will have no adequate remedy at law for breach by the Company of any of the agreements contained herein and, in the event of any such breach, the Company hereby agrees and consents that each Executive shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of obligations of the Company under this Agreement.

13. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as FedEx or UPS, addressed to the Company (to the attention of the Executive Vice President, Human Resources of the Company) at its principal executive office and to the Executive at his last known address on the Company's books and records, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

14. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

15. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

16. Administration of this Agreement

(a) In General: This Agreement shall be administered by the Company.

(b) Delegation of Duties: The Company may delegate any of its administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of Severance Compensation under this Agreement, and any severance pay generally, to named administrator or administrators.

(c) Regulations: The Company shall promulgate any rules and regulations it deems necessary in order to carry out the purposes of this Agreement or to interpret the terms and conditions of this Agreement; provided, however, that no rule, regulation or interpretation shall be contrary to the provisions of this Agreement.

(d) Claims Procedure: The Company shall determine the rights of any claimant to any Severance Compensation hereunder. Any claimant who believes that he has not received any benefit under this Agreement to which he believes he is entitled, may file a claim in writing with the Executive Vice President, Human Resources. The Company shall, no later than 90 days after the receipt of a claim, either allow or deny the claim by written notice to the claimant. If a claimant does not receive written notice of the Company's decision on his claim within such 90-day period, the claim shall be deemed to have been denied in full.

A denial of a claim by the Company, wholly or partially, shall be written in a manner calculated to be understood by the claimant and shall include:

(i) the specific reason or reasons for the denial;

(ii) specific reference to pertinent provisions of this Agreement on which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure.

A claimant whose claim is denied (or his duly authorized representative) may, within 30 days after receipt of denial of his claim, request a review of such denial by the Company by filing with the Secretary of the Company a written request for review of his claim. If the claimant does not file a request for review with the Company within such 30-day period, the claimant shall be deemed to have acquiesced in the original decision of the Company on his claim. If a written request for review is so filed within such 30-day period, the Company shall conduct a full and fair review of such claim. During such full review, the claimant shall be given the opportunity to review documents that are pertinent to his claim and to submit issues and comments in writing. The Company shall notify the claimant of its decision on review within 60 days after receipt of a request for review. Notice of the decision on review shall be in writing. If the decision on review is not furnished to the claimant within such 60-day period, the claim shall be deemed to have been denied on review.

(e) Revocability of Action: Any action taken by the Company with respect to the rights or benefits under this Agreement of the Executive shall be revocable by the Company as to payments or distributions not yet made to such person, and acceptance of Severance Compensation under this Agreement constitutes acceptance of and agreement to the Company making any appropriate adjustments in future payments or distributions to such person to offset any excess or underpayment previously made to him.

(f) Requirement of Receipt: Upon receipt of any Severance Compensation hereunder, the Company reserves the right to require any Executive to execute a receipt evidencing the amount and payment of such Severance Compensation.

17. Amendment and Termination. The Company reserves the right, except as hereinafter provided, at any time and from time to time, to amend, modify, change or terminate this Agreement and/or any action by the Compensation and Organization Committee of the Company's Board of Directors relating thereto, including any Annex or Exhibit thereto; provided, however, that any such amendment, modification, change or termination that adversely affects the rights of the Executive under this Agreement may not be made without the written consent of the Executive; and provided further that any such amendment or termination shall be made only if permitted in accordance with the requirements of Code Section 409A.

18. Other Plans, etc. If the terms of this Agreement are inconsistent with the provisions of any other plan, program, contract or arrangement of the Company or any Subsidiary, to the extent such plan, program, contract or arrangement may be amended by the Company or a Subsidiary, the terms of this Agreement will be deemed to so amend such plan, program, contract or arrangement, and the terms of this Agreement will govern.

19. Construction. The masculine gender, when used in this Agreement, shall be deemed to include the feminine gender and the singular number shall include the plural, unless the context clearly indicates to the contrary.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

21. Section 409A. The amounts payable under this Agreement are intended to be exempt or excluded from the application of Code Section 409A, or are otherwise intended to avoid the incurrence of tax penalties under Code Section 409A and, with respect to amounts payable under this Agreement that are subject to Code Section 409A, this Agreement shall in all respects be administered in accordance with Code Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. Notwithstanding anything herein to the contrary, in the event that the Executive is a "specified employee" within the meaning of Code Section 409A (as determined in accordance with the methodology established by the Company as in effect on the Separation from Service) (a "Specified Employee"), amounts and benefits that constitute "nonqualified deferred compensation" within the meaning of Code Section 409A that would otherwise be payable and or provided under this Agreement during the six-month period immediately following the Separation from Service shall instead be paid, with interest determined as of the Separation from Service, or provided, on the first business day after the date that is six months following the Executive's Separation from Service (the "Delayed Payment Date"). If the Executive dies following the Separation from Service and prior to the payment of the any amounts delayed on account of Code Section 409A, such amounts shall be paid to the personal representative of the Executive's estate within 30 days after the date of the Executive's death. All reimbursements and in-kind benefits provided under this Agreement that constitute "nonqualified deferred

compensation” within the meaning of Code Section 409A shall be made or provided in accordance with Code Section 409A, including, without limitation, that (i) in no event shall reimbursements by the Company under this Agreement be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred, provided, that the Executive shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount of in-kind benefits that the Company is obligated to pay or provide in any given calendar year (other than medical reimbursements described in Treas. Reg. § 1.409A-3(i)(1)(iv)(B)) shall not affect the in-kind benefits that the Company is obligated to pay or provide in any other calendar year; (iii) the Executive’s right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company’s obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive’s remaining lifetime (or if longer, through the 20th anniversary of the Effective Date). Prior to the Change in Control but within the time period permitted by the applicable Treasury Regulations (or such later time as may be permitted under Code Section 409A or any IRS or Department of Treasury rules or other guidance issued thereunder), the Company may, in consultation with the Executive, modify the Agreement, in the least restrictive manner necessary and without any diminution in the value of the payments to the Executive, in order to avoid the incurrence of tax penalties under Code Section 409A.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

CLIFFS NATURAL RESOURCES INC.

By: ______________________ Date ______________

Executive Vice President, Human Resources and Chief Human Resources Officer

______________________ ______________

[Name] Date

CLIFFS NATURAL RESOURCES INC.
SEVERANCE AGREEMENT

ANNEX A

Severance Compensation

(1) A lump sum payment in an amount equal to the number of years in the Continuation Period multiplied by the sum of (A) Base Pay (at the highest rate in effect during the 5-year period prior to the Executive's Separation from Service), plus (B) Incentive Pay (in an amount equal to not less than the greatest of (i) the target bonus and/or target award opportunity for the fiscal year immediately preceding the year in which the Change in Control occurs, (ii) the target bonus and/or target award opportunity for the fiscal year in which the Change in Control occurs or (iii) the target bonus and/or target award opportunity for the fiscal year in which the Executive's Separation from Service occurs). Such payment shall be made by the later of ten (10) business days after the Executive's Separation from Service or the end of the seven (7) day revocation period described in Paragraph 5(d) of Exhibit A.

(2) During the Continuation Period, the Company will arrange to provide the Executive with medical and dental benefits that are the same as those that the Executive was receiving or entitled to receive immediately prior to the Executive's Separation from Service (or, if greater, immediately prior to the Change in Control); provided, however, that if such medical and dental benefits are subject to income tax, the reimbursement of an eligible expense shall be made on or before the last day of the Executive's taxable year following the taxable year in which the medical or dental expense was incurred. Without otherwise limiting the purposes or effect of Section 4(d) of the Agreement, the medical and dental benefits otherwise receivable by the Executive pursuant to this Paragraph 2 will be reduced to the extent comparable medical and dental benefits are actually received by the Executive from another employer during the Continuation Period following the Executive's Separation from Service, and any such benefits actually received by the Executive shall be reported by the Executive to the Company.

(3) For the Continuation Period, the Company will arrange to provide the Executive with Employee Benefits that are welfare benefits, other than medical and dental benefits covered by Paragraph (2) (such "welfare benefits" by their nature exclude stock option, performance share, performance unit, stock purchase, stock appreciation or similar compensatory or incentive benefits), that are the same as those that the Executive was receiving or entitled to receive immediately prior to the Executive's Separation from Service (or, if greater, immediately prior to the Change in Control); provided, however, that if such welfare benefits are subject to income tax, the amount of expenses eligible for reimbursement, or in-kind benefits provided, during the Executive's taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year and the reimbursement of an eligible expense shall be made on or before the last day of the Executive's taxable year following the taxable year in which the welfare benefit expense was incurred. Without otherwise limiting the purposes or effect of Section 4(d) of the Agreement, Employee Benefits otherwise receivable by the Executive pursuant to this Paragraph (3) will be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the Continuation Period following the Executive's Separation from Service, and any such benefits actually received by the Executive shall be reported by the Executive to the Company. Notwithstanding the foregoing to the contrary, no such Employee Benefits that are not excludable from the income of the Executive and are in excess of the then current dollar limit set forth in Code Section 402(g)(1)(B) shall be payable during the first six (6) months after the Separation from Service of the Executive. To the extent that amounts would have

been payable during such six (6) month period in excess of such limit, the excess amount shall be payable in the first five (5) days of the seventh (7th) month after his Separation from Service. The Executive shall have the right during such six (6) month period to pay any unpaid part of the premiums on such welfare benefits at his own expense in order for the Executive to keep such welfare benefits in force.

(4) If and to the extent that any benefit described in Paragraphs (2) and (3) is not or cannot be paid or provided under a policy, plan, program or arrangement of the Company or any Subsidiary, as the case may be, then the Company will itself pay or provide for the payment to the Executive, his dependents and beneficiaries, of such Employee Benefits.

(5) A payment or series of payments under the SRP in an amount equal to the actuarial equivalent of the Executive's accrued benefit under the SRP as of the date of his Separation from Service (the "Accrued SRP Payment") payable commencing as provided under the terms of the SRP, but no sooner than the beginning of the seventh (7th) month after his Separation from Service. In determining such lump sum payment, any benefit under the SRP attributable to the "final average pay" formula of the Pension Plan shall be converted to a lump sum actuarial equivalent as described below and any benefit under the SRP attributable to the "cash balance" formula of the Pension Plan shall be based on the amount that would be the Executive's account balance under the cash balance formula of the SRP.

(6) A lump sum payment (the "Non-accrued SRP Payment") payable within the first five days of the seventh (7th) month after the Executive's Separation from Service in an amount equal to the actuarial equivalent of the future pension benefits which the Executive would have been entitled to accrue under the SRP during the Continuation Period, as modified by this Paragraph (6) (including Base Salary and Incentive Pay as determined in Paragraph (1) as being the amount earned during such period), if the Executive had remained in the full-time employment of the Company for the entire Continuation Period. In determining such lump sum payment, any benefit under the SRP attributable to the "final average pay" formula of the Pension Plan shall be converted to a lump sum actuarial equivalent as described below and any benefit under the SRP attributable to the "cash balance" formula of the Pension Plan shall be based on the amount that would be the Executive's account balance under the cash balance formula of the SRP.

(7) The calculation of the SRP Payments and its actuarial equivalence shall be made as of the date six (6) months after Executive's Separation from Service using the assumptions and factors used in the salaried pension plan for similar calculations. Any payment attributable to the "final average pay" formula under the salaried pension plan shall be discounted from the date the Executive would have been eligible to receive an unreduced benefit under such formula (using as his "continuous service" for this purpose the sum of his actual continuous service and the continuous service he would have had during the Continuation Period) to the date of payment using the discount rate specified in the salaried pension plan.

The Company hereby waives the discretionary right, at any time subsequent to the date of a Change in Control, to amend or terminate the SRP as to the Executive as provided in Paragraph 7 thereof or to terminate the rights of the Executive or his beneficiary under the SRP in the event the Executive engages in a competitive business as provided in any plan or arrangement between the Company and the Executive or applicable to the Executive.

This Paragraph (7) shall constitute a "Supplemental Agreement" as defined in Paragraph 1.J of the SRP. The terms of the Agreement and this Annex A shall not replace the SRP with respect to the Executive, but shall take precedence to the extent they are contrary to provisions contained in the SRP.

Payment of the SRP Payment by the Company shall be deemed to be a satisfaction of all obligations of the Company to the Executive under the SRP.

(8) A lump sum amount equal to

(A) any accrued but unpaid Base Pay through the Executive's Separation from Service, plus

(B) unless otherwise expressly provided by the applicable policy, plan, program or agreement, the value of any annual bonus or long-term incentive pay (including, without limitation, incentive-based annual cash bonuses, performance units, and retention units but not including any equity-based compensation or compensation provided under a plan intended to be qualified under Code Sections 401(a) and 501(a) or any other plan included in the definition of "qualified plan" for purposes of Code Section 409A): (i) earned but unpaid relating to performance periods ending prior to the date on which the Separation from Service occurred; and (ii) earned or granted with respect to the Executive's service during the performance periods or retention periods that include the date on which the Executive's Separation from Service occurred, disregarding any applicable vesting requirements. Amounts payable pursuant to (i) shall be calculated at actual performance, and amounts payable pursuant to (ii) shall be calculated at the plan target rate.

Such payment shall be made by the later of ten (10) business days after the Executive's Separation from Service or the end of the seven (7) day revocation period described in Paragraph 5(d) of Exhibit A.

(9) Reasonable outplacement services by a firm selected by the Executive, at the expense of the Company in an amount up to 15% of the Executive's Base Pay. Such outplacement services shall be provided within a period ending no later than the end of the second taxable year of the Executive following the year in which the Executive's Separation from Service occurred and the fees for such services shall be paid by the Company within five days of receipt of an invoice from the outplacement provider for its services or within five days of the time the Executive presents the provider's invoice for such services to the Company, provided in either case that the invoice shall be submitted no later than five days prior to the end of the third taxable year of the Executive following the year in which his Separation from Service occurred.

(10) Post-retirement medical, hospital, surgical and prescription drug coverage for the lifetime of the Executive, his spouse and any eligible dependents that are the same as that which would have been furnished on the day prior to the Change in Control to the Executive if he had retired on such date with full eligibility for such benefits. Such retiree medical coverage shall have a level of employer subsidy, if any, as the Executive would have had upon his retirement or Separation from Service as of the end of the Continuation Period determined in accordance with the terms of the Plan immediately prior to the Change in Control. Such retiree medical coverage will not start until after the end of the Continuation Period during which he will be provided with active employee medical coverage pursuant to Paragraph (2) above; provided, however, that if such retiree medical coverage is subject to income tax, the payment of an eligible retiree medical expense amount shall be made on or before the last day of the Executive's taxable year following the taxable year in which that retiree medical expense was incurred.

CLIFFS NATURAL RESOURCES INC.
SEVERANCE AGREEMENT

EXHIBIT A

Form of Release

WHEREAS, the Executive's employment has been terminated in accordance with Section 3 of the Severance Agreement (the "Agreement") dated as of __________________ between the Executive and Cliffs Natural Resources Inc.; and

WHEREAS, the Executive is required to sign this Release in order to receive the Severance Compensation (as such term is defined in the Agreement) and other benefits or amounts by the Executive provided under the Agreement, to the extent representing new or additional amounts and/or rights;

NOW, THEREFORE, in consideration of the promises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, the Executive agrees as follows:

1. This Release is effective on the date hereof and will continue in effect as provided herein.

2. In consideration of the payments to be made and the benefits to be received by the Executive pursuant to the Agreement, which the Executive acknowledges are in addition to payments and benefits which the Executive would be entitled to receive absent the Agreement (other than severance pay and benefits under any other severance plan, policy, program or arrangement sponsored by Cliffs Natural Resources Inc.), the Executive, for himself and his dependents, successors, assigns, heirs, executors and administrators (and his and their legal representatives of every kind), hereby releases, dismisses, remises and forever discharges Cliffs Natural Resources Inc., its predecessors, parents, subsidiaries, divisions, related or affiliated companies, officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents and counsel (the "Company") from any and all arbitrations, claims, including claims for attorney's fees, demands, damages, suits, proceedings, actions and/or causes of action of any kind and every description, whether known or unknown, which the Executive now has or may have had for, upon, or by reason of any cause whatsoever ("claims"), against the Company, including but not limited to:

(a) any and all claims arising out of or relating to the Executive's employment by or service with the Company and his termination from the Company other than any claims arising under the Agreement or under any employee benefit programs or executive compensation programs not specifically addressed in the Agreement;

(b) any and all claims of discrimination, including but not limited to claims of discrimination on the basis of sex, race, age, national origin, marital status, religion or handicap, including, specifically, but without limiting the generality of the foregoing, any claims under the Age Discrimination in Employment Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, Ohio Revised Code

Section 4101.17 and Ohio Revised Code Chapter 4112, including Sections 4112.02 and 4112.99 thereof; and

(c) any and all claims of wrongful or unjust discharge or breach of any contract or promise, express or implied.

3. The Executive hereby gives up any and all rights or claims to be a class representative or otherwise participate in any class action on behalf of any employee benefit plan of the Company or any Subsidiary.

4. The Executive understands and acknowledges that the Company does not admit any violation of law, liability or invasion of any of his rights and that any such violation, liability or invasion is expressly denied. The consideration provided for this Release is made for the purpose of settling and extinguishing all claims and rights (and every other similar or dissimilar matter) that the Executive ever had or now may have against the Company to the extent provided in this Release. The Executive further agrees and acknowledges that no representations, promises or inducements have been made by the Company other than as appear in the Agreement.

5. The Executive further agrees and acknowledges that:

(a) The release provided for herein releases claims to and including the date of this Release;

(b) He has been advised by the Company to consult with legal counsel prior to executing this Release, has had an opportunity to consult with and to be advised by legal counsel of his choice, fully understands the terms of this Release, and enters into this Release freely, voluntarily and intending to be bound;

(c) He has been given a period of 21 days, commencing on the day after his Separation from Service, to review and consider the terms of this Release, prior to its execution and that he may use as much of the 21 day period as he desires; and

(d) He may, within 7 days after execution, revoke this Release. Revocation shall be made by delivering a written notice of revocation to the Executive Vice President, Human Resources at the Company. For such revocation to be effective, written notice must be actually received by the Executive Vice President, Human Resources at the Company no later than the close of business on the 7th day after the Executive executes this Release. If Executive does exercise his right to revoke this Release, all of the terms and conditions of the Release shall be of no force and effect and the Company shall not have any obligation to make payments or provide benefits to the Executive otherwise required as a result of the Agreement.

6. The Executive agrees that he will never file a lawsuit or other complaint asserting any claim that is released in this Release.

7. The Executive waives and releases any claim that he has or may have to reemployment after __________________.

IN WITNESS WHEREOF, the Executive has executed and delivered this Release on the date set forth below.

Dated: ____________________________ ____

Executive

EXHIBIT 10.2

CHANGE IN CONTROL

SEVERANCE AGREEMENT

This CHANGE IN CONTOL SEVERANCE AGREEMENT (this “Agreement”), dated and effective as of this 1st day of January, 2014 (the “Effective Date”) is made and entered into by and between Cliffs Natural Resources Inc., an Ohio corporation (the “Company”), and ______________________ (the “Executive”).

WITNESSETH:

WHEREAS, the Executive is a key employee of the Company or one or more of its Subsidiaries who is expected to make major contributions to the short- and long-term profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change in Control (as defined below) exists;

WHEREAS, the Company desires to assure itself of both present and future continuity of management and desires to establish certain minimum severance benefits for certain of its executives, including the Executive, applicable in the event of a Change in Control;

WHEREAS, the Company wishes to ensure that its executives are not distracted from discharging their duties in respect of a proposed or actual transaction involving a Change in Control; and

WHEREAS, the Company desires to provide additional inducement for the Executive to continue to remain in the employ of the Company.

NOW, THEREFORE, the Company and the Executive agree as follows:

1. Certain Defined Terms. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) “Base Pay” means the Executive’s annual base salary rate as in effect from time to time.

(b) “Board” means the Board of Directors of the Company.

(c) “Cause” means that, prior to any termination pursuant to Section 3(a) or (b), the Executive shall have committed:

(i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his duties or in the course of his employment with the Company or any Subsidiary;

(ii) intentional wrongful damage to property of the Company or any Subsidiary;

(iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or

(iv) intentional wrongful engagement in any Competitive Activity;

and any such act shall have been demonstrably and materially harmful to the Company or any Subsidiary. For purposes of this Agreement, no act or failure to act on the part of the Executive shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company or Subsidiary, as applicable. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for "Cause" hereunder unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the Board then in office at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting "Cause" as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) "Change in Control" means:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (x) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1(d)(i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (D) any acquisition pursuant to a transaction that complies with Sections (1)(d)(iii)(A), (1)(d)(iii)(B) and (1)(d)(iii)(C), below;

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, with respect to any compensation hereunder (i) that is subject to Code Section 409A and (ii) for which a Change in Control would accelerate the timing of payment thereunder, the term "Change in Control" shall mean a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company, each as defined in Code Section 409A and authoritative guidance thereunder, but only to the extent inconsistent with the above definition and as determined by the Company to be necessary to avoid the incurrence of tax penalties under Code Section 409A.

(e) "Code" shall mean the Internal Revenue Code of 1986 and regulations thereunder, both as amended from time to time.

(f) "Competitive Activity" means the Executive's participation, without the written consent of an officer of the Company, in the management of any business enterprise if such enterprise engages in substantial and direct competition with the Company and such enterprise's sales of any product or service competitive with any product or service of the Company amounted to at least 10% of the Company's net sales for its most recently completed fiscal year. "Competitive Activity" will not include (i) the ownership of less than 5% of the securities in any such enterprise and/or the exercise of rights appurtenant thereto or (ii) participation in the management of any such enterprise other than in connection with the competitive operations of such enterprise.

(g) "Controlled Group" means the Company and all other persons or entities that would be considered a single employer under Code Section 414(b) and/or 414(c) provided that in such Code Sections "50%" shall be used wherever "80%" appears, but only during the periods any such corporation, business organization or member would be so considered under Code Section 414(b) and/or 414(c).

(h) "Continuation Period" means the three-year period commencing on the date of the Executive's Separation from Service.

(i) "Employee Benefits" means the perquisites, benefits and service credit for benefits as provided under any and all employee retirement income, incentive compensation and/or welfare benefit policies, plans, programs or arrangements in which the Executive is entitled to participate, including without limitation any savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company or a Subsidiary), disability, salary continuation, expense reimbursement and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs or arrangements that may be adopted hereafter by the Company or a Subsidiary, providing perquisites, benefits and service credit for benefits at least as great in value in the aggregate as are payable thereunder prior to a Change in Control.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(k) "Good Reason" means the initial occurrence, without the Executive's consent, of one or more of the following events:

(i) a material diminution in his Base Pay;

(ii) a material diminution in his authority, duties or responsibilities;

(iii) a material change in the geographic location at which he must perform services;

(iv) a material reduction in his Incentive Pay opportunity; and

(v) any other action or inaction that constitutes a material breach by his employer of the employment agreement, if any, under which he provides services;

provided, however, that "Good Reason" shall not be deemed to exist unless:

(A) the Executive has provided notice to his employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions; and

(B) such condition or conditions have not been cured by his employer within 30 days after receipt of such notice.

(l) "Incentive Pay" means an annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company or a Subsidiary, or any successor thereto.

(m) "Parent" shall mean the entity that owns at least 50% of the total fair market value and total voting power of the Controlled Group member that employs the Executive.

(n) "Protection Period" means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the second anniversary of the occurrence of the Change in Control, or (ii) the Executive's death.

(o) "Retirement Plans" means the Company defined benefit pension plan, supplemental executive retirement, excess benefits and retiree medical, life and similar benefit plans providing retirement perquisites, benefits and service credit for benefits at least as great in value in the aggregate as are payable thereunder prior to a Change in Control.

(p) "Separation from Service" means the Executive's separation from service within the meaning of Code Section 409A with the Company and all members of the Controlled Group, for any reason, including without limitation, quit, discharge, or retirement, or a leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government if the period of such leave exceeds the greater of six months or the period for which the Executive's right to reemployment is provided either by statute or by contract). "Separation from Service" also means the permanent decrease in the Executive's service for the Company and all Controlled Group members to a level that is no more than 20% of its prior level. For this purpose, whether a Separation from

Service has occurred is determined based on whether it is reasonably anticipated that no further services as an employee will be performed by the Executive after a certain date or that the level of bona fide services the Executive will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Executive has been providing services less than 36 months).

(q) "Severance Compensation" means the severance pay and other benefits provided by Sections 4(a) and (b).

(r) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding capital or profits interests or Voting Stock.

(s) "Supplemental Retirement Plan" or "SRP" means the Cliffs Natural Resources Inc. Supplemental Retirement Benefit Plan (as Amended and Restated as of December 1, 2006), as it may be amended prior to a Change in Control, and modified as provided in Annex A.

(t) "Term" means the period commencing as of January 1, 2014 and expiring as of the later of (i) the close of business on December 31, 2016, or (ii) the expiration of the Protection Period; provided, however, that (A) on January 1, 2015, and each January 1 thereafter, the Term will automatically be extended for one additional year unless, not later than ninety (90) days prior to the date of any such extension, the Company or the Executive shall have given notice that it or the Executive, as the case may be, does not wish to have the Term extended and (B) subject to the last sentence of Section 10, if, prior to a Change in Control, the Executive ceases for any reason to be an Officer of the Company and any Subsidiary, thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate upon such cessation and be of no further effect.

(u) "Voting Stock" means securities of the Company entitled to vote generally in the election of directors.

2. Operation of Agreement. This Agreement will be effective and binding immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, this Agreement will not be operative unless and until a Change in Control occurs. Upon the occurrence of a Change in Control at any time during the course of the Term, without further action, this Agreement shall become immediately operative, including without limitation, under the circumstances described in the last sentence of Section 10, notwithstanding that the Term may have theretofore terminated.

3. Termination Following a Change in Control.

(a) In the event of the occurrence of a Change in Control, the Executive's employment may be terminated by the Company or a Subsidiary during the Protection Period and the Executive shall be entitled to the benefits provided by Section 4 unless such termination is the result of the occurrence of one or more of the following events:

(i) The Executive's death;

(ii) If the Executive becomes permanently disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Executive immediately prior to the Change in Control; or

(iii) Cause.

If, during the Protection Period, the Executive's employment is terminated by the Company or any Subsidiary other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), the Executive will be entitled to the benefits provided by Section 4 hereof.

(b) The Executive may terminate employment with the Company and any Subsidiary for Good Reason during the Protection Period with the right to Severance Compensation as provided in Section 4.

(c) A termination by the Company pursuant to Section 3(a) or by the Executive pursuant to Section 3(b) will not affect any rights that the Executive may have pursuant to any agreement, policy, plan, program or arrangement of the Company or Subsidiary providing Employee Benefits, which rights shall be governed by the terms thereof, except for any rights to severance compensation to which the Executive may be entitled upon Separation from Service under any severance pay policy, plan, program or arrangement of the Company, which rights shall, during the Protection Period, be superseded by this Agreement.

4. Severance Compensation.

(a) If, following the occurrence of a Change in Control, the Company or Subsidiary terminates the Executive's employment during the Protection Period other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), or if the Executive terminates his employment during the Protection Period pursuant to Section 3(b), the Company will pay to the Executive the amounts described in Annex A at the times and in the manner described therein.

(b) Without limiting the rights of the Executive at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to the so-called composite "prime rate" as quoted from time to time during the relevant period in the Midwest Edition of The Wall Street Journal, plus 2%. Such interest will be payable as it accrues on demand, but in all cases shall be paid within 2-1/2 months after the end of the Executive's taxable year in which it accrues. Any change in such prime rate will be effective on and as of the date of such change.

(c) Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under this Section 4 and under Sections 5, 6, 7, 8, the last sentence of Section 9, 10, 11 and Annex A, and any other provision of this Agreement that by its terms applies following any termination or expiration of this Agreement or the Executive's Separation from Service following a Change in

Control, will survive any termination or expiration of this Agreement or the Executive's Separation from Service following a Change in Control for any reason whatsoever.

(d) No Mitigation Obligation. The Company hereby acknowledges that it will be difficult and may be impossible for the Executive to find reasonably comparable employment following his Separation from Service and that the non-competition covenant contained in Section 7 will further limit the employment opportunities for the Executive. In addition, the Company acknowledges that its severance pay plans applicable in general to its salaried employees do not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the payment of the Severance Compensation by the Company to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable, and the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in Paragraphs (2) and (3) of Annex A.

5. Payments not Considered for Other Benefits, etc. Payments made pursuant to Paragraphs (1) and (6) of Annex A will be counted for purposes of determining benefits under the SRP, but will not be counted for purposes of any other employee benefit plan. All other payments under this Agreement, including the legal fee and expense reimbursement provided under Section 6 and reimbursements for outplacement counseling provided under Paragraph (9) of Annex A will not be counted for any purpose under any employee benefit plan of the Company. Such payments and payments of severance pay will not be made from any benefit plan funds, and shall constitute an unfunded unsecured obligation of the Company.

6. Legal Fees and Expenses.

(a) It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement or defense of the Executive's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of the Executive's choice, at the expense of the Company as hereafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the

Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship shall exist between the Executive and such counsel. Without respect to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing, which fees shall be paid within five days of the day the Executive submits to the Company an invoice from such counsel for the fees and expenses, which invoice shall be submitted no later than five days prior to the end of the taxable year of the Executive following the year in which the expenses were incurred.

(b) To ensure that the provisions of this Agreement can be enforced by the Executive, certain trust arrangements ("Trusts") have been established between KeyBank National Association, as Trustee ("Trustee"), and the Company. Each of Trust Agreement No. 1 (Amended and Restated Effective June 1, 1997, as amended) ("Trust Agreement No. 1"), Amended and Restated Trust Agreement No. 2 (Effective October 15, 2002, as amended) ("Trust Agreement No. 2"), and Trust Agreement No. 7 dated April 9, 1991, as amended ("Trust Agreement No. 7"), as it may be subsequently amended and/or restated, between the Trustee and the Company, sets forth the terms and conditions relating to payment from Trust Agreement No. 1 of compensation, pension benefits and other benefits pursuant to the Agreement owed by the Company, payment from Trust Agreement No. 2 for attorneys' fees and related fees and expenses pursuant to Section 6(a) hereof owed by the Company, and payment from Trust Agreement No. 7 of pension benefits owed by the Company. The Executive shall make demand on the Company for any payments due the Executive pursuant to Section 6(a) hereof prior to making demand therefor on the Trustee under Trust Agreement No. 2.

(c) Upon the earlier to occur of (i) a Change in Control or (ii) a declaration by the Board that a Change in Control is imminent, the Company shall promptly to the extent it has not previously done so, and in any event within five (5) business days:

(A) transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 1 a sum equal to (I) the present value on the date of the Change in Control (or on such fifth business day if the Board has declared a Change in Control to be imminent) of the payments to be made to the Executive under the provisions of Annex A, such present value to be computed using the assumptions set forth in Annex A hereof less (II) the balance in the Executive's accounts provided for in Trust Agreement No. 1 as of the most recent completed valuation thereof, as certified by the Trustee under Trust Agreement No. 1 less (III) the balance in the Executive's accounts provided for in Trust Agreement No. 7 as of the most recently completed valuation thereof, as certified by the Trustee under Trust Agreement No. 7; provided, however, that if the Trustee under Trust Agreement No. 1 and/or Trust Agreement No. 7 does not so certify by the end of the fourth (4th) business day after the earlier of such Change in Control or declaration, then the balance of such respective account shall be deemed to be zero. Any payments of compensation, pension or other benefits by the Trustee pursuant to Trust Agreement No. 1 or Trust Agreement No. 7 shall, to the extent thereof, correspondingly discharge the Company's obligation to pay compensation, pension and other benefits hereunder; and

(B) transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 2 the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS ($250,000) less any principal in such Trust on such fifth business day. Any payments of the Executive's attorneys' and related fees and expenses by the Trustee pursuant to Trust Agreement No. 2 shall, to the extent thereof, correspondingly discharge the Company's obligation hereunder. The Executive understands and acknowledges that the entire corpus of the Trust under Trust Agreement No. 2 will be $250,000 and that said amount will be available to discharge not only the obligations of the Company to the Executive under Section 6(a) hereof, but also similar obligations of the Company to other executives and employees under similar provisions of other agreements and plans.

7. Competitive Activity; Confidentiality; Nonsolicitation.

(a) During the Term and for the duration of the Continuation Period, if the Executive shall have received or shall be receiving benefits under Section 4, the Executive shall not, without the prior written consent of the Company, which consent shall not be unreasonably withheld, engage in any Competitive Activity.

(b) During the Term, the Company agrees that it will disclose to the Executive its confidential or proprietary information (as defined in this Section 7(b)) to the extent necessary for the Executive to carry out his obligations to the Company. The Executive hereby covenants and agrees that he will not, without the prior written consent of the Company, during the Term or thereafter disclose to any person not employed by the Company, or use in connection with engaging in competition with the Company, any confidential or proprietary information of the Company. For purposes of this Agreement, the term "confidential or proprietary information" will include all information of any nature and in any form that is owned by the Company and that is not publicly available (other than by the Executive's breach of this Section 7(b)) or generally known to persons engaged in businesses similar or related to those of the Company. Confidential or proprietary information will include, without limitation, the Company's financial matters, customers, employees, industry contracts, strategic business plans, product development (or other proprietary product data), marketing plans, and all other secrets and all other information of a confidential or proprietary nature. For purposes of the preceding two sentences, the term "Company" will also include any Subsidiary (collectively, the "Restricted Group"). The foregoing obligations imposed by this Section 7(b) will not apply (i) during the Term, in the course of the business of and for the benefit of the Company, (ii) if such confidential or proprietary information will have become, through no fault of the Executive, generally known to the public or (iii) if the Executive is required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement).

(c) The Executive hereby covenants and agrees that during the Term and for the duration of the Continuation Period, the Executive will not, without the prior written consent of the Company, which consent shall not unreasonably be withheld, on behalf of the Executive or on behalf of any person, firm or company, directly or indirectly, attempt to influence, persuade or induce, or assist any other person in so persuading or inducing, any employee of the Restricted Group to give up, or to not commence, employment or a business relationship with the Restricted Group.

(d) The Executive further agrees that he shall return, within 10 days of the effective date of his termination as an employee of the Company and any Subsidiary, in good condition, all property of the Company and any Subsidiary then in his possession, including, without limitation, whether in hard copy or in media (i) property, documents and/or all other materials (including copies, reproductions, summaries and/or analyses) which constitute, refer or relate to confidential or proprietary information of the Company or any Subsidiary, (ii) keys to property of the Company or any Subsidiary, (iii) files and (iv) blueprints or other drawings.

(e) The Executive further acknowledges and agrees that his obligation of confidentiality shall survive until and unless such confidential or proprietary information of the Company or any Subsidiary shall have become, through no fault of the Executive, generally known to the public or the Executive is required by law (after providing the Company with notice and opportunity to contest such requirement) to make disclosure. The Executive's obligations under this Section are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which the Executive may have to the Company and any Subsidiary under general legal or equitable principles or statutes.

(f) During the term and for the duration of the Continuation Period, the Executive further agrees that he will not, directly or indirectly:

(i) induce or attempt to induce customers, business relations or accounts of the Company or any of the Subsidiaries to relinquish their contracts or relationships with the Company or any of the Subsidiaries; or

(ii) solicit, entice, assist or induce other employees, agents or independent contractors to leave the employ of the Company or any of the Subsidiaries or to terminate their engagements with the Company and/or any of the Subsidiaries or assist any competitors of the Company or any of the Subsidiaries in securing the services of such employees, agents or independent contractors.

8. Release. Receipt of Severance Compensation and other benefits or amounts by the Executive under this Agreement, to the extent representing new or additional amounts and/or rights, is conditioned upon the Executive executing and delivering to the Company a release substantially in the form provided in Exhibit A. Such release must be executed and delivered by no later than the fifth day following the expiration of the 21-day period referred to in Paragraph 5(c) of Exhibit A, and no payment of any Severance will be made until the expiration of the 7-day revocation period referred to in Paragraph 5(d) of Exhibit A.

9. Employment Rights. Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company, a Subsidiary or the Executive to have the Executive remain in the employment of the Company or a Subsidiary at any time prior to or following a Change in Control. Any Separation from Service of the Executive or the removal of the Executive from his office or position in the Company or a Subsidiary prior to a Change in Control shall be deemed to be a Separation from Service of the Executive after a Change in Control for all purposes of this Agreement, but only if such Separation from Service occurs: (a) during the one-year period preceding a Change in Control; or (b) following the commencement of any discussion with any third person that ultimately resulted in Change in Control.

10. Withholding of Taxes. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling.

11. Section 280G.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the Accounting Firm shall determine that receipt of all Payments would subject the Executive to tax under Code Section 4999, the Accounting Firm shall determine whether some amount of Agreement Payments meets the definition of “Reduced Amount.” If the Accounting Firm determines that there is a Reduced Amount, then the aggregate Agreement Payments shall be reduced to such Reduced Amount.

(b) If the Accounting Firm determines that the aggregate Agreement Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof, and the Executive may then elect, in his or her sole discretion, which and how much of the Agreement Payments shall be eliminated or reduced (as long as after such election the present value of the aggregate Agreement Payments equals the Reduced Amount); provided, that the Executive shall not be permitted to elect to reduce any Agreement Payment that constitutes “nonqualified deferred compensation” for purposes of Code Section 409A, and shall advise the Company in writing of his or her election within ten days of his or her receipt of notice. If no such election is made by the Executive within such ten day period, the Company shall reduce the Agreement Payments in the following order: (1) Agreement Payments which do not constitute “nonqualified deferred compensation subject to Code Section 409A shall be reduced first; and (2) all other Agreement Payments shall then be reduced, in each case as follows: (i) cash payments shall be reduced before non-cash payments and (ii) payments to be made on a later payment date shall be reduced before payments to be made on an earlier payment date. All determinations made by the Accounting Firm under this Section 11 shall be binding upon the Company and the Executive and shall be made within 60 days of the Executive’s Separation from Service. In connection with making determinations under this Section 12, the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by the Executive before or after the Change in Control, including any non-competition provisions that may apply to the Executive and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

(c) As a result of the uncertainty in the application of Code Section 4999 at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed (each, an "Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed (each, an "Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be repaid by the Executive to the Company together with interest at the applicable federal rate provided for in Code Section 7872(f)(2); provided, however, that no such repayment shall be required if and to the extent such deemed repayment would not either reduce the amount on which the Executive is subject to tax under Code Section 1 and Code Section 4999 or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Code Section 7872(f)(2).

(d) All fees and expenses of the Accounting Firm in implementing the provisions of this Section 11 shall be borne by the Company.

(e) Definitions. The following terms shall have the following meanings for purposes of this Section 11.

(i) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Code Section 280G(b)(2)) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise;

(ii) "Agreement Payment" shall mean a Payment paid or payable pursuant to this Agreement (disregarding this Section 11);

(iii) "Net After-Tax Receipt" shall mean the present value of a Payment net of all taxes imposed on the Executive with respect thereto under Code Sections 1 and 4999 and under applicable state and local laws, determined by applying the highest marginal rate under Code Section 1 and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Executive shall certify, in the Executive's sole discretion, as likely to apply to the Executive in the relevant tax year(s);

(iv) “Accounting Firm” shall mean Grant Thornton LLP, or such other nationally recognized certified public accounting firm as may be designated by the Executive;

(v) “Reduced Amount” shall mean the amount of Agreement Payments that (x) has a present value that is less than the present value of all Agreement Payments and (y) results in aggregate Net After-Tax Receipts for all Payments that are greater than the Net After-Tax Receipts for all Payments that would result if the aggregate present value of Agreement Payments were any other amount that is less than the present value of all Agreement Payments.

12. Successors and Binding Agreement.

(a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the “Company” for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive’s personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 12(a) and 12(b). Without limiting the generality or effect of the foregoing, the Executive’s right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive’s will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 12(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

(d) The obligation of the Company to make payments and/or provide benefits hereunder shall represent an unsecured obligation of the Company.

(e) The Company recognizes that each Executive will have no adequate remedy at law for breach by the Company of any of the agreements contained herein and, in the event of any such breach, the Company hereby agrees and consents that each Executive shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of obligations of the Company under this Agreement.

13. Notices. For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as FedEx or UPS, addressed to the Company (to the attention of the Executive Vice President, Human Resources of the Company) at its principal executive office and to the Executive at his last known address on the Company's books and records, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

14. Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

15. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

16. Administration of this Agreement

(a) In General: This Agreement shall be administered by the Company.

(b) Delegation of Duties: The Company may delegate any of its administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of Severance Compensation under this Agreement, and any severance pay generally, to named administrator or administrators.

(c) Regulations: The Company shall promulgate any rules and regulations it deems necessary in order to carry out the purposes of this Agreement or to interpret the terms and conditions of this Agreement; provided, however, that no rule, regulation or interpretation shall be contrary to the provisions of this Agreement.

(d) Claims Procedure: The Company shall determine the rights of any claimant to any Severance Compensation hereunder. Any claimant who believes that he has not received any benefit under this Agreement to which he believes he is entitled, may file a claim in writing with the Executive Vice President, Human Resources. The Company shall, no later than 90 days after the receipt of a claim, either allow or deny the claim by written notice to the claimant. If a claimant does not receive written notice of the Company's decision on his claim within such 90-day period, the claim shall be deemed to have been denied in full.

A denial of a claim by the Company, wholly or partially, shall be written in a manner calculated to be understood by the claimant and shall include:

(i) the specific reason or reasons for the denial;

(ii) specific reference to pertinent provisions of this Agreement on which the denial is based;

(iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and

(iv) an explanation of the claim review procedure.

A claimant whose claim is denied (or his duly authorized representative) may, within 30 days after receipt of denial of his claim, request a review of such denial by the Company by filing with the Secretary of the Company a written request for review of his claim. If the claimant does not file a request for review with the Company within such 30-day period, the claimant shall be deemed to have acquiesced in the original decision of the Company on his claim. If a written request for review is so filed within such 30-day period, the Company shall conduct a full and fair review of such claim. During such full review, the claimant shall be given the opportunity to review documents that are pertinent to his claim and to submit issues and comments in writing. The Company shall notify the claimant of its decision on review within 60 days after receipt of a request for review. Notice of the decision on review shall be in writing. If the decision on review is not furnished to the claimant within such 60-day period, the claim shall be deemed to have been denied on review.

(e) Revocability of Action: Any action taken by the Company with respect to the rights or benefits under this Agreement of the Executive shall be revocable by the Company as to payments or distributions not yet made to such person, and acceptance of Severance Compensation under this Agreement constitutes acceptance of and agreement to the Company making any appropriate adjustments in future payments or distributions to such person to offset any excess or underpayment previously made to him.

(f) Requirement of Receipt: Upon receipt of any Severance Compensation hereunder, the Company reserves the right to require any Executive to execute a receipt evidencing the amount and payment of such Severance Compensation.

17. Amendment and Termination. The Company reserves the right, except as hereinafter provided, at any time and from time to time, to amend, modify, change or terminate this Agreement and/or any action by the Compensation and Organization Committee of the Company's Board of Directors relating thereto, including any Annex or Exhibit thereto; provided, however, that any such amendment, modification, change or termination that adversely affects the rights of the Executive under this Agreement may not be made without the written consent of the Executive; and provided further that any such amendment or termination shall be made only if permitted in accordance with the requirements of Code Section 409A.

18. Other Plans, etc. If the terms of this Agreement are inconsistent with the provisions of any other plan, program, contract or arrangement of the Company or any Subsidiary, to the extent such plan, program, contract or arrangement may be amended by the Company or a Subsidiary, the terms of this Agreement will be deemed to so amend such plan, program, contract or arrangement, and the terms of this Agreement will govern.

19. Construction. The masculine gender, when used in this Agreement, shall be deemed to include the feminine gender and the singular number shall include the plural, unless the context clearly indicates to the contrary.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

21. Section 409A. The amounts payable under this Agreement are intended to be exempt or excluded from the application of Code Section 409A, or are otherwise intended to avoid the incurrence of tax penalties under Code Section 409A and, with respect to amounts payable under this Agreement that are subject to Code Section 409A, this Agreement shall in all respects be administered in accordance with Code Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. Notwithstanding anything herein to the contrary, in the event that the Executive is a “specified employee” within the meaning of Code Section 409A (as determined in accordance with the methodology established by the Company as in effect on the Separation from Service) (a “Specified Employee”), amounts and benefits that constitute “nonqualified deferred compensation” within the meaning of Code Section 409A that would otherwise be payable and or provided under this Agreement during the six-month period immediately following the Separation from Service shall instead be paid, with interest determined as of the Separation from Service, or provided, on the first business day after the date that is six months following the Executive’s Separation from Service (the “Delayed Payment Date”). If the Executive dies following the Separation from Service and prior to the payment of the any amounts delayed on account of Code Section 409A, such amounts shall be paid to the personal representative of the Executive’s estate within 30 days after the date of the Executive’s death. All reimbursements and in-kind benefits provided under this Agreement that constitute “nonqualified deferred compensation” within the meaning of Code Section 409A shall be made or provided in accordance with Code Section 409A, including, without limitation, that (i) in no event shall reimbursements by the Company under this Agreement be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred, provided, that the Executive shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount of in-kind benefits that the Company is obligated to pay or provide in any given calendar year (other than medical reimbursements described in Treas. Reg. § 1.409A-3(i)(1)(iv)(B)) shall not affect the in-kind benefits that the Company is obligated to pay or provide in any other calendar year; (iii) the Executive’s right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company’s obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive’s remaining lifetime (or if

longer, through the 20th anniversary of the Effective Date). Prior to the Change in Control but within the time period permitted by the applicable Treasury Regulations (or such later time as may be permitted under Code Section 409A or any IRS or Department of Treasury rules or other guidance issued thereunder), the Company may, in consultation with the Executive, modify the Agreement, in the least restrictive manner necessary and without any diminution in the value of the payments to the Executive, in order to avoid the incurrence of tax penalties under Code Section 409A.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

CLIFFS NATURAL RESOURCES INC.

By: ______________________________

Date

______________________________ ____________

[Name] Date

CLIFFS NATURAL RESOURCES INC.
SEVERANCE AGREEMENT

ANNEX A

Severance Compensation

(1) A lump sum payment in an amount equal to the number of years in the Continuation Period multiplied by the sum of (A) Base Pay (at the highest rate in effect during the 5-year period prior to the Executive's Separation from Service), plus (B) Incentive Pay (in an amount equal to not less than the greatest of (i) the target bonus and/or target award opportunity for the fiscal year immediately preceding the year in which the Change in Control occurs, (ii) the target bonus and/or target award opportunity for the fiscal year in which the Change in Control occurs or (iii) the target bonus and/or target award opportunity for the fiscal year in which the Executive's Separation from Service occurs). Such payment shall be made by the later of ten (10) business days after the Executive's Separation from Service or the end of the seven (7) day revocation period described in Paragraph 5(d) of Exhibit A.

(2) During the Continuation Period, the Company will arrange to provide the Executive with medical and dental benefits that are the same as those that the Executive was receiving or entitled to receive immediately prior to the Executive's Separation from Service (or, if greater, immediately prior to the Change in Control); provided, however, that if such medical and dental benefits are subject to income tax, the reimbursement of an eligible expense shall be made on or before the last day of the Executive's taxable year following the taxable year in which the medical or dental expense was incurred. Without otherwise limiting the purposes or effect of Section 4(d) of the Agreement, the medical and dental benefits otherwise receivable by the Executive pursuant to this Paragraph 2 will be reduced to the extent comparable medical and dental benefits are actually received by the Executive from another employer during the Continuation Period following the Executive's Separation from Service, and any such benefits actually received by the Executive shall be reported by the Executive to the Company.

(3) For the Continuation Period, the Company will arrange to provide the Executive with Employee Benefits that are welfare benefits, other than medical and dental benefits covered by Paragraph (2) (such "welfare benefits" by their nature exclude stock option, performance share, performance unit, stock purchase, stock appreciation or similar compensatory or incentive benefits), that are the same as those that the Executive was receiving or entitled to receive immediately prior to the Executive's Separation from Service (or, if greater, immediately prior to the Change in Control); provided, however, that if such welfare benefits are subject to income tax, the amount of expenses eligible for reimbursement, or in-kind benefits provided, during the Executive's taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year and the reimbursement of an eligible expense shall be made on or before the last day of the Executive's taxable year following the taxable year in which the welfare benefit expense was incurred. Without otherwise limiting the purposes or effect of Section 4(d) of the Agreement, Employee Benefits otherwise receivable by the Executive pursuant to this Paragraph (3) will be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the Continuation Period following the Executive's Separation from Service, and any such benefits actually received by the Executive shall be reported by the Executive to the Company. Notwithstanding the foregoing to the contrary, no such Employee Benefits that are not excludable from the income of the Executive and are in excess of the then current dollar limit set forth in Code Section 402(g)(1)(B) shall be payable during the first six (6) months after the Separation from Service of the Executive. To the extent that amounts would have

been payable during such six (6) month period in excess of such limit, the excess amount shall be payable in the first five (5) days of the seventh (7th) month after his Separation from Service. The Executive shall have the right during such six (6) month period to pay any unpaid part of the premiums on such welfare benefits at his own expense in order for the Executive to keep such welfare benefits in force.

(4) If and to the extent that any benefit described in Paragraphs (2) and (3) is not or cannot be paid or provided under a policy, plan, program or arrangement of the Company or any Subsidiary, as the case may be, then the Company will itself pay or provide for the payment to the Executive, his dependents and beneficiaries, of such Employee Benefits.

(5) A payment or series of payments under the SRP in an amount equal to the actuarial equivalent of the Executive's accrued benefit under the SRP as of the date of his Separation from Service (the "Accrued SRP Payment") payable commencing as provided under the terms of the SRP, but no sooner than the beginning of the seventh (7th) month after his Separation from Service. In determining such lump sum payment, any benefit under the SRP attributable to the "final average pay" formula of the Pension Plan shall be converted to a lump sum actuarial equivalent as described below and any benefit under the SRP attributable to the "cash balance" formula of the Pension Plan shall be based on the amount that would be the Executive's account balance under the cash balance formula of the SRP.

(6) A lump sum payment (the "Non-accrued SRP Payment") payable within the first five days of the seventh (7th) month after the Executive's Separation from Service in an amount equal to the actuarial equivalent of the future pension benefits which the Executive would have been entitled to accrue under the SRP during the Continuation Period, as modified by this Paragraph (6) (including Base Salary and Incentive Pay as determined in Paragraph (1) as being the amount earned during such period), if the Executive had remained in the full-time employment of the Company for the entire Continuation Period. In determining such lump sum payment, any benefit under the SRP attributable to the "final average pay" formula of the Pension Plan shall be converted to a lump sum actuarial equivalent as described below and any benefit under the SRP attributable to the "cash balance" formula of the Pension Plan shall be based on the amount that would be the Executive's account balance under the cash balance formula of the SRP.

(7) The calculation of the SRP Payments and its actuarial equivalence shall be made as of the date six (6) months after Executive's Separation from Service using the assumptions and factors used in the salaried pension plan for similar calculations. Any payment attributable to the "final average pay" formula under the salaried pension plan shall be discounted from the date the Executive would have been eligible to receive an unreduced benefit under such formula (using as his "continuous service" for this purpose the sum of his actual continuous service and the continuous service he would have had during the Continuation Period) to the date of payment using the discount rate specified in the salaried pension plan.

The Company hereby waives the discretionary right, at any time subsequent to the date of a Change in Control, to amend or terminate the SRP as to the Executive as provided in Paragraph 7 thereof or to terminate the rights of the Executive or his beneficiary under the SRP in the event the Executive engages in a competitive business as provided in any plan or arrangement between the Company and the Executive or applicable to the Executive.

This Paragraph (7) shall constitute a "Supplemental Agreement" as defined in Paragraph 1.J of the SRP. The terms of the Agreement and this Annex A shall not replace the SRP with respect to the Executive, but shall take precedence to the extent they are contrary to provisions contained in the SRP.

Payment of the SRP Payment by the Company shall be deemed to be a satisfaction of all obligations of the Company to the Executive under the SRP.

(8) A lump sum amount equal to

(A) any accrued but unpaid Base Pay through the Executive's Separation from Service, plus

(B) unless otherwise expressly provided by the applicable policy, plan, program or agreement, the value of any annual bonus or long-term incentive pay (including, without limitation, incentive-based annual cash bonuses, performance units, and retention units but not including any equity-based compensation or compensation provided under a plan intended to be qualified under Code Sections 401(a) and 501(a) or any other plan included in the definition of "qualified plan" for purposes of Code Section 409A): (i) earned but unpaid relating to performance periods ending prior to the date on which the Separation from Service occurred; and (ii) earned or granted with respect to the Executive's service during the performance periods or retention periods that include the date on which the Executive's Separation from Service occurred, disregarding any applicable vesting requirements. Amounts payable pursuant to (i) shall be calculated at actual performance, and amounts payable pursuant to (ii) shall be calculated at the plan target rate.

Such payment shall be made by the later of ten (10) business days after the Executive's Separation from Service or the end of the seven (7) day revocation period described in Paragraph 5(d) of Exhibit A.

(9) Reasonable outplacement services by a firm selected by the Executive, at the expense of the Company in an amount up to 15% of the Executive's Base Pay. Such outplacement services shall be provided within a period ending no later than the end of the second taxable year of the Executive following the year in which the Executive's Separation from Service occurred and the fees for such services shall be paid by the Company within five days of receipt of an invoice from the outplacement provider for its services or within five days of the time the Executive presents the provider's invoice for such services to the Company, provided in either case that the invoice shall be submitted no later than five days prior to the end of the third taxable year of the Executive following the year in which his Separation from Service occurred.

(10) Post-retirement medical, hospital, surgical and prescription drug coverage for the lifetime of the Executive, his spouse and any eligible dependents that are the same as that which would have been furnished on the day prior to the Change in Control to the Executive if he had retired on such date with full eligibility for such benefits. Such retiree medical coverage shall have a level of employer subsidy, if any, as the Executive would have had upon his retirement or Separation from Service as of the end of the Continuation Period determined in accordance with the terms of the Plan immediately prior to the Change in Control. Such retiree medical coverage will not start until after the end of the Continuation Period during which he will be provided with active employee medical coverage pursuant to Paragraph (2) above; provided, however, that if such retiree medical coverage is subject to income tax, the payment of an eligible retiree medical expense amount shall be made on or before the last day of the Executive's taxable year following the taxable year in which that retiree medical expense was incurred.

CLIFFS NATURAL RESOURCES INC.
SEVERANCE AGREEMENT

EXHIBIT A

Form of Release

WHEREAS, the Executive's employment has been terminated in accordance with Section 3 of the Severance Agreement (the "Agreement") dated as of __________________ between the Executive and Cliffs Natural Resources Inc.; and

WHEREAS, the Executive is required to sign this Release in order to receive the Severance Compensation (as such term is defined in the Agreement) and other benefits or amounts by the Executive provided under the Agreement, to the extent representing new or additional amounts and/or rights;

NOW, THEREFORE, in consideration of the promises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, the Executive agrees as follows:

1. This Release is effective on the date hereof and will continue in effect as provided herein.

2. In consideration of the payments to be made and the benefits to be received by the Executive pursuant to the Agreement, which the Executive acknowledges are in addition to payments and benefits which the Executive would be entitled to receive absent the Agreement (other than severance pay and benefits under any other severance plan, policy, program or arrangement sponsored by Cliffs Natural Resources Inc.), the Executive, for himself and his dependents, successors, assigns, heirs, executors and administrators (and his and their legal representatives of every kind), hereby releases, dismisses, remises and forever discharges Cliffs Natural Resources Inc., its predecessors, parents, subsidiaries, divisions, related or affiliated companies, officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents and counsel (the "Company") from any and all arbitrations, claims, including claims for attorney's fees, demands, damages, suits, proceedings, actions and/or causes of action of any kind and every description, whether known or unknown, which the Executive now has or may have had for, upon, or by reason of any cause whatsoever ("claims"), against the Company, including but not limited to:

(a) any and all claims arising out of or relating to the Executive's employment by or service with the Company and his termination from the Company other than any claims arising under the Agreement or under any employee benefit programs or executive compensation programs not specifically addressed in the Agreement;

(b) any and all claims of discrimination, including but not limited to claims of discrimination on the basis of sex, race, age, national origin, marital status, religion or handicap, including, specifically, but without limiting the generality of the foregoing, any claims under the Age Discrimination in Employment Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, Ohio Revised Code

Section 4101.17 and Ohio Revised Code Chapter 4112, including Sections 4112.02 and 4112.99 thereof; and

(c) any and all claims of wrongful or unjust discharge or breach of any contract or promise, express or implied.

3. The Executive hereby gives up any and all rights or claims to be a class representative or otherwise participate in any class action on behalf of any employee benefit plan of the Company or any Subsidiary.

4. The Executive understands and acknowledges that the Company does not admit any violation of law, liability or invasion of any of his rights and that any such violation, liability or invasion is expressly denied. The consideration provided for this Release is made for the purpose of settling and extinguishing all claims and rights (and every other similar or dissimilar matter) that the Executive ever had or now may have against the Company to the extent provided in this Release. The Executive further agrees and acknowledges that no representations, promises or inducements have been made by the Company other than as appear in the Agreement.

5. The Executive further agrees and acknowledges that:

(a) The release provided for herein releases claims to and including the date of this Release;

(b) He has been advised by the Company to consult with legal counsel prior to executing this Release, has had an opportunity to consult with and to be advised by legal counsel of his choice, fully understands the terms of this Release, and enters into this Release freely, voluntarily and intending to be bound;

(c) He has been given a period of 21 days, commencing on the day after his Separation from Service, to review and consider the terms of this Release, prior to its execution and that he may use as much of the 21 day period as he desires; and

(d) He may, within 7 days after execution, revoke this Release. Revocation shall be made by delivering a written notice of revocation to the Executive Vice President, Human Resources at the Company. For such revocation to be effective, written notice must be actually received by the Executive Vice President, Human Resources at the Company no later than the close of business on the 7th day after the Executive executes this Release. If Executive does exercise his right to revoke this Release, all of the terms and conditions of the Release shall be of no force and effect and the Company shall not have any obligation to make payments or provide benefits to the Executive otherwise required as a result of the Agreement.

6. The Executive agrees that he will never file a lawsuit or other complaint asserting any claim that is released in this Release.

7. The Executive waives and releases any claim that he has or may have to reemployment after __________________.

IN WITNESS WHEREOF, the Executive has executed and delivered this Release on the date set forth below.

Dated: ____________________________ ____
Executive

RELEASE

Before signing this Release (the "Release"), you are advised to consult with an attorney. Your signature must be notarized.

This Release is entered into knowingly and voluntarily on the date specified on the signature page hereto by Joseph A. Carrabba ("Employee"), in favor of Cliffs Natural Resources Inc. and its affiliates identified in Section III.A below (collectively, the "Company").

RECITALS

A. Employee and the Company previously entered into that certain Severance Agreement, dated July 17, 2013 (the "Severance Agreement").

B. Employee's employment as the President and Chief Executive Officer of the Company terminated effective as of November 15, 2013 (the "Retirement Date").

C. Employee is entitled to certain "Payments" and "Benefits" (as each such term is defined in the Severance Agreement) subject to, among other things, Employee's execution and non-revocation of this Release.

D. Employee and the Company desire to settle fully and finally any and all differences between them which have arisen, or may arise, out of the employment relationship and/or the termination of that relationship in the future.

AGREEMENT

I. REPRESENTATIONS AND WARRANTIES

Employee understands, acknowledges and agrees that:

- Employee has the sole right and exclusive authority to execute this Release;
- The Company is not obligated to pay, and will not pay, to Employee any Payment or Benefits under the Severance Agreement until this Release has become effective;
- Employee executes this Release knowingly and voluntarily, in order to induce Company to provide the Payments and Benefits under the Severance Agreement;
- Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Release;
- No other person or entity has an interest in the claims, demands, obligations or causes of action referred to in this Release;
- The Payments and Benefits that Employee will receive under the Severance Agreement in exchange for executing this Release are in addition to anything of value to which Employee is already entitled;
- The Payments and Benefits provided for in the Severance Agreement are the only consideration that Employee ever will receive from the Company or any Released Parties (as defined below) for any and all claims, demands, obligations or causes of action released by this Release;
- The Payments and Benefits provided for in the Severance Agreement are not intended to be provided in addition to any payments or benefits that now may be due or in the

future become due or payable to Employee under the Worker Adjustment and Retraining Notification ("WARN") Act (if applicable). Therefore, if WARN Act payments are or become due to Employee, any Payment and Benefits made under the Severance Agreement in excess of one month's Base Pay (as defined in the Severance Agreement), up to the full amount necessary to satisfy such obligation, shall be treated as having been paid in satisfaction of any such obligation, and the rest of the Payments and Benefits under the Severance Agreement shall be treated as having been given in exchange for the other covenants, agreements and obligations of this Release;

- This Release and its terms shall not be construed as an admission of any liability whatsoever on the part of the Company or any other Released Parties described in this Release, by which/whom any liability is and always has been expressly denied;
- With the payments contemplated by the Severance Agreement, the Company will have paid Employee for all vacation and any other paid time off accrued through the Retirement Date;
- As of the date of execution of this Release, Employee has not filed any administrative charges or lawsuits arising out of or relating to his/her employment with the Company or the separation of that employment. If Employee cannot represent that the statement in this paragraph is true, initial here: _____; and
- As of the date of execution of this Release, Employee has no work-related injury and is medically stationary with no impairment of earning capacity. If Employee cannot represent that the statement in this paragraph is true, initial here: _____.

II. RELEASE

A. Employee, for himself, and his marital community (if any), agents, heirs, executors, administrators, and assigns, hereby knowingly and voluntarily fully releases and forever discharges from any and all agreements, debts, claims, demands, actions, judgments, causes of action, and liabilities of every kind or nature, known or unknown, that Employee, individually or as a member of a class, ever had or now has, the following (referred to collectively as the "Released Parties"):

- Cliffs Natural Resources Inc.;
- Cliffs North American Coal LLC;
- Pinnacle Mining Company, LLC;
- Oak Grove Resources, LLC;
- Cliffs Logan County Coal LLC;
- Cliffs Quebec Iron Mining Limited;
- The Bloom Lake Iron Ore Mine Limited Partnership;
- Cliffs Canadian Shared Services Inc.;
- Northshore Mining Company;
- Silver Bay Power Company;
- Tilden Mining Company LC;
- Empire Iron Mining Partnership;
- Cliffs Mining Company;
- Hibbing Taconite Company Joint Venture;
- United Taconite LLC;
- The Cleveland-Cliffs Iron Company;
- Cliffs Mining Services Company;
- Lake Superior & Ishpeming Railroad Company;
- Wabush Iron Co. Ltd.;
- Wabush Mines Joint Venture;
- Cliffs International Management Company LLC;

- Cliffs Sales Company;
- Cliffs Natural Resources Exploration Ltda.;
- Cliffs Natural Resources Pty Ltd;
- All affiliates of Cliffs Natural Resources Inc. not already listed above, including without limitation any corporation or other entity which is controlled by or under common control with Cliffs Natural Resources Inc., or which is in the same affiliated service group or otherwise required to be aggregated with Cliffs Natural Resources Inc. under Sections 414 or 1563 of the Internal Revenue Code;
- All current or former owners, officers, directors, shareholders, members, employees, managers, agents, attorneys, partners and insurers of the above entities; and
- The predecessors, successors, and assigns of the above entities and individuals and the spouses, children, and family members of the above individuals.

B. Without limiting the generality of this Release, Employee acknowledges and agrees that this Release is intended to bar every claim, demand, and cause of action, including without limitation any and all claims arising under the following laws, as amended from time to time:

- The federal Civil Rights Acts of 1866, 1871, 1964 and 1991 and all similar state civil rights statutes;
- The Employee Retirement Income Security Act of 1974;
- The Fair Labor Standards Act;
- The Rehabilitation Act of 1973;
- The Occupational Safety and Health Act;
- The Mine Safety and Health Act;
- The Health Insurance Portability and Accountability Act;
- The Age Discrimination in Employment Act;
- The Americans with Disabilities Act;
- The National Labor Relations Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Worker Adjustment and Retraining Notification Act;
- The Lily Ledbetter Fair Pay Act;
- The Ohio Civil Rights Act;
- State wage payment statutes;
- State employment statutes;
- Any statutes regarding the making and enforcing of contracts;
- Any whistleblower statute; and
- All similar provisions under all other federal, state and local laws.

C. Without limiting the generality of this Release, Employee further acknowledges and agrees that this Release is intended to bar all equitable claims and all common law claims, including without limitation claims of or for:

- Breach of an express or an implied contract;
- Breach of the covenant of good faith and fair dealing;
- Unpaid wages, salary, commissions, vacation or other employee benefits;
- Unjust enrichment;
- Negligent or intentional interference with contractual relations;
- Negligent or intentional interference with prospective economic relations;
- Estoppel;
- Fraud;
- Negligence;

- Negligent or intentional misrepresentation;
- Personal injury;
- Slander;
- Libel;
- Defamation;
- False light;
- Injurious falsehood;
- Invasion of privacy;
- Wrongful discharge;
- Failure to hire;
- Retaliatory discharge;
- Constructive discharge;
- Negligent or intentional infliction of emotional distress;
- Negligent hiring, supervision or retention;
- Loss of consortium; and
- Any claims that may relate to drug and/or alcohol testing.

D . **Employee further understands, acknowledges and agrees that this Release is a general release, and that Employee further waives and assumes the risk of any and all claims which exist as of the date this Release is executed, including those of which Employee does not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect Employee's decision to sign this Release.**

E. Employee further understands, acknowledges and agrees that this Release waives any right Employee has to recover damages in any lawsuit brought by Employee as well as in a lawsuit brought by any third party, including without limitation the Equal Employment Opportunity Commission (the "EEOC") or any similar state agency. Employee is not, however, waiving the right to file a charge with the EEOC or any similar state agency.

F. This Release shall not be interpreted to release or require the release of the Company or the Released Parties from any:

- Claims for Payments or Benefits under the Severance Agreement; or
- Claims for benefits under any pension plan or welfare plan of the Company; or
- Claims arising out of acts or practices which occur after the execution of this Release.

The Company agrees to indemnify Employee for actions occurring during his employment to the same extent provided during his employment. This provision is not meant to expand Company's obligations.

III. REPRESENTATION OF UNDERSTANDING OF RELEASE

Employee acknowledges that Employee has had the opportunity to consult an attorney of Employee's own choosing before entering into this Release. Employee represents and warrants that Employee has read all of the terms of this Release and that Employee fully understands and voluntarily accepts these terms. Employee further acknowledges and agrees that Employee has been given a reasonable period of time within which to consider this Release.

IV. RELEASE OF FEDERAL AGE DISCRIMINATION CLAIMS

Employee understands and agrees that a waiver of claims under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act (29 U.S.C. § 621, et seq.) (the “ADEA”), is not effective unless it is “knowing and voluntary,” and that the ADEA imposes certain minimum requirements for a waiver of ADEA claims to be knowing and voluntary. Employee acknowledges and agrees that Employee is knowingly and voluntarily giving up any rights or claims for relief Employee may have under the ADEA regarding the Company’s conduct or the conduct of any Released Parties. However, Employee acknowledges and agrees that Employee is not giving up the right to challenge the validity of this Release under the ADEA.

V. TIME TO CONSIDER AND CANCEL RELEASE; EFFECTIVE DATE

A. Employee acknowledges that he has had at least twenty-one (21) calendar days from the receipt of this Release to decide whether to sign it and is advised to consult with an attorney before doing so. Employee is not to sign this Release unless Employee understands its provisions and is doing so voluntarily.

B. This Release shall be signed and notarized no earlier than the calendar day following the Retirement Date, but no later than five (5) calendar days following the Retirement Date. Further, this Release shall be delivered to (or postmarked for delivery to) James R. Michaud, Executive Vice President, Chief Human Resources Officer, Cliffs Natural Resources, 200 Public Square, Suite 3300, Cleveland, OH 44114, no later than five (5) calendar days after the Retirement Date.

C. After Employee has signed this Release, Employee has seven (7) days to change his/her mind and notify the Company in writing that Employee has revoked this Release. If Employee so revokes this Release, this Release will be null and void, and will have no force or effect. Written notice of a cancellation of this Release must actually be received by the Company at the following address and must be postmarked within the time frame described above in order to be effective: James R. Michaud, Executive Vice President, Chief Human Resources Officer, Cliffs Natural Resources, 200 Public Square, Suite 3300, Cleveland, OH 44114.

D. If Employee (i) signs, notarizes and delivers this Release within the time frames and in accordance with the provisions of Section V.B; and (ii) does not revoke this Release within the time frames and in accordance with the provisions of Section V.C, this Release shall become effective on the eighth day after Employee signed it (the “Effective Date”).

E. Employee understands that if he or she revokes this Release, it shall not be effective or enforceable and Employee will not receive any Payments or Benefits under the Severance Agreement.

VI. RESIGNATION AND RE-EMPLOYMENT

A. Employee represents that he has irrevocably resigned from any and all corporate offices with Cliffs Natural Resources Inc. or any of the Released Parties which he held in his capacity as an employee of the Company including without limitation positions as an officer, director, member, manager, agent, or partner of any such entities. Employee further agrees to execute any further documents required to effectuate such resignations as may be requested by the Company.

B. Employee hereby forever gives up, waives and releases any right to be hired, employed, recalled or reinstated by the Company or any affiliate of the Company.

VII. RETURN OF COMPANY PROPERTY

A. Employee agrees to return to the Company by the fifth (5th) calendar day following the Retirement Date all originals and copies of the Company's property, documents and information in Employee's possession, regardless of the form on which such information has been maintained or stored, including without limitation, computer disks, tapes or other forms of electronic storage, Company credit cards (including telephone credit cards), tools, equipment, keys, identification, software, computer access codes, disks and instructional manuals, and all other property prepared by, or for, or belonging to the Company. Employee further agrees that, as of the fifth (5th) calendar day following the Retirement Date, he will not retain any documents or other property belonging to Company. For the avoidance of doubt, Employee shall not be required to return to the Company items not material to the business of the Company or its affiliates that are of nominal or sentimental value.

B. By signing this Release, Employee affirms that Employee either (i) has no Company property remaining in his possession or control or, (ii) if Employee does have any such property in his possession or control, Employee has provided the Company a list of such property, the reason why Employee has been unable to return it to the Company, and the date by which Employee intends to return such property to the Company.

C. Employee must comply fully with this Section VII before the Company is obligated to perform under Section I of the Severance Agreement.

VIII. SEVERABILITY

In the event that any provision(s) of this Release is found to be unenforceable for any reason whatsoever, the unenforceable provision shall be considered to be severable, and the remainder of this Release shall continue in full force and effect.

VIX. BINDING EFFECT

This Release shall be binding upon and operate to the benefit of Employee, the Company, the Released Parties, and their successors and assigns.

X. WAIVER

No waiver of any of the terms of this Release shall constitute a waiver of any other terms, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver. The Company or Employee may waive any provision of this Release intended for its/his benefit, but such waiver shall in no way excuse the other Party from the performance of any of its/his other obligations under this Release.

XI. GOVERNING LAW

This Release shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to the principles of conflicts of law, except to the extent those laws are preempted by federal law.

XII. SUBSEQUENT MODIFICATIONS

The terms of this Release may be altered or amended, in whole or in part, only upon the signed written agreement of all Parties to this Release. No oral agreement may modify any term of this Release.

XIII. ENTIRE AGREEMENT

The Severance Agreement and this Release constitute the sole and entire agreement of the Parties with respect to the subject matter hereof, and supersede any and all prior and contemporaneous agreements, promises, representations, negotiations, and understandings of the Parties, whether written or oral. There are no agreements of any nature whatsoever among the Parties except as expressly stated herein.

XIV. ATTORNEYS' FEES AND COSTS

This Section XIV shall not apply to any litigation arising out of a challenge to the validity of this Release under the ADEA, or any litigation in which the validity of this Release under the ADEA is an issue. In the event of litigation arising out of any other alleged breach of this Release, the prevailing Party shall be entitled to an award of its reasonable attorneys' fees and costs.

[*Signature Page Follows*]

Date: 11/18/2013		/s/ Joseph A. Carrabba
		Joseph A. Carrabba

STATE OF OHIO)
)ss.
County of MEDINA)

On this 18 day of November, 2013, before me personally appeared Joseph A. Carrabba, to me known to be the person described in and who executed the Severance Agreement and acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

/s/ Jody C. Hunter

Notary Public

My Commission Expires: April 28, 2018

RELEASE

YOU ARE ADVISED TO CONSULT WITH AN ATTORNEY PRIOR TO EXECUTING THIS RELEASE. YOUR SIGNATURE MUST BE NOTARIZED.

This Release (the "Release") is entered into knowingly and voluntarily on the date specified on the signature page hereto by David B. Blake ("Employee"), in favor of Cliffs Natural Resources Inc. and its affiliates identified in Section II.A, below (collectively, the "Company").

RECITALS

A. Employee and the Company have previously entered into that certain Severance Agreement, dated August 21, 2013 (the "Severance Agreement").

B. Employee's employment with the Company as the Senior Vice President of Eastern Canadian Operations terminated as of October 31, 2013 (the "Termination Date").

C. Employee is entitled to certain "Payments" and "Benefits" (as each such term is defined in the Severance Agreement) subject to, among other things, Employee's execution and non-revocation of this Release.

D. Employee and the Company desire to settle fully and finally any and all differences between them which have arisen, or may arise, out of the employment relationship and/or the termination of that relationship in the future.

AGREEMENT

I. REPRESENTATIONS AND WARRANTIES

Employee understands, acknowledges and agrees that:

- Employee has the sole right and exclusive authority to execute this Release.
- The Company is not obligated to pay, and will not pay, to Employee any Payment or Benefits under the Severance Agreement until this Release has become effective.
- Employee executes this Release knowingly and voluntarily, in order to induce Company to provide the Benefits under the Severance Agreement.
- Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Release.
- No other person or entity has an interest in the claims, demands, obligations or causes of action referred to in this Release.
- The Benefits that Employee will receive under the Severance Agreement in exchange for executing this Release is in addition to anything of value to which Employee is already entitled.
- The Benefits provided for in the Severance Agreement are the only consideration that Employee ever will receive from the Company or any Released Parties (as defined below) for any and all claims, demands, obligations or causes of action released by this Release.

- The Payments provided for in the Severance Agreement are not intended to be provided in addition to any payments or benefits that may now be due or in the future become due or payable to Employee under the Worker Adjustment and Retraining Notification ("WARN") Act (if applicable). Therefore, if WARN Act payments are or become due to Employee, any Payment made under the Severance Agreement in excess of one Month's Base Pay, up to the full amount necessary to satisfy such obligation, shall be treated as having been paid in satisfaction of any such obligation, and the rest of the Benefits shall be treated as having been given in exchange for the other terms and obligations of this Release.
- This Release and its terms shall not be construed as an admission of any liability whatsoever on the part of the Company or any other Released Parties described in this Release, by which/whom any liability is and always has been expressly denied.
- As of the date of execution of this Release, Employee has not filed any administrative charges or lawsuits arising out of or relating to his employment with the Company or the separation of that employment.
- As of the date of execution of this Release, Employee has no work-related injury and is medically stationary with no impairment of earning capacity.

II. RELEASE

A. Employee, for himself, and his marital community (if any), agents, heirs, executors, administrators, and assigns, hereby knowingly and voluntarily fully releases and forever discharges from any and all agreements, debts, claims, demands, actions, judgments, causes of action, and liabilities of every kind or nature, known or unknown, that Employee, individually or as a member of a class, ever had or now has, the following (referred to as the "Released Parties"):

- Cliffs Natural Resources Inc.;
- Cliffs North American Coal LLC;
- Pinnacle Mining Company, LLC;
- Oak Grove Resources, LLC;
- Cliffs Logan County Coal LLC;
- Cliffs Quebec Iron Mining Limited;
- The Bloom Lake Iron Ore Mine Limited Partnership;
- Cliffs Canadian Shared Services Inc.;
- Northshore Mining Company;
- Silver Bay Power Company;
- Tilden Mining Company LC;
- Empire Iron Mining Partnership;
- Cliffs Mining Company;
- Hibbing Taconite Company Joint Venture;
- United Taconite LLC;
- The Cleveland-Cliffs Iron Company;
- Cliffs Mining Services Company;
- Lake Superior & Ishpeming Railroad Company;
- Wabush Iron Co. Ltd.;
- Wabush Mines Joint Venture;
- Cliffs International Management Company LLC;
- Cliffs Sales Company;
- Cliffs Natural Resources Exploration Ltda.;

- Cliffs Natural Resources Pty Ltd;
- All affiliates of Cliffs Natural Resources Inc. not already listed above, including any corporation or other entity which is controlled by or under common control with Cliffs Natural Resources Inc., or which is in the same affiliated service group or otherwise required to be aggregated with Cliffs Natural Resources Inc. under Sections 414 or 1563 of the Internal Revenue Code;
- All current or former owners, officers, directors, shareholders, members, employees, managers, agents, attorneys, partners and insurers of the above entities; and
- The predecessors, successors, and assigns of the above entities and individuals and the spouses, children, and family members of the individuals.

B. Without limiting the generality of this Release, Employee acknowledges and agrees that this Release is intended to bar every claim, demand, and cause of action, including without limitation any and all claims arising under:

- The federal Civil Rights Acts of 1866, 1871, 1964 and 1991 and all similar state civil rights statutes;
- The Employee Retirement Income Security Act of 1974;
- The Fair Labor Standards Act;
- The Rehabilitation Act of 1973;
- The Occupational Safety and Health Act;
- The Mine Safety and Health Act;
- The Health Insurance Portability and Accountability Act;
- The Age Discrimination in Employment Act;
- The Older Workers Benefit Protection Act;
- The Americans with Disabilities Act;
- The National Labor Relations Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Worker Adjustment and Retraining Notification Act;
- The Lilly Ledbetter Fair Pay Act;
- The Ohio Civil Rights Act;
- State wage payment statutes;
- State wage and hour statutes;
- State employment statutes;
- Any statutes regarding the making and enforcing of contracts;
- Any whistleblower statute; and
- All similar provisions under all other federal, state and local laws.

C. Without limiting the generality of this Release, Employee further acknowledges and agrees that this Release is intended to bar all equitable claims and all common law claims, including without limitation claims of or for:

- Breach of an express or an implied contract;
- Breach of the covenant of good faith and fair dealing;
- Unpaid wages, salary, commissions, vacation or other employee benefits;
- Unjust enrichment;
- Negligent or intentional interference with contractual relations;
- Negligent or intentional interference with prospective economic relations;
- Estoppel;
- Fraud;
- Negligence;

- Negligent or intentional misrepresentation;
- Personal injury;
- Slander;
- Libel;
- Defamation;
- False light;
- Injurious falsehood;
- Invasion of privacy;
- Wrongful discharge;
- Failure to hire;
- Retaliatory discharge;
- Constructive discharge;
- Negligent or intentional infliction of emotional distress;
- Negligent hiring, supervision or retention;
- Loss of consortium; and
- Any claims that may relate to drug and/or alcohol testing.

D . **Employee further understands, acknowledges and agrees that this Release is a general release, and that Employee further waives and assumes the risk of any and all claims which exist as of this date, including those of which Employee does not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect Employee's decision to sign this Release.**

E. Employee further understands, acknowledges and agrees that this Release waives any right Employee has to recover damages in any lawsuit brought by Employee as well as in any lawsuit brought on his behalf by any other person or entity, including without limitation by the United States Equal Employment Opportunity Commission (EEOC) or any similar state agency. Employee is not, however, waiving the right to file a charge with the EEOC or any similar state agency.

F. This Release shall not be interpreted to release or require the release of the Company or the Released Parties from any:

- Claims for Payments or Benefits under the Severance Agreement; or
- Claims for benefits under any pension plan of the Company; or
- Claims arising out of acts or practices which occur after the execution of this Release.

III. REPRESENTATION OF UNDERSTANDING OF RELEASE

Employee acknowledges that Employee has had the opportunity to consult an attorney of Employee's own choosing before entering into this Release. Employee represents and warrants that Employee has read all of the terms of this Release; and that Employee fully understands and voluntarily accepts these terms. Employee further acknowledges and agrees that Employee has been given a reasonable period of time within which to consider this Release.

IV. RELEASE OF FEDERAL AGE DISCRIMINATION CLAIMS

Employee understands and agrees that a waiver of claims under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act, (29 U.S.C. § 621, et seq.) (the "ADEA") is not effective unless it is "knowing and voluntary," and that the ADEA imposes certain minimum requirements for a waiver to be knowing and voluntary. Employee acknowledges and agrees that Employee is knowingly and voluntarily giving up any rights or claims for relief Employee may have under the ADEA regarding the Company's conduct or the conduct of any Released Parties. However, Employee acknowledges and agrees that Employee is not giving up the right to challenge the validity of this Release under the ADEA.

V. TIME TO CONSIDER AND CANCEL RELEASE; EFFECTIVE DATE

A. Employee acknowledges and agrees that he has been given a period of at least twenty-one (21) calendar days from the receipt of this Release to decide whether to sign it and is advised to consult with an attorney before doing so. Employee is not to sign this Release unless Employee understands its provisions and is doing so voluntarily.

B. This Release shall be signed and notarized no earlier than the calendar day following the Termination Date, but no later than five (5) calendar days following the Termination Date. Further, this Release shall be delivered to (or postmarked for delivery to) James R. Michaud, Executive Vice President of Human Resources and Chief Human Resources Officer, Cliffs Natural Resources Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114, no later than five (5) calendar days after the Termination Date.

C. After Employee has signed this Release, Employee has seven (7) calendar days to change his mind and notify the Company in writing that Employee has canceled this Release. If Employee so cancels this Release, this Release will be null and void, and will have no force or effect. Written notice of a cancellation of this Release must actually be received by the Company at the following address and must be postmarked within the time frame described above in order to be effective: James R. Michaud, Executive Vice President Human Resources and Chief Human Resources Officer, Cliffs Natural Resources Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114.

D. If Employee (1) signs, notarizes and delivers this Release within the time frames and in accordance with the provisions of Section V.B; and (2) does not cancel or revoke the Release within the time frames and in accordance with the provisions of Section V.C, this Release shall become effective on the eighth calendar day after Employee signed it (the “Effective Date”).

E. Employee understands that if he revokes this Release, it shall not be effective or enforceable and Employee will not receive any Payments or Benefits.

VI. RESIGNATION AND RE-EMPLOYMENT

A. Employee represents that he has irrevocably resigned from any and all corporate offices with Cliffs Natural Resources Inc. or any of the Released Parties which he held in his capacity as an employee of the Company including without limitation positions as an officer, director, member, manager, agent, or partner of any such entities. Employee further agrees to execute any documents required to effectuate such resignations as may be requested by the Company at any time.

B. Employee hereby forever gives up, waives and releases any right to be hired, employed, recalled or reinstated by the Company or any affiliate of the Company.

VII. RETURN OF COMPANY PROPERTY

A. Employee agrees to return to the Company all originals and copies of the Company’s property, documents and information in Employee’s possession, regardless of the form on which such information has been maintained or stored, including without limitation, computer disks, tapes or other forms of electronic storage, Company credit cards (including telephone credit cards), tools, equipment, keys, identification, software, computer access codes, disks and instructional manuals, and all other property prepared by, or for, or belonging to the Company. Employee further agrees that he will not retain any documents or other property belonging to Company.

B. By signing this Release, Employee affirms that Employee either (1) has no Company property remaining in his possession or control or, (2) if Employee does have any such property in his possession or control, Employee has provided the Company a list of such property, the reason why Employee has been unable to return it to the Company, and the date by which Employee intends to return such property to the Company.

VIII. SEVERABILITY

In the event that any provision(s) of this Release is found to be unenforceable for any reason whatsoever, the unenforceable provision shall be considered to be severable, and the remainder of this Release shall continue in full force and effect.

IX. BINDING EFFECT

This Release shall be binding upon and operate to the benefit of Employee, the Company, the Released Parties, and their successors and assigns.

X. WAIVER

No waiver of any of the terms of this Release shall constitute a waiver of any other terms, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver. The Company or Employee may waive any provision of this Release intended for its/his/her benefit, but such waiver shall in no way excuse the other from the performance of any of its/his/her other obligations under this Release.

XI. GOVERNING LAW

This Release shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to the principles of conflicts of law, except to the extent those laws are preempted by federal law.

XII. SUBSEQUENT MODIFICATIONS

The terms of this Release may be altered or amended, in whole or in part, only upon the signed written agreement of all Parties to this Release. No oral agreement may modify any term of this Release.

XIII. ENTIRE AGREEMENT

The Severance Agreement and this Release constitute the entire agreement of the Parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous agreements, promises, representations, negotiations, and understandings of the Parties, whether written or oral. There are no agreements of any nature whatsoever among the parties except as expressly stated in this Release and the Severance Agreement.

XIV. ATTORNEYS' FEES AND COSTS

This Section XIV shall not apply to any litigation arising out of a challenge to the validity of the Release under the ADEA, or any litigation in which the validity of the Release under the ADEA is an issue. In the event of litigation arising out of any other alleged breach of this Release, the prevailing party shall be entitled to an award of its reasonable attorneys' fees and costs.

Date: 11/8/2013

/s/ David B. Blake

David B. Blake

STATE OF OHIO)
) ss.
COUNTY OF CUYAHOGA)

On this 8 day of November, 2013, before me personally appeared David B. Blake, to me known to be the person described in and who executed the Severance Agreement and acknowledged that he executed the same as his free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

/s/ Jody C. Hunter

Notary Public

My Commission Expires: April 28, 2018

CLIFFS NATURAL RESOURCES INC.
200 Public Square, Suite 3300, Cleveland, OH 44114-2315
P 216.694.5700 cliffsnaturalresources.com

October 15, 2013

Gary Halverson
20 Snow Forest Lane
Sandy, UT
84092

Dear Gary:

This letter sets forth the terms of our offer for the position of President and Chief Operating Officer (COO), Cliffs Natural Resources, reporting to me. We are excited to present you with this very competitive offer and to have you join the Cliffs team. We will confirm a start date upon your acceptance of this offer. In addition, you will be elected to the Board of Directors of Cliffs, effective with your start date as President and COO.

BASE SALARY

$79,167 per month / $950,000 per year.

EXECUTIVE MANAGEMENT PERFORMANCE INCENTIVE PLAN

You are eligible to participate in the Cliffs' Executive Management Performance Incentive Plan (EMPI) beginning in 2014. The annual EMPI bonus is expressed as a percentage of your base salary. Your target annual EMPI bonus is 120% of your base salary. The actual amount of your annual EMPI bonus, which can range from 0 to 200% of target, is determined based on achievement of (i) annual corporate performance objectives as determined by the Compensation and Organization Committee of the Board of Directors and (ii) your individual performance determined by the full Board of Directors. Accordingly, your annual EMPI bonus can range from $0 to $2,280,000 for 2014. You will also be granted a discretionary award under the EMPI for the portion of 2013 that you are employed with Cliffs, with the value of, and performance objectives applicable, to such award determined by the Board of Directors, but with the expectation that such bonus will reflect your employment for a partial year.

LONG-TERM EQUITY INCENTIVE PLAN

Commencing in 2014, you will be eligible to participate in Cliffs' Long Term Incentive Plan (LTI), pending approval by the Compensation and Organization Committee. The annual target participation rate for your level is 375% of your base salary, although the Board of Directors has the discretion to grant awards valued at more or less than this amount. This discretionary program is presented for approval to the Board of Directors on an annual basis and currently has two components: 1) Performance Shares (75% of award) and 2) Restricted Share Units (25% of award). Performance Shares vest over three (3) years based on continued employment with Cliffs and achievement of Total Shareholder Return performance targets against a peer group. Actual Performance Share payouts can range from 0% to 200% of the number of shares subject to the award (or of the value of the number of shares subject to the award, if payout is in cash or a combination of cash and shares). Restricted Share Units generally vest based on continued employment with Cliffs through the end of the three (3)-year vesting period. The Compensation and Organization Committee of the Board of Directors has been appointed to administer this plan in accordance with the Cliffs Amended and Restated 2012 Incentive Equity Plan. As part of our Share Ownership Guidelines you will be required to achieve a share ownership of six times your base salary within five years of employment with the company.

Additionally, on commencement of employment with Cliffs you will receive a cash signing bonus of $600,000 and a grant of Restricted Shares, as outlined in the attached document.

CHANGE IN CONTROL AGREEMENT

The benefits available to you in the event of the termination of your employment under certain circumstances within a designated period following a “change in control” transaction are described in a separate Change in Control Severance Agreement, which will be provided to you.

OTHER EXECUTIVE BENEFITS AND PERQUISITES

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)

You will be eligible to participate in a non-qualified retirement plan for key employees, which is meant to provide retirement benefits above and beyond the qualified Cliffs Defined Benefit Pension Plan for annual earnings in excess of $245,000.

VOLUNTARY NON-QUALIFIED DEFERRED COMPENSATION (VNQDC)

You will be eligible to participate in Cliffs VNQDC, pursuant to which eligible employees can elect to defer payment and taxation on up to 50% of their salary, and up to 100% of their EMPI bonus award.

TAX PREPARATION AND FINANCIAL PLANNING ASSISTANCE

The company will provide up to $10,000 in annual tax preparation and financial planning assistance from a firm recommended by the company or a firm of your choosing.

RETIREMENT PROGRAMS

PENSION PLAN
You will be eligible to participate in the Cliffs Defined Benefit Pension Plan. The Defined Benefit Pension Plan is based on a cash balance formula. A nominal cash balance account is established for each participant and credited on a quarterly basis with a benefit amount (4% to 10%) based on a combination of the participant's age, years of service and earnings (base pay plus bonus). Employees are vested in their accounts under the Defined Benefit Pension Plan after three (3) years of service.

401(K) PLAN
You are eligible to participate in the Cliffs 401(k) Savings Plan effective your first day of work. Employee contributions, up to the first 3% of base salary (pre-tax or post-tax), are currently matched by Cliffs on a dollar for dollar basis, and $.50 on the dollar on the next 2% of base salary. Company matching contributions are immediately fully vested. The VNQDC plan will provide a matching contribution for any portion of your company match that is in excess of statutory qualified plan limits.

RELOCATION PROGRAM

The Company will provide full relocation for you and your family. This will include home sale assistance, home purchase assistance, a onetime cash payment for miscellaneous expenses, as well as movement of your household goods and temporary housing, if needed.

BENEFITS CHOICE

The Benefits Choice Program provides coverage options for medical, dental, vision, long term disability, life insurance and voluntary accidental death & dismemberment insurance. In addition, you will have the option to purchase group universal life insurance coverage, long term care coverage and other group insurance products.

MEDICAL/DEPENDENT DAY CARE REIMBURSEMENT ACCOUNTS

You may elect to contribute on a pre-tax basis out of your salary, up to a maximum of $416.50 per month, to a Medical Reimbursement Account to cover medical, dental, vision or other medical expenses that are not otherwise covered through any other insurance plan or policy. A similar contribution may be made to a Dependent Day Care Reimbursement Account to cover day care expenses not covered through another plan or policy. Please note, any unused funds remaining in these accounts at year end are forfeited, as this is a “use it or lose it” plan.

HEALTH SAVINGS ACCOUNT (HSA)

The HSA Option is a high deductible, lower-premium medical and prescription drug option and a Health Savings Account in one. This option provides comprehensive health care coverage, while the HSA feature gives you the opportunity to contribute pre-tax dollars to an account to pay for current and/or future out-of-pocket qualified medical expenses. Cliffs will make a contribution to this account based off the level of coverage you choose in the Plan (single or family). This is not a “use it or lose it” plan; all unused monies will rollover to the following year. Note: You cannot participate in the Medical Reimbursement Account if you elect to participate in the HSA.

SHORT-TERM DISABILITY BENEFITS

Short-term disability benefits are 100% employer paid and provide a benefit of 60% of your base salary up to a maximum of $15,000 per month. New employees are eligible for a maximum of six months of short-term disability benefits.

<u>WELLNESS PROGRAM</u>

Cliffs provides a wellness program aimed at adding quality to the lives of Cliffs' employees and family members. A range of programs are being offered, from health fairs and health assessments to fitness and weight management activities.

<u>TUITION REFUND</u>

A Tuition Refund Program provides a reimbursement of up to 100% (based on grades) of tuition for work-related courses taken by the employee at an accredited university, college, trade, business or correspondence school, to an annual limit of $5000. Eligible employees may apply for the program following one year of employment.

<u>PAID TIME OFF</u>

VACATION BENEFITS
In 2014 and thereafter, you will be eligible for four (4) weeks of vacation each calendar year until you reach fifteen (15) years of service. Eligibility for a fifth week of vacation occurs on your 15th year anniversary of service and a sixth week on your 25th year anniversary of service.

HOLIDAYS
Eleven holidays are currently observed in a calendar year.

New Year's Day	Thanksgiving Day
Good Friday	Thanksgiving Friday
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	2 Floating Holidays

Cliffs periodically reviews all employee benefit plans to endeavor to provide employees with competitive benefits. Accordingly, from time to time, changes may be made to meet the future needs of our employees or to conform to industry trends and practices.

Copies of the plans described above and/or summary plan descriptions, as applicable, will be provided to you, and the terms of those documents will govern your participation in them

This offer is contingent upon your successful completion of a pre-employment physical which includes a drug/alcohol screen, which will be administered and evaluated consistent with the Americans with Disabilities Act of 1990. This offer is also contingent on your execution of the enclosed "Employee Invention and Secrecy Agreement" and a satisfactory check of your credit and criminal records.

In accordance with company policy, this offer is for "at-will" employment with Cliffs, meaning that either Cliffs or you may terminate the employment relationship at any time, for any reason or no reason, with or without notice or cause. Please confirm in writing your acceptance of this offer and starting date, and return to me the signed Employee Invention and Secrecy Agreement with your signature witnessed.

This offer letter shall be governed by the laws of the State of Ohio, without regard to the provisions thereof, or the laws of any other jurisdiction, relating to conflicts of laws which would cause the law of any jurisdiction other than the State of Ohio to apply.

Gary, we are very excited to have you join the Cliffs team and to the leadership you will provide to the organization going forward.

If you have any questions or need additional information regarding the terms of this offer, please contact Jim Michaud, Executive Vice President, Chief Human Resources Officer at in the office at 216-694-5533 or on his cell at 216-785-3780.

Regards,

/s/ James Kirsch

James Kirsch
Non-Executive Chairman
Cliffs Board of Directors

ACCEPTANCE OF OFFER

I have read and understand and accept all the terms of the offer of employment as set forth in the foregoing letter. I have not relied on any agreements or representations, expressed or implied, that are not set forth expressly in the foregoing letter.

/s/ Gary Halverson	Oct. 23, 2013
Gary Halverson	Date:

EMPLOYEE INVENTION
AND SECRECY AGREEMENT

For Employees of
Cliffs Natural Resources Inc. and Associated Companies

CLIFFS NATURAL RESOURCES INC., (the "Company"), and Gary Halverson (the "Employee") enter into this Agreement this 16th day of October, 2013

The Employee is about to be, employed by the Company and in connection with such employment may from time to time (i) make inventions which relate to or are useful in connection with the Company's business, and/or (ii) have imparted to him by or through the Company confidential or secret information pertaining to the Company's business or the business of its clients; and in consideration of said employment and the compensation paid to Employee from time to time thereunder, it is hereby agreed as follows:

1. Inventions Assigned to the Company. All the right, title and interest of the Employee in and to any and all discoveries, inventions and improvements, whether discovered alone or jointly with others, whether patentable or unpatentable, which relate to, or are useful in connection with, any aspect of the business of the Company as carried on at the time such invention is made by the Employee, and which are made either during his employment with the Company or within a one (1) year period immediately thereafter, (hereinafter called "Inventions"), shall be and hereby are assigned to the Company or such nominee of the Company as the Company may from time to time designate.

2. Disclosure of Inventions and Assistance in Obtaining and Maintaining Patents. Promptly upon discovery of any Invention described in paragraph 1 above, the Employee shall make a full written disclosure thereof to the Company. At any time and from time to time thereafter (regardless of whether the Employee is then working for the Company), always at the expense of the Company, the Employee shall, whenever requested, assist the Company as required by it in obtaining, maintaining and enforcing United States and foreign patents covering such Invention; for example, the Employee, upon request of the Company, will assist in the preparation of patent specifications and drawings pertaining to such Invention, execute patent applications, assignments and affidavits, give testimony, advise counsel and otherwise assist in the prosecution of patent applications and the enforcement of any patents which may ultimately issue thereon.

3. Obligation Not to Disclose Confidential Information. Except as provided in paragraph 4, the Employee agrees that at all times, both during and after his employment with the Company, he will hold in confidence with respect to those who are not employees of the Company any and all processes, formulas, inventions, economic information, engineering data, technical and manufacturing information and know-how, sales plans and programs and other confidential information or trade secrets concerning the business of the Company or of other firms with which the Company does business, which have been or are hereafter disclosed to him by or through the Company, whether the same relate to business then being carried out or contemplated by the Company or to business then being carried out or contemplated by another firm with which the Company is doing business.

4. Matters Which Need Not Be Kept Confidential. The Employee shall not be obligated to hold in confidence any information described in paragraph 3 above, which

(a) Shall, through no fault of the Employee, be in or become part of the Public Domain; or

(b) Shall have been known by the Employee prior to his employment by the Company as evidenced by written documents.

The Company may authorize the Employee from time to time to disclose such confidential information to specific persons and at specific times. The Company may also from time to time restrict disclosure of confidential information to certain co-employees; and in such event, the Employee shall only be entitled to disclose to and discuss confidential information with such co-employees.

5. Documents and Records. The Employee agrees that upon termination of his employment, he will return to the Company and will not take with him any drawings, specifications, formulas or other documents containing confidential information of the Company or of other firms with which the Company does business or any reproduction thereof.

6 . Inventions To Be Excluded from This Agreement. The Employee has at the time of execution of this Agreement made no invention, patented or unpatented, except those heretofore specifically assigned to the Company and those identified as follows:*

NONE

IF NO INVENTIONS ARE TO BE LISTED IN THE ABOVE SPACE, WRITE "NONE".

7 . Heirs and Assigns. This Agreement shall have application from the date of employment of the Employee with the Company, is binding upon the Employee, his heirs, executors, administrators and assigns, and shall inure to the benefit of the Company, its successors and assigns IN WITNESS WHEREOF, the parties have caused this Agreement to be executed below.

Executed in the presence of:

/s/ Mark W. Fisher
Witness for Gary Halverson

/s/ Gary Halverson
Gary Halverson

For CLIFFS NATURAL RESOURCES

By /s/ James R. Michaud, EVP - CHRO
Representative for Cliffs Natural Resources

EXHIBIT10.51

EXECUTION VERSION

NON-EMPLOYEE DIRECTOR
PHANTOM STOCK UNIT AWARD AGREEMENT

This PHANTOM STOCK UNIT AWARD AGREEMENT (the "Agreement"), dated as of July 9, 2013, is made by and between Cliffs Natural Resources Inc. (the "Company"), and James F. Kirsch (the "Director").

RECITALS:

WHEREAS, the Director is a member of the Board of Directors of the Company (the "Board"); and

WHEREAS, in connection with the Director's appointment as non-executive Chairman of the Board, the members of the Board who are "non-employee directors" (as defined in Rule 16b-3 promulgated under the Securities Exchange Act of 1934) (the "Applicable Directors") have determined that it is in the best interests of the Company and its shareholders to grant to the Director an award of phantom stock units ("Phantom Stock Units"), representing the right to a cash payment with respect to the number Phantom Stock Units set forth herein on a future date, subject to the terms and conditions contained in this Agreement.

NOW, THEREFORE, for and in consideration of the premises and the covenants of the parties contained in this Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto, for themselves, their successors and assigns, hereby agree as follows:

1. Grant of Phantom Stock Units. The Company, by action of the Board taken solely by the Applicable Directors, hereby grants to the Director, as of the date hereof, **45,760** Phantom Stock Units, on the terms and conditions hereinafter set forth. The Phantom Stock Units represent the unfunded, unsecured right of the Director to receive a cash payment of the "Settlement Value" (as defined below) on the "Payment Date" (as defined below).

   For purposes of this Agreement, "Settlement Value" shall be defined as the product of the number of Phantom Stock Units subject to this Agreement and the closing price on the New York Stock Exchange of a share of the Company's common shares (a "Share") on December 31, 2013.

2. Payment of Settlement Value; Forfeiture.

(a) The Company shall, subject to Section 2(b) hereof, pay to the Director the Settlement Value as a lump sum cash payment (less applicable tax withholding, if any) on January 2, 2014 (the "Payment Date").

(b) Notwithstanding the foregoing, in the event that the Director voluntarily resigns from the Board or voluntarily steps down as non-executive Chairman of the Board, in each case other than at the request of the Board and prior to the Payment Date, the Phantom Stock Units shall automatically and without further action be cancelled and forfeited by the Director, and the Director shall have no further right or interest in or with respect to the Phantom Stock Units or the payment of the Settlement Value.

(c) Upon the payment of the Settlement Value in accordance with Section 3(a) of this Agreement, the Phantom Stock Units shall be extinguished.

3. Adjustments Upon Certain Events. In the event of any change in the outstanding Shares by reason of any stock split, reorganization, recapitalization, merger, consolidation, amalgamation, spin-off or combination transaction or exchange of Shares or other corporate exchange, or any distribution to shareholders of Shares (with the exception of any dividends other than extraordinary dividends) or any transaction similar to the foregoing (collectively, an "Adjustment Event"), the Board may, in its sole discretion and without liability to any person, adjust the number of Phantom Stock Units and the method of computing the Settlement Value to reflect such Adjustment Event; provided that such adjustment shall be consistent with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended and any applicable guidance thereunder ("Section 409A of the Code").

4. Authority of the Board. The Board shall have final authority to interpret and construe this Agreement and to make any and all determinations under this Agreement, and its decision shall be binding and conclusive upon the Director and his legal representative in respect of any questions arising under this Agreement.

5. No Right to Continued Service as a Director. Nothing in this Agreement shall be construed as giving the Director the right to continue to serve as a director of the Company, or in any other capacity with the Company.

6. No Acquired Rights. In receiving the grant of Phantom Stock Units under this Agreement, the Director acknowledges and accepts that the Board has the power to amend or terminate this Agreement at any time and that the opportunity given to the Director to receive the grant of Phantom Stock Units or the payment of the Settlement Value under this Agreement is entirely at the discretion of the Board and does not obligate the Company or any of its affiliates to offer any same or similar grants or payments in the future (whether on the same or different terms); provided that, no amendment to this Agreement by the Board shall adversely affect the rights of the Director hereunder without the written consent of the Director.

7. No Funding; No Rights of a Shareholder. The Director's interest in the Phantom Stock Units is that of a general, unsecured creditor of the Company. The Director shall not have any rights as a shareholder of the Company in respect of the Phantom Stock Units.

8. Assignment. The Director's rights under this Agreement may not be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by the Director otherwise than by will or by the laws of descent and distribution, and any purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance not permitted by this Section 8 shall be void and unenforceable against the Company or any affiliate.

9. Governing Law. This Agreement shall be construed and interpreted in accordance with the laws of the State of Ohio without regard to principles of conflicts of law thereof, or principals of conflicts of laws of any other jurisdiction which could cause the application of the laws of any jurisdiction other than the State of Ohio.

10. Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part, of this Agreement.

11. Section 409A of the Code. Notwithstanding anything in this Agreement to the contrary, any payments hereunder that would be subject to a penalty tax or accelerated income tax under Section 409A of the Code shall be deferred until the earliest date that such payments may be made without the imposition of such tax.

12. Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns, and of the Director and the beneficiaries, executors, administrators, heirs and successors of the Director.

13. Notices. Any notice hereunder to any party shall be effective upon receipt (or refusal of receipt) and shall be in writing and delivered personally, transmitted by email (delivery receipt requested, upon confirmation of receipt), sent by telecopy, or sent by certified or registered mail, postage prepaid, as follows:

If to the Company:

Cliffs Natural Resources Inc.
200 Public Square, Suite 3300 Cleveland, OH 44114
Attention: General Counsel

If to the Director, to the address last set forth on the records of the Company

or, in either case, at any other address as one party shall have specified by notice in writing to the other party.

14. Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

15. Signature in Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day first written above.

CLIFFS NATURAL RESOURCES INC.

By: /s/ Kelly Tompkins

Name: Kelly Tompkins

Title: EVP, Chief Administrative Officer and President, Cliffs China

By: /s/ James F. Kirsch

James F. Kirsch

CLIFFS NATURAL RESOURCES INC.
200 Public Square, Suite 3300, Cleveland, OH 44114-2315
P 216.694.5700 cliffsnaturalresources.com

December 4, 2013

James F. Kirsch
119 Sun Street
Roscommon, MI 48653

Dear Jim:

This letter sets forth the terms for the position of Executive Chairman of the Board of Cliffs Natural Resources effective January 1, 2014.

BASE SALARY

$66,666 per month / $800,000 per year

EXECUTIVE MANAGEMENT PERFORMANCE INCENTIVE PLAN

Commencing in 2014, you will be eligible to participate in the Cliffs' Executive Management Performance Incentive Plan (EMPI). The annual EMPI bonus is expressed as a percentage of your base salary. Your target annual EMPI bonus is 120% of your base salary. The actual amount of your annual EMPI bonus, which can range from 0 to 200% of target, is determined based on achievement of (i) annual corporate performance objectives as determined by the Compensation and Organization Committee of the Board of Directors and (ii) your individual performance determined by the full Board of Directors. Accordingly, your annual EMPI bonus can range from $0 to $1,920,000. Your award will be prorated in any year where you do not serve a full year as Executive Chairman.

LONG-TERM EQUITY INCENTIVE PLAN

Commencing in 2014, you will be eligible to participate in Cliffs' Long Term Incentive Plan (LTI), pending approval by the Compensation and Organization Committee. The annual target participation rate for your level is 225% of your base salary, although the Board of Directors has the discretion to grant awards valued at more or less than this amount. This discretionary program is presented for approval to the Board of Directors on an annual basis and currently has two components: 1) Performance Shares and 2) Restricted Share Units. You will be granted 50% performance shares and 50% restricted share units of the total target grant amount. Equity will be fully vested after one year of service with a pro-rata vesting for any partial years upon termination without cause. Performance Shares vest based on the achievement of Total Shareholder Return performance targets against a peer group. Actual Performance Share payouts can range from 0% to 200% of the number of shares subject to the award (or of the value of the number of shares subject to the award, if payout is in cash or a combination of cash and shares). Restricted Share Units vest and are paid after one year of employment. You will receive an email from our LTI administrator, Fidelity Investment in March 2014 with additional information, including instructions on how to accept both grants. You are required to accept each grant in order for them to vest on schedule.

OTHER EXECUTIVE BENEFITS AND PERQUISITES

SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN (SERP)

You will be eligible to participate in a non-qualified retirement plan for key employees, which is meant to provide retirement benefits above and beyond the qualified Cliffs Defined Benefit Pension Plan for annual earnings in excess of $260,000 in 2014.

VOLUNTARY NON-QUALIFIED DEFERRED COMPENSATION (VNQDC)

You will be eligible to participate in Cliffs NQDC, pursuant to which eligible employees can elect to defer payment and taxation on up to 50% of their salary, and up to 100% of their EMPI bonus award.

TAX PREPARATION AND FINANCIAL PLANNING ASSISTANCE

The company will provide up to $10,000 in annual tax preparation and financial planning assistance from a firm recommended by the company or a firm of your choosing.

RETIREMENT PROGRAMS

PENSION PLAN
You will be eligible to participate in the Cliffs Defined Benefit Pension Plan. The Defined Benefit Pension Plan is based on a cash balance formula. A nominal cash balance account is established for each participant and credited on a quarterly basis with a benefit amount (4% to 10%) based on a combination of the participant's age, years of service and earnings (base pay plus bonus). Employees are vested in their accounts under the Defined Benefit Pension Plan after three (3) years of service.

401(K) PLAN
You are eligible to participate in the Cliffs 401(k) Savings Plan effective your first day of work. Employee contributions, up to the first 3% of base salary (pre-tax or post-tax), are currently matched by Cliffs on a dollar for dollar basis, and $.50 on the dollar on the next 2% of base salary. Company matching contributions are immediately fully vested. The VNQDC plan will provide a matching contribution for any portion of your company match that is in excess of statutory qualified plan limits.

BENEFITS CHOICE

The Benefits Choice Program provides coverage options for medical, dental, vision, long term disability, life insurance and voluntary accidental death & dismemberment insurance. In addition, you will have the option to purchase group universal life insurance coverage, long term care coverage and other group insurance products.

MEDICAL/DEPENDENT DAY CARE REIMBURSEMENT ACCOUNTS

You may elect to contribute on a pre-tax basis out of your salary, up to a maximum of $416.50 per month, to a Medical Reimbursement Account to cover medical, dental, vision or other medical expenses that are not otherwise covered through any other insurance plan or policy. A similar contribution may be made to a Dependent Day Care Reimbursement Account to cover day care expenses not covered through another plan or policy. Please note, any unused funds remaining in these accounts at year end are forfeited, as this is a "use it or lose it" plan.

HEALTH SAVINGS ACCOUNT (HSA)

The HSA Option is a high deductible, lower-premium medical and prescription drug option and a Health Savings Account in one. This option provides comprehensive health care coverage, while the HSA feature gives you the opportunity to contribute pre-tax dollars to an account to pay for current and/or future out-of-pocket qualified medical expenses. Cliffs will make a contribution to this account based off the level of coverage you choose in the Plan (single or family). This is not a "use it or lose it" plan; all unused monies will rollover to the following year. Note: You cannot participate in the Medical Reimbursement Account if you elect to participate in the HSA.

SHORT-TERM DISABILITY BENEFITS

Short-term disability benefits are 100% employer paid and provide a benefit of 60% of your base salary up to a maximum of $15,000 per month. New employees are eligible for a maximum of six months of short-term disability benefits.

WELLNESS PROGRAM

Cliffs provides a wellness program aimed at adding quality to the lives of Cliffs' employees and family members. A range of programs are being offered, from health fairs and health assessments to fitness and weight management activities.

TUITION REFUND

A Tuition Refund Program provides a reimbursement of up to 100% (based on grades) of tuition for work-related courses taken by the employee at an accredited university, college, trade, business or correspondence school, to an annual limit of $5,000. Eligible employees may apply for the program following one year of employment.

PAID TIME OFF

VACATION BENEFITS
In 2014 and thereafter, you will be eligible for four (4) weeks of vacation each calendar year until you reach fifteen (15) years of service. Eligibility for a fifth week of vacation occurs on your 15th year anniversary of service and a sixth week on your 25th year anniversary of service.

HOLIDAYS
Eleven holidays are currently observed in a calendar year.

New Year's Day	Thanksgiving Day
Good Friday	Thanksgiving Friday
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	2 Floating Holidays

Cliffs periodically reviews all employee benefit plans to endeavor to provide employees with competitive benefits. Accordingly, from time to time, changes may be made to meet the future needs of our employees or to conform to industry trends and practices.

Copies of the plans described above and/or summary plan descriptions, as applicable, will be provided to you, and the terms of those documents will govern your participation in them

This offer is contingent upon your successful completion of a pre-employment physical which includes a drug/alcohol screen, which will be administered and evaluated consistent with the Americans with Disabilities Act of 1990. This offer is also contingent on your execution of the enclosed "Employee Invention and Secrecy Agreement" and a satisfactory check of your credit and criminal records.

In accordance with company policy, this offer is for "at-will" employment with Cliffs, meaning that either Cliffs or you may terminate the employment relationship at any time, for any reason or no reason, with or without notice or cause. Please confirm in writing your acceptance of this offer and starting date, and return to me the signed Employee Invention and Secrecy Agreement with your signature witnessed.

This offer letter shall be governed by the laws of the State of Ohio, without regard to the provisions thereof, or the laws of any other jurisdiction, relating to conflicts of laws which would cause the law of any jurisdiction other than the State of Ohio to apply.

Jim, we are very excited to have you join the Cliffs team and to the leadership you will provide to the organization going forward.

If you have any questions or need additional information regarding the terms of this offer, please contact me in the office at 216-694-5533 or on my cell at 216-785-3780.

Regards,

/s/ James Michaud

James Michaud
Executive Vice President & Chief Human Resources Officer

ACCEPTANCE OF OFFER

I have read and understand and accept all the terms of the offer of employment as set forth in the foregoing letter. I have not relied on any agreements or representations, expressed or implied that are not set forth expressly in the foregoing letter.

/s/ James F. Kirsch
James F. Kirsch

12/4/2013
Date:

CC: Tim Sullivan, Chairman Compensation Committee

**EMPLOYEE INVENTION
AND SECRECY AGREEMENT**

**For Employees of
Cliffs Natural Resources Inc. and Associated Companies**

CLIFFS NATURAL RESOURCES INC., (the “Company”), and James F. Kirsch (the “Employee”) enter into this Agreement this 4th day of December, 2013

The Employee is about to be, employed by the Company and in connection with such employment may from time to time (i) make inventions which relate to or are useful in connection with the Company’s business, and/or (ii) have imparted to him by or through the Company confidential or secret information pertaining to the Company’s business or the business of its clients; and in consideration of said employment and the compensation paid to Employee from time to time thereunder, it is hereby agreed as follows:

1. Inventions Assigned to the Company. All the right, title and interest of the Employee in and to any and all discoveries, inventions and improvements, whether discovered alone or jointly with others, whether patentable or unpatentable, which relate to, or are useful in connection with, any aspect of the business of the Company as carried on at the time such invention is made by the Employee, and which are made either during his employment with the Company or within a one (1) year period immediately thereafter, (hereinafter called “Inventions”), shall be and hereby are assigned to the Company or such nominee of the Company as the Company may from time to time designate.

2. Disclosure of Inventions and Assistance in Obtaining and Maintaining Patents. Promptly upon discovery of any Invention described in paragraph 1 above, the Employee shall make a full written disclosure thereof to the Company. At any time and from time to time thereafter (regardless of whether the Employee is then working for the Company), always at the expense of the Company, the Employee shall, whenever requested, assist the Company as required by it in obtaining, maintaining and enforcing United States and foreign patents covering such Invention; for example, the Employee, upon request of the Company, will assist in the preparation of patent specifications and drawings pertaining to such Invention, execute patent applications, assignments and affidavits, give testimony, advise counsel and otherwise assist in the prosecution of patent applications and the enforcement of any patents which may ultimately issue thereon.

3. Obligation Not to Disclose Confidential Information. Except as provided in paragraph 4, the Employee agrees that at all times, both during and after his employment with the Company, he will hold in confidence with respect to those who are not employees of the Company any and all processes, formulas, inventions, economic information, engineering data, technical and manufacturing information and know-how, sales plans and programs and other confidential information or trade secrets concerning the business of the Company or of other firms with which the Company does business, which have been or are hereafter disclosed to him by or through the Company, whether the same relate to business then being carried out or contemplated by the Company or to business then being carried out or contemplated by another firm with which the Company is doing business.

4. Matters Which Need Not Be Kept Confidential. The Employee shall not be obligated to hold in confidence any information described in paragraph 3 above, which

(a) Shall, through no fault of the Employee, be in or become part of the Public Domain; or

(b) Shall have been known by the Employee prior to his employment by the Company as evidenced by written documents.

The Company may authorize the Employee from time to time to disclose such confidential information to specific persons and at specific times. The Company may also from time to time restrict disclosure of confidential information to certain co-employees; and in such event, the Employee shall only be entitled to disclose to and discuss confidential information with such co-employees.

5. Documents and Records. The Employee agrees that upon termination of his employment, he will return to the Company and will not take with him any drawings, specifications, formulas or other documents containing confidential information of the Company or of other firms with which the Company does business or any reproduction thereof.

6 . Inventions To Be Excluded from This Agreement. The Employee has at the time of execution of this Agreement made no invention, patented or unpatented, except those heretofore specifically assigned to the Company and those identified as follows:*

NONE

IF NO INVENTIONS ARE TO BE LISTED IN THE ABOVE SPACE, WRITE "NONE".

7 . Heirs and Assigns. This Agreement shall have application from the date of employment of the Employee with the Company, is binding upon the Employee, his heirs, executors, administrators and assigns, and shall inure to the benefit of the Company, its successors and assigns IN WITNESS WHEREOF, the parties have caused this Agreement to be executed below.

Executed in the presence of:

/s/ James R. Michaud	/s/ James F. Kirsch
Witness for James F. Kirsch	James F. Kirsch

For CLIFFS NATURAL RESOURCES

By /s/ James R. Michaud
Representative for Cliffs Natural Resources

SEVERANCE AGREEMENT

BEFORE SIGNING THIS SEVERANCE AGREEMENT (THE "AGREEMENT"), YOU ARE ADVISED TO CONSULT WITH AN ATTORNEY. YOUR SIGNATURE MUST BE NOTARIZED.

This Agreement is entered into knowingly and voluntarily by and between Donald J. Gallagher ("Employee"), and Cliffs Natural Resources Inc. and its affiliates identified in Section III.A below (collectively, the "Company"). Employee and the Company are referred to each individually as a "Party" and collectively as the "Parties."

RECITALS

A. Employee's employment with the Company will terminate on December 31, 2013 or on such earlier date (the "Retirement Date") upon a request by the Company's Board of Directors (the "Board"). On the Retirement Date, Employee will cease to serve as Executive Vice President and President, Global Commercial of the Company, and shall resign from any other position that he then holds with the Company.

B. Employee and the Company desire to establish the terms for an amicable separation of Employee's employment on the Retirement Date and to settle fully and finally any and all differences between them which have arisen, or may arise, out of the employment relationship and/or the termination of that relationship.

C. The Company desires to obtain certain covenants from Employee that limit Employee's future ability to compete with the Company and/or solicit its customers and employees to terminate their relationships with the Company.

D. The Company desires to offer Employee the payments and benefits described herein in connection with Employee's termination of employment and his entrance into the restrictive covenants contained herein.

E. Receipt of the payments and benefits described herein requires (i) execution and notarization, (ii) delivery to the Company, and (iii) non-revocation, of the Release (as defined below), all within the time frames specified in the Release.

AGREEMENT

I. TERMINATION, SEVERANCE PAYMENTS AND BENEFITS

A. On the Retirement Date, Employee's employment with the Company shall cease, he shall cease to be the Executive Vice President and President, Global Commercial of the Company, and he shall resign from any other positions that he then holds with the Company as of the Retirement Date. As of the Retirement Date, Employee shall be released from his duties with the Company and cease to have any authority to conduct business on behalf of the Company. Employee will continue to receive his base salary and employee benefits, in the ordinary course of business consistent with past practice, through the Retirement Date.

B. Subject to Section I.C., Employee shall receive the following payments (collectively, the "Payments") and benefits (collectively, the "Benefits") if Employee (i) executes this Agreement, (ii) signs, notarizes and delivers the release of claims in the form attached hereto as Exhibit A (the "Release") no earlier than the calendar day following the Retirement Date and no later than the later of five calendar days following the Retirement Date or the day after the end of the time period described in Section V.A. of the Release; and (iii) does not revoke the Release prior to the "Effective Date" (as defined in Section V.D. of the Release):

1. A cash payment equal to Two Million Seventy Thousand and no/100 Dollars ($2,070,000), which is equal to twenty-four (24) months Base Pay ($575,000 * 2 = $1,150,000.00) plus two times an additional amount that represents an annual incentive bonus payable at target ($575,000 * 80% * 2 = $920,000), paid, **less** appropriate withholdings and deductions, in a lump sum that shall be paid within thirty (30) days after the Effective Date (the "Payment Date").

2. Employee shall continue to participate in the Company's Executive Management Performance Incentive Plan (the "EMPI Plan") for 2013, with the bonus payout to be determined based on actual performance during the applicable performance period and paid, **less** appropriate withholdings and deductions, in a lump sum when (but not prior to the Effective Date), and at the rate, the EMPI Plan bonuses are paid to active employees of the Company. For the avoidance of doubt, (i) Employee's EMPI Plan bonus for 2013 shall not be prorated, even if the Retirement Date occurs prior to December 31, 2013, and (ii) Employee shall not participate in the EMPI Plan for 2014 and subsequent years.

3. If the Retirement Date occurs prior to December 31, 2013, a cash payment equal to the base salary Employee would have earned for the period from the Retirement Date through December 31, 2013 had he continued to work through December 31, 2013, le**ss** appropriate withholdings and deductions, in a lump sum that shall be paid on the Payment Date.

4. Employee will be credited with five (5) additional years of age and treated as a "Grandfathered Retiree" for purposes of determining retiree contributions for coverage under the Insurance Benefits Program For Retirees & Surviving Spouses of Cliffs Natural Resources Inc. and its Associated Employers (the "Retiree Health Plan").

5. The Company shall pay the premiums for coverage on the Health Savings Account Plan under the Retiree Health Plan for Employee and Employee's qualified beneficiaries for a maximum of 24 months, subject to shortening of this period if Employee becomes reemployed and eligible for alternative health insurance coverage, except that if the Company's payment of premiums for any such month would cause adverse tax consequences to the Employee or subject the Company to a penalty, the Company shall not be required to pay such premiums for such month to the extent necessary to eliminate such adverse tax consequences or penalty, and the Employee shall instead be permitted to continue to receive the coverage described in this paragraph by paying such premiums himself.

6. Provided that the Employee properly and timely completes and submits all of the necessary documentation relating to the receipt of COBRA coverage for dental and vision benefits, the Company shall pay the premiums for dental and vision COBRA continuation coverage for Employee and Employee's COBRA qualified beneficiaries for a maximum of 24 months, subject to shortening of this period if Employee or Employee's COBRA qualified beneficiaries become ineligible for COBRA continuation coverage, except that if the Company's payment of premiums for any such month would cause adverse tax consequences to the Employee or subject the Company to a penalty, the Company shall not be required to pay such premiums for such month to the extent necessary to eliminate such adverse tax consequences or penalty, and the Employee shall instead be permitted to continue to receive the coverage described in this paragraph by paying such premiums himself. The Company's extension of the normal eighteen (18) month COBRA continuation period shall not extend any other COBRA election or coverage periods. For example, the payment of COBRA premiums

shall not affect the eleven (11) month disability extension or the eighteen (18) month second qualifying event extension of the normal eighteen (18) month COBRA period.

7. Employee shall be entitled to vest in the performance share awards held by him on the date hereof based on actual performance through the entire applicable performance period of each such award, with the number of shares so earned to be paid out in the manner and at the time (but not prior to the Effective Date) specified by the terms of each such award.

8. Employee shall be entitled to fully vest in the restricted share unit awards held by him on the date hereof, with the number of shares so earned to be paid out in the manner and at the time (but not prior to the Effective Date) specified by the terms of each such award.

9. Employee shall continue to be covered by any provision for indemnification by the Company in effect on the date of the execution of this Agreement for so long as it provides such indemnification for its active senior executives. In addition, the Company shall continue to maintain D&O coverage that covers past executives to the same extent that it covers present executives. Finally, in the event of a change in control in which the Company is not the survivor, the Company shall use its reasonable best efforts to require as part of such transaction that the surviving company provide indemnification and D&O coverage that covers the past executives of the Company.

C. Should Employee breach any of the covenants contained in Sections V (relating to the covenant of confidentiality, but excluding for purposes of this Section I.C. any immaterial breach with respect to immaterial confidential information), VII (relating to the covenant not to compete), and IX (relating to the covenant not to solicit) of this Agreement, Employee shall be required to return the Payments and the value of the Benefits already received under this Agreement in excess of one (1) month's Base Pay within seven (7) days of demand by the Company, and shall receive no further Payments or Benefits under this Agreement.

D. Subject to Section I.C., should Employee die prior to receipt of the Payments set forth in Section I.B., then the Payments will be payable to Employee's estate or otherwise inure to the benefit of his/her heirs.

E. The term "Base Pay" shall mean Employee's rate of annual base salary in effect as of the Retirement Date. Base Pay does not include pension contributions made by the Company, welfare or other fringe benefits paid for by the Company, expense reimbursements, overtime pay, bonuses, commissions, incentive pay, or any other special compensation.

II. REPRESENTATIONS AND WARRANTIES

Employee understands, acknowledges and agrees that:

- Employee has the sole right and exclusive authority to execute this Agreement.
- The Company is not obligated to pay, and will not pay, to Employee any Payment or Benefits until this Agreement and the Release have become effective.
- Employee executes this Agreement knowingly and voluntarily, in order to induce Company to provide the Payments and Benefits.
- Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.
- No other person or entity has an interest in the claims, demands, obligations or causes of action referred to in this Agreement.

- The Payments and Benefits that Employee will receive in exchange for executing this Agreement and the Release are in addition to anything of value to which Employee is already entitled.
- The Payments and Benefits provided for in this Agreement are the only consideration that Employee ever will receive from the Company or any Released Parties (as defined below) for any and all claims, demands, obligations or causes of action released by this Agreement and the Release.
- The Payments and Benefits provided for in this Agreement are not intended to be provided in addition to any payments or benefits that now may be due or in the future become due or payable to Employee under the Worker Adjustment and Retraining Notification ("WARN") Act (if applicable). Therefore, if WARN Act payments are or become due to Employee, any Payment and Benefits made under this Agreement in excess of one month's Base Pay, up to the full amount necessary to satisfy such obligation, shall be treated as having been paid in satisfaction of any such obligation, and the rest of the Payments and Benefits shall be treated as having been given in exchange for the other covenants, agreements and obligations of this Agreement and the Release.
- This Agreement and its terms shall not be construed as an admission of any liability whatsoever on the part of the Company or any other Released Parties described in this Agreement, by which/whom any liability is and always has been expressly denied.
- With the payments contemplated by this Agreement, the Company will have paid Employee for all vacation and any other paid time off accrued through the Retirement Date with the exception of whatever Employee is entitled to receive as a retiree of the Company.
- As of the date of execution of this Agreement, Employee has not filed any administrative charges or lawsuits arising out of or relating to Employee's employment with the Company or the separation of that employment. If Employee cannot represent that the statement in this paragraph is true, initial here: _____.
- As of the date of execution of this Agreement, Employee has no work-related injury and is medically stationary with no impairment of earning capacity. If Employee cannot represent that the statement in this paragraph is true, initial here: _____.

III. RELEASE

A. Employee, for himself, and his marital community (if any), agents, heirs, executors, administrators, and assigns, hereby knowingly and voluntarily fully releases and forever discharges from any and all agreements, debts, claims, demands, actions, judgments, causes of action, and liabilities of every kind or nature, known or unknown, that Employee, individually or as a member of a class, ever had or now has, the following (referred to collectively as the "Released Parties"):

- Cliffs Natural Resources Inc.;
- Cliffs North American Coal LLC;
- Pinnacle Mining Company, LLC;
- Oak Grove Resources, LLC;
- Cliffs Logan County Coal LLC;
- Cliffs Quebec Iron Mining Limited;
- The Bloom Lake Iron Ore Mine Limited Partnership;
- Cliffs Canadian Shared Services Inc.;
- Northshore Mining Company;

- Silver Bay Power Company;
- Tilden Mining Company LC;
- Empire Iron Mining Partnership;
- Cliffs Mining Company;
- Hibbing Taconite Company Joint Venture;
- United Taconite LLC;
- The Cleveland-Cliffs Iron Company;
- Cliffs Mining Services Company;
- Lake Superior & Ishpeming Railroad Company;
- Wabush Iron Co. Ltd.;
- Wabush Mines Joint Venture;
- Cliffs International Management Company LLC;
- Cliffs Sales Company;
- Cliffs Natural Resources Exploration Ltda.;
- Cliffs Natural Resources Pty Ltd;
- Cliffs Chromite Ontario Inc.;
- All affiliates of Cliffs Natural Resources Inc. not already listed above, including any corporation or other entity which is controlled by or under common control with Cliffs Natural Resources Inc., or which is in the same affiliated service group or otherwise required to be aggregated with Cliffs Natural Resources Inc. under Sections 414 or 1563 of the Internal Revenue Code;
- All current or former owners, officers, directors, shareholders, members, employees, managers, agents, attorneys, partners and insurers of the above entities; and
- The predecessors, successors, and assigns of the above entities and individuals and the spouses, children, and family members of the individuals.

B. Without limiting the generality of this Agreement, Employee acknowledges and agrees that this Agreement is intended to bar every claim, demand, and cause of action, including without limitation any and all claims arising under the following laws, as amended from time to time:

- The federal Civil Rights Acts of 1866, 1871, 1964 and 1991 and all similar state civil rights statutes;
- The Employee Retirement Income Security Act of 1974;
- The Fair Labor Standards Act;
- The Rehabilitation Act of 1973;
- The Occupational Safety and Health Act;
- The Mine Safety and Health Act;
- The Health Insurance Portability and Accountability Act;
- The Age Discrimination in Employment Act;
- The Older Workers Benefit Protection Act;
- The Americans with Disabilities Act;
- The National Labor Relations Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Worker Adjustment and Retraining Notification Act;
- The Lilly Ledbetter Fair Pay Act;
- State wage payment statutes;

- State wage and hour statutes;
- State employment statutes;
- Any statutes regarding the making and enforcing of contracts;
- Any whistleblower statute; and
- All similar provisions under all other federal, state and local laws.

C. Without limiting the generality of this Agreement, Employee further acknowledges and agrees that this Agreement is intended to bar all equitable claims and all common law claims, including without limitation claims of or for:

- Breach of an express or an implied contract;
- Breach of the covenant of good faith and fair dealing;
- Unpaid wages, salary, commissions, vacation or other employee benefits;
- Unjust enrichment;
- Negligent or intentional interference with contractual relations;
- Negligent or intentional interference with prospective economic relations;
- Estoppel;
- Fraud;
- Negligence;
- Negligent or intentional misrepresentation;
- Personal injury;
- Slander;
- Libel;
- Defamation;
- False light;
- Injurious falsehood;
- Invasion of privacy;
- Wrongful discharge;
- Failure to hire;
- Retaliatory discharge;
- Constructive discharge;
- Negligent or intentional infliction of emotional distress;
- Negligent hiring, supervision or retention;
- Loss of consortium; and
- Any claims that may relate to drug and/or alcohol testing.

D . **Employee further understands, acknowledges and agrees that this Agreement is a general release, and that Employee further waives and assumes the risk of any and all claims which exist as of the date this Agreement is executed, including those of which Employee does not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect Employee's decision to sign this Agreement.**

E. Employee further understands, acknowledges and agrees that this Agreement waives any right Employee has to recover damages in any lawsuit brought by Employee as well as in a lawsuit brought by any third party, including without limitation the Equal Employment Opportunity Commission (the "EEOC") or any similar state agency. Employee is not, however, waiving the right to file a charge with the EEOC or any similar state agency.

F. This Agreement shall not be interpreted to release or require the release of the Company or the Released Parties from any:

- Claims for Payments or Benefits under this Agreement; or
- Claims for benefits under any pension plan or welfare plan of the Company; or
- Claims arising out of acts or practices which occur after the execution of this Agreement.

The Company agrees to indemnify Employee for actions occurring during his employment to the same extent provided during his employment. This provision is not meant to expand Company's obligations.

IV. REPRESENTATION OF UNDERSTANDING OF RELEASE

Employee acknowledges that Employee has had the opportunity to consult an attorney of Employee's own choosing before entering into this Agreement. Employee represents and warrants that Employee has read all of the terms of this Agreement and that Employee fully understands and voluntarily accepts these terms. Employee further acknowledges and agrees that Employee has been given a reasonable period of time within which to consider this Agreement.

V. CONFIDENTIAL INFORMATION AND COVENANTS

Employee represents that, during Employee's employment with the Company, Employee has not breached any confidentiality agreement to which Employee is a party. Employee further represents and warrants that Employee will continue to abide by the terms of any confidentiality agreement applicable to Employee after the Retirement Date.

VI. RETURN OF COMPANY PROPERTY

A. Employee agrees to return to the Company within five (5) calendar days following the Retirement Date all originals and copies of the Company's property, documents and information in Employee's possession, regardless of the form on which such information has been maintained or stored, including without limitation, computer disks, tapes or other forms of electronic storage, Company credit cards (including telephone credit cards), tools, equipment, keys, identification, software, computer access codes, disks and instructional manuals, and all other property prepared by, or for, or belonging to the Company. Employee further agrees that, as of the fifth (5^{th}) calendar day following the Retirement Date, he will not retain any documents or other property belonging to Company. For the avoidance of doubt, Employee shall not be required to return to the Company items not material to the business of the Company or its affiliates that are of nominal or sentimental value.

B. Employee must comply fully with this Section VI before the Company is obligated to perform under Section I.

VII. NON-COMPETITION

Employee agrees that, during his period of employment and the period beginning on his Retirement Date and ending twelve (12) months following the Retirement Date, Employee shall not establish, engage in, work for or consult with any business that competes or intends to compete with the Company's iron ore or coal sales businesses in North America or Asia. Employee agrees that the Payments and Benefits provided by the Company to Employee under this Agreement include consideration for such twelve-month noncompetition obligation.

VIII. NON-DISPARAGEMENT

Employee shall not make any negative statements orally or in writing about Employee's employment with the Company, about the Company or its affiliates or any of its employees or products, to anyone other than to the EEOC or any similar state agency, Employee's immediate family, and Employee's legal representatives or financial advisors. Nothing herein shall prevent Employee from testifying truthfully in a legal proceeding or governmental administrative proceeding. Employee may indicate on employment applications that Employee was employed by the Company, Employee's duties, length of employment, and salary. The Company shall not make any negative statements orally or in writing about Employee's employment with the Company to anyone other than to the EEOC or any similar state agency and the Company's legal representatives. Nothing herein shall prevent the Company from testifying truthfully in a legal proceeding or governmental administrative proceeding.

IX. NON-SOLICITATION

A. Employee agrees that, during his period of employment and the period beginning on his Retirement Date and ending twelve (12) months following the Retirement Date, Employee shall not directly or indirectly contact, approach or solicit for the purpose of offering employment to, or directly or indirectly actually hire, any person employed by the Company or its affiliates (or who was employed by the Company or its affiliates during the six (6) month period immediately prior to such solicitation or hire), without the prior written consent of the Company; provided, however, that this Section IX shall not preclude Employee from soliciting for employment (but shall, for the avoidance of doubt, prohibit hiring) any such person who responds to a general solicitation through a public medium that is not targeted at such person.

B. Employee agrees that, during his period of employment and the period beginning on his Retirement Date and ending twelve (12) months following the Retirement Date, Employee shall not directly or indirectly, for himself or on behalf of any other person, partnership, company, corporation or other entity, solicit or attempt to solicit the business or patronage of (i) any person or entity whose account was serviced by Employee at the Company; or (ii) any person or entity who is or has been a customer of the Company prior to Employee's termination; or (iii) any person or entity the Company has targeted and contacted prior to Employee's termination for the purpose of establishing a customer relationship, without the prior written consent of the Company.

C. Employee agrees that the Payments and Benefits provided by the Company to Employee under this Agreement include consideration for the non-solicitation provisions contained in this Section IX.

X. SEVERABILITY

In the event that any provision(s) of this Agreement is found to be unenforceable for any reason whatsoever, the unenforceable provision shall be considered to be severable, and the remainder of this Agreement shall continue in full force and effect.

XI. BINDING EFFECT

This Agreement shall be binding upon and operate to the benefit of Employee, the Company, the Released Parties, and their successors and assigns.

XII. WAIVER

No waiver of any of the terms of this Agreement shall constitute a waiver of any other terms, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver. The Company or Employee may waive any provision of this Agreement intended for its/his benefit, but such waiver shall in no way excuse the other Party from the performance of any of its/his other obligations under this Agreement.

XIII. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to the principles of conflicts of law, except to the extent those laws are preempted by federal law.

XIV. SUBSEQUENT MODIFICATIONS

The terms of this Agreement may be altered or amended, in whole or in part, only upon the signed written agreement of all Parties to this Agreement. No oral agreement may modify any term of this Agreement.

XV. ENTIRE AGREEMENT

This Agreement constitutes the sole and entire agreement of the Parties with respect to the subject matter hereof, and supersedes any and all prior and contemporaneous agreements, promises, representations, negotiations, and understandings of the Parties, whether written or oral. There are no agreements of any nature whatsoever among the Parties except as expressly stated herein.

XVI. ATTORNEYS' FEES AND COSTS

This Section XVI shall not apply to any litigation arising out of a challenge to the validity of the Release under the ADEA, or any litigation in which the validity of the Release under the ADEA is an issue. In the event of litigation arising out of any other alleged breach of this Agreement, the prevailing Party shall be entitled to an award of its reasonable attorneys' fees and costs.

XVII. SECTION 409A

The Parties acknowledge that Employee shall incur a "separation from service," within the meaning of Section 409A of the Code ("Section 409A"), no later than the Retirement Date. Notwithstanding anything in this Agreement to the contrary, if Employee is considered a "specified employee" (as defined in Section 409A), any amounts paid or provided under this Agreement shall, to the extent necessary in order to avoid the imposition of a penalty tax on Employee under Section 409A, be delayed for six months after Employee's "separation from service" within the meaning of Section 409A, and the accumulated amounts shall be paid in a lump sum within ten (10) calendar days after the end of the six (6)-month period. If Employee dies during the six-month postponement period prior to the payment of such accumulated amounts, the payments which are deferred on account of Section 409A shall be paid to the personal representative of Employee's estate within 60 calendar days after the date of Employee's death. For purposes of this Agreement, each amount to be paid or benefit to be provided to Employee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A. All reimbursements and in-kind benefits provided under the Agreement shall be made or provided in accordance with the requirements of Section 409A to the extent applicable, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the period of time specified in this Agreement, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year, (iii) the reimbursement of an eligible expense will be made no later than the last calendar day of the calendar year following the year in which the expense is incurred, and (iv) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit.

[Signature Page Follows]

CLIFFS NATURAL RESOURCES INC.

/s/ James R. Michaud

James R. Michaud

Executive Vice President, Chief Human Resources Officer

Date: 12/30/2013

/s/ Donald J. Gallagher

Donald J. Gallagher

STATE OF OHIO)

) ss.

County of CUYAHOGA)

On this 30th day of December, 2013, before me personally appeared Donald J. Gallagher, to me known to be the person described in and who executed the Severance Agreement and acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

/s/ Jody C. Hunter

Notary Public

My Commission Expires: April 28, 2018

EXHIBIT10.54

RELEASE

BEFORE SIGNING THIS RELEASE (THE "RELEASE"), YOU ARE ADVISED TO CONSULT WITH AN ATTORNEY. YOUR SIGNATURE MUST BE NOTARIZED.

This Release is entered into knowingly and voluntarily on the date specified on the signature page hereto by Donald J. Gallagher ("Employee"), in favor of Cliffs Natural Resources Inc. and its affiliates identified in Section III.A below (collectively, the "Company").

RECITALS

A. Employee and the Company previously entered into that certain Severance Agreement (the "Severance Agreement").

B. Employee's employment as the Executive Vice President and President, Global Commercial of the Company terminated effective as of __________________, 2013 (the "Retirement Date").

C. Employee is entitled to certain "Payments" and "Benefits" (as each such term is defined in the Severance Agreement) subject to, among other things, Employee's execution and non-revocation of this Release.

D. Employee and the Company desire to settle fully and finally any and all differences between them which have arisen, or may arise, out of the employment relationship and/or the termination of that relationship in the future.

AGREEMENT

I. REPRESENTATIONS AND WARRANTIES

Employee understands, acknowledges and agrees that:

- Employee has the sole right and exclusive authority to execute this Release.
- The Company is not obligated to pay, and will not pay, to Employee any Payment or Benefits under the Severance Agreement until this Release has become effective.
- Employee executes this Release knowingly and voluntarily, in order to induce Company to provide the Payments and Benefits under the Severance Agreement.
- Employee has not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Release.
- No other person or entity has an interest in the claims, demands, obligations or causes of action referred to in this Release.
- The Payments and Benefits that Employee will receive under the Severance Agreement in exchange for executing this Release are in addition to anything of value to which Employee is already entitled.
- The Payments and Benefits provided for in the Severance Agreement are the only consideration that Employee ever will receive from the Company or any Released Parties (as defined below) for any and all claims, demands, obligations or causes of action released by this Release.
- The Payments and Benefits provided for in the Severance Agreement are not intended to be provided in addition to any payments or benefits that now may be due or in the future become due or payable to Employee under the Worker Adjustment and

Retraining Notification (“WARN”) Act (if applicable). Therefore, if WARN Act payments are or become due to Employee, any Payment and Benefits made under the Severance Agreement in excess of one month’s Base Pay (as defined in the Severance Agreement), up to the full amount necessary to satisfy such obligation, shall be treated as having been paid in satisfaction of any such obligation, and the rest of the Payments and Benefits under the Severance Agreement shall be treated as having been given in exchange for the other covenants, agreements and obligations of this Release.

- This Release and its terms shall not be construed as an admission of any liability whatsoever on the part of the Company or any other Released Parties described in this Release, by which/whom any liability is and always has been expressly denied.
- With the payments contemplated by the Severance Agreement, the Company will have paid Employee for all vacation and any other paid time off accrued through the Retirement Date.
- As of the date of execution of this Release, Employee has not filed any administrative charges or lawsuits arising out of or relating to his/her employment with the Company or the separation of that employment. If Employee cannot represent that the statement in this paragraph is true, initial here: _____.
- As of the date of execution of this Release, Employee has no work-related injury and is medically stationary with no impairment of earning capacity. If Employee cannot represent that the statement in this paragraph is true, initial here: _____.

II. RELEASE

A. Employee, for himself, and his marital community (if any), agents, heirs, executors, administrators, and assigns, hereby knowingly and voluntarily fully releases and forever discharges from any and all agreements, debts, claims, demands, actions, judgments, causes of action, and liabilities of every kind or nature, known or unknown, that Employee, individually or as a member of a class, ever had or now has, the following (referred to collectively as the “Released Parties”):

- Cliffs Natural Resources Inc.;
- Cliffs North American Coal LLC;
- Pinnacle Mining Company, LLC;
- Oak Grove Resources, LLC;
- Cliffs Logan County Coal LLC;
- Cliffs Quebec Iron Mining Limited;
- The Bloom Lake Iron Ore Mine Limited Partnership;
- Cliffs Canadian Shared Services Inc.;
- Northshore Mining Company;
- Silver Bay Power Company;
- Tilden Mining Company LC;
- Empire Iron Mining Partnership;
- Cliffs Mining Company;
- Hibbing Taconite Company Joint Venture;
- United Taconite LLC;
- The Cleveland-Cliffs Iron Company;
- Cliffs Mining Services Company;
- Lake Superior & Ishpeming Railroad Company;
- Wabush Iron Co. Ltd.;

- Wabush Mines Joint Venture;
- Cliffs International Management Company LLC;
- Cliffs Sales Company;
- Cliffs Natural Resources Exploration Ltda.;
- Cliffs Natural Resources Pty Ltd;
- Cliffs Chromite Ontario Inc.;
- All affiliates of Cliffs Natural Resources Inc. not already listed above, including any corporation or other entity which is controlled by or under common control with Cliffs Natural Resources Inc., or which is in the same affiliated service group or otherwise required to be aggregated with Cliffs Natural Resources Inc. under Sections 414 or 1563 of the Internal Revenue Code;
- All current or former owners, officers, directors, shareholders, members, employees, managers, agents, attorneys, partners and insurers of the above entities; and
- The predecessors, successors, and assigns of the above entities and individuals and the spouses, children, and family members of the individuals.

B. Without limiting the generality of this Release, Employee acknowledges and agrees that this Release is intended to bar every claim, demand, and cause of action, including without limitation any and all claims arising under the following laws, as amended from time to time:

- The federal Civil Rights Acts of 1866, 1871, 1964 and 1991 and all similar state civil rights statutes;
- The Employee Retirement Income Security Act of 1974;
- The Fair Labor Standards Act;
- The Rehabilitation Act of 1973;
- The Occupational Safety and Health Act;
- The Mine Safety and Health Act;
- The Health Insurance Portability and Accountability Act;
- The Age Discrimination in Employment Act;
- The Older Workers Benefit Protection Act;
- The Americans with Disabilities Act;
- The National Labor Relations Act;
- The Family and Medical Leave Act;
- The Equal Pay Act;
- The Worker Adjustment and Retraining Notification Act;
- The Lilly Ledbetter Fair Pay Act;
- State wage payment statutes;
- State wage and hour statutes;
- State employment statutes;
- Any statutes regarding the making and enforcing of contracts;
- Any whistleblower statute; and
- All similar provisions under all other federal, state and local laws.

C. Without limiting the generality of this Release, Employee further acknowledges and agrees that this Release is intended to bar all equitable claims and all common law claims, including without limitation claims of or for:

- Breach of an express or an implied contract;
- Breach of the covenant of good faith and fair dealing;

- Unpaid wages, salary, commissions, vacation or other employee benefits;
- Unjust enrichment;
- Negligent or intentional interference with contractual relations;
- Negligent or intentional interference with prospective economic relations;
- Estoppel;
- Fraud;
- Negligence;
- Negligent or intentional misrepresentation;
- Personal injury;
- Slander;
- Libel;
- Defamation;
- False light;
- Injurious falsehood;
- Invasion of privacy;
- Wrongful discharge;
- Failure to hire;
- Retaliatory discharge;
- Constructive discharge;
- Negligent or intentional infliction of emotional distress;
- Negligent hiring, supervision or retention;
- Loss of consortium; and
- Any claims that may relate to drug and/or alcohol testing.

D . **Employee further understands, acknowledges and agrees that this Release is a general release, and that Employee further waives and assumes the risk of any and all claims which exist as of the date this Release is executed, including those of which Employee does not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect Employee's decision to sign this Release.**

E. Employee further understands, acknowledges and agrees that this Release waives any right Employee has to recover damages in any lawsuit brought by Employee as well as in a lawsuit brought by any third party, including without limitation the Equal Employment Opportunity Commission (the "EEOC") or any similar state agency. Employee is not, however, waiving the right to file a charge with the EEOC or any similar state agency.

F. This Release shall not be interpreted to release or require the release of the Company or the Released Parties from any:

- Claims for Payments or Benefits under the Severance Agreement; or
- Claims for benefits under any pension plan or welfare plan of the Company; or
- Claims arising out of acts or practices which occur after the execution of this Release.

The Company agrees to indemnify Employee for actions occurring during his employment to the same extent provided during his employment. This provision is not meant to expand Company's obligations.

III. REPRESENTATION OF UNDERSTANDING OF RELEASE

Employee acknowledges that Employee has had the opportunity to consult an attorney of Employee's own choosing before entering into this Release. Employee represents and warrants that Employee has read all of the terms of this Release and that Employee fully understands and voluntarily accepts these terms. Employee further acknowledges and agrees that Employee has been given a reasonable period of time within which to consider this Release.

IV. RELEASE OF FEDERAL AGE DISCRIMINATION CLAIMS

Employee understands and agrees that a waiver of claims under the Age Discrimination in Employment Act, as amended by the Older Workers Benefit Protection Act (29 U.S.C. § 621, et seq.) (the "ADEA"), is not effective unless it is "knowing and voluntary," and that the ADEA imposes certain minimum requirements for a waiver of ADEA claims to be knowing and voluntary. Employee acknowledges and agrees that Employee is knowingly and voluntarily giving up any rights or claims for relief Employee may have under the ADEA regarding the Company's conduct or the conduct of any Released Parties. However, Employee acknowledges and agrees that Employee is not giving up the right to challenge the validity of this Release under the ADEA.

V. TIME TO CONSIDER AND CANCEL RELEASE; EFFECTIVE DATE

A. Employee acknowledges that he has had at least twenty-one (21) calendar days from the receipt of this Release to decide whether to sign it and is advised to consult with an attorney before doing so. Employee is not to sign this Release unless Employee understands its provisions and is doing so voluntarily.

B. This Release shall be signed and notarized no earlier than the calendar day following the Retirement Date, but no later than five (5) calendar days following the Retirement Date. Further, this Release shall be delivered to (or postmarked for delivery to) James R. Michaud, Executive Vice President, Chief Human Resources Officer, Cliffs Natural Resources, 200 Public Square, Suite 3300, Cleveland, OH 44114, no later than five (5) calendar days after the Retirement Date.

C. After Employee has signed this Release, Employee has seven (7) days to change his/her mind and notify the Company in writing that Employee has revoked this Release. If Employee so revokes this Release, this Release will be null and void, and will have no force or effect. Written notice of a cancellation of this Release must actually be received by the Company at the following address and must be postmarked within the time frame described above in order to be effective: James R. Michaud, Executive Vice President, Chief Human Resources Officer, Cliffs Natural Resources, 200 Public Square, Suite 3300, Cleveland, OH 44114.

D. If Employee (i) signs, notarizes and delivers this Release within the time frames and in accordance with the provisions of Section V.B; and (ii) does not revoke this Release within the time frames and in accordance with the provisions of Section V.C, this Release shall become effective on the eighth day after Employee signed it (the "Effective Date").

E. Employee understands that if he or she revokes this Release, it shall not be effective or enforceable and Employee will not receive any Payments or Benefits under the Severance Agreement.

VI. RESIGNATION AND RE-EMPLOYMENT

A. Employee represents that he has irrevocably resigned from any and all corporate offices with Cliffs Natural Resources Inc. or any of the Released Parties which he held in his capacity as an employee of the Company including without limitation positions as an officer, director, member, manager, agent, or partner of any such entities. Employee further agrees to execute any further documents required to effectuate such resignations as may be requested by the Company.

B. Employee hereby forever gives up, waives and releases any right to be hired, employed, recalled or reinstated by the Company or any affiliate of the Company.

VII. RETURN OF COMPANY PROPERTY

A. Employee agrees to return to the Company within five (5) calendar days following the Retirement Date all originals and copies of the Company's property, documents and information in Employee's possession, regardless of the form on which such information has been maintained or stored, including without limitation, computer disks, tapes or other forms of electronic storage, Company credit cards (including telephone credit cards), tools, equipment, keys, identification, software, computer access codes, disks and instructional manuals, and all other property prepared by, or for, or belonging to the Company. Employee further agrees that, as of the fifth (5^{th}) calendar day following the Retirement Date, he will not retain any documents or other property belonging to Company. For the avoidance of doubt, Employee shall not be required to return to the Company items not material to the business of the Company or its affiliates that are of nominal or sentimental value.

B. By signing this Release, Employee affirms that Employee either (i) has no Company property remaining in his possession or control or, (ii) if Employee does have any such property in his possession or control, Employee has provided the Company a list of such property, the reason why Employee has been unable to return it to the Company, and the date by which Employee intends to return such property to the Company.

C. Employee must comply fully with this Section VII before the Company is obligated to perform under Section I of the Severance Agreement.

VIII. SEVERABILITY

In the event that any provision(s) of this Release is found to be unenforceable for any reason whatsoever, the unenforceable provision shall be considered to be severable, and the remainder of this Release shall continue in full force and effect.

IX. BINDING EFFECT

This Release shall be binding upon and operate to the benefit of Employee, the Company, the Released Parties, and their successors and assigns.

X. WAIVER

No waiver of any of the terms of this Release shall constitute a waiver of any other terms, whether or not similar, nor shall any waiver be a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver. The Company or Employee may waive any provision of this Release intended for its/his benefit, but such waiver shall in no way excuse the other Party from the performance of any of its/his other obligations under this Release.

XI. GOVERNING LAW

This Release shall be governed by and construed in accordance with the laws of the State of Ohio, without regard to the principles of conflicts of law, except to the extent those laws are preempted by federal law.

XII. SUBSEQUENT MODIFICATIONS

The terms of this Release may be altered or amended, in whole or in part, only upon the signed written agreement of all Parties to this Release. No oral agreement may modify any term of this Release.

XIII. ENTIRE AGREEMENT

The Severance Agreement and this Release constitute the sole and entire agreement of the Parties with respect to the subject matter hereof, and supersede any and all prior and contemporaneous agreements, promises, representations, negotiations, and understandings of the

Parties, whether written or oral. There are no agreements of any nature whatsoever among the Parties except as expressly stated herein.

XIV. ATTORNEYS' FEES AND COSTS

This Section XIV shall not apply to any litigation arising out of a challenge to the validity of this Release under the ADEA, or any litigation in which the validity of this Release under the ADEA is an issue. In the event of litigation arising out of any other alleged breach of this Release, the prevailing Party shall be entitled to an award of its reasonable attorneys' fees and costs.

[*Signature Page Follows*]

Date: 1-3-14

/s/ Donald J. Gallagher

Donald J. Gallagher

STATE OF OHIO)

)ss.

County of Cuyahoga)

On this 3rd day of January, 2014, before me personally appeared Donald J. Gallagher, to me known to be the person described in and who executed the Severance Agreement and acknowledged that he/she executed the same as his/her free act and deed.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal in the County and State aforesaid, the day and year first above written.

/s/ Jody C. Hunter

Notary Public

My Commission Expires: April 28, 2018

CLIFFS ASIA PACIFIC IRON ORE MANAGEMENT PTY LTD
ACN 001 720 903
Level 12, 1 William Street, Perth. Western Australia 6000
T: (08) 9426 3333 F: (08) 9426 3344 cliffsnaturalresources.com
Postal Address: GPO Box W2017, Perth, WA 6846

[Date]

[Name]
[Address]

Dear **[Name]**

Terms & Conditions of Employment with
Cliffs Asia Pacific Iron Ore Management Pty Ltd

The following letter sets out the terms and conditions of your ongoing employment in your full-time position with Cliffs Asia Pacific Iron Ore Management Pty Ltd **(the Company).**

Position: **[Title]**

Role Level: Officer, Cliffs Natural Resources Inc. (**Cliffs**)

Start Date: **[Date]**

Place of Work:

Your place of work is Perth and such other places as we may require from time to time.

Base Salary:

Your base salary will be AUD **$[_____]** per annum.

Salary (less applicable tax) will be paid partly in advance and partly in arrears on the 15th day of each month to your nominated bank account. Your salary will be reviewed in December of each year, however this does not necessarily mean it will be increased. Any variation will be effective the following January.

Superannuation:

Superannuation contributions will be made on your behalf at 15% of your base salary (which is inclusive of any minimum superannuation contribution requirements under relevant superannuation law). Superannuation contributions will be made into an eligible choice fund.

Insurances are available as part of the Company's default superannuation package and premiums are deducted from contributions. Additional insurance may be negotiated between you and the Fund Manager/Underwriter. These insurances may not be available at the same rates if you decide to nominate a fund other than the Company's default fund for superannuation contributions. The details of the Company's default superannuation package will be made available to you.

Salary Sacrifice:

You are entitled to participate in a salary sacrifice arrangement in accordance with Company policy.

Reporting To: **[Title of Supervising Officer]**

Recognition of Prior Service and Release

The Company recognises **[Date]** as the commencement date of your employment with the Company for unpaid leave accrual and all service related purposes. For the avoidance of doubt all current annual and long service leave accruals from employment with the Company during the period **[Date]** to the date of this contract are preserved.

Duties and Responsibilities

You must diligently perform the duties and responsibilities as set out in Schedule 1. The Company may vary your duties and responsibilities at any time.

Hours of Work:

You are required to work a standard of 40 hours per week (including some additional hours) plus work such further hours as are reasonably necessary to fulfil the requirements of your position, or as required by the Company (including work after business hours and on weekends and public holidays).

Your remuneration includes compensation for all hours you are required to work.

Incentive Plan:

You may be eligible to participate in the Short Term Incentive Plan (**STIP**) and the Long Term Incentive Plan (**LTIP**) (as the case may be) in place from time to time as determined by Cliffs. The STIP and LTIP are benefits offered at the discretion of Cliffs, and can be varied or withdrawn at any time. The STIP and the LTIP operate independently of this document and are not incorporated into this document. Your participation in the plans is at the discretion of Cliffs and the actual payment of an amount under the STIP and LTIP will be subject to, and dependent upon your performance against relevant performance/target objectives and you remaining in employment with the Company at the date the STIP and/or LTIP payment falls due.

Any accrued STIP and LTIP payments will not be paid to you until after Cliffs' financial results have been audited and finalised for the applicable financial year.

Unless otherwise required by legislation or expressly provided for in this document, incentives do not form part of your remuneration for the purpose of calculating payment in lieu of notice or any other entitlement.

STIP

You are eligible to participate in the Cliffs STIP known as the Management Performance Incentive Plan (**MPI**) from time to time. The annual MPI is based on salary and role level within the organization. Your role as an officer of Cliffs currently has a target incentive of 50% of your base salary. Actual incentive awards, which can range from 0 to 200% of target, are subject to, and dependent upon your performance against corporate performance/target objectives set at or near the beginning of each calendar year and performance of Cliffs against the performance metrics determined by the Compensation and Organization Committee of the Board of Directors of Cliffs. The STIP enables you to potentially earn up to 100% of your base salary on achievement of agreed annual performance targets.

Any STIP will be paid solely at the discretion of the Compensation and Organization Committee of the Board of Directors of Cliffs.

The Company will contribute 15% Superannuation on your STIP payment.

LTIP

You are eligible to participate in Cliffs LTIP. The parameters of the LTIP will be set by and based on determined performance/target objectives over a defined period of time. The maximum annual LTI grant is 75% of your base salary, which vests over a three-year performance period. This program is offered at the discretion of Cliffs and is presented to the Compensation and Organization Committee of the Board of Directors of Cliffs on an annual basis. Actual payment is subject to, and dependent upon performance against performance/target objectives set under the LTIP and you remaining in employment with the Company at the date the LTIP payment falls due. The Compensation and Organization Committee of the Board of Directors of Cliffs has been appointed to administer the LTIP in accordance with the Amended and Restated Cliffs 2007 Incentive Equity Plan and an annual participant agreement. Any LTIP will otherwise be made in accordance with the LTIP, which are subject to revocation or amendment by Cliffs.

Any LTIP benefit accrued in respect of service to 27 January 2011 but, at the date of this contract not yet paid, in respect of the LTIP applicable under the letter dated 10 December 2009 which contains the Terms & Conditions of Employment with the Company from your prior role as **[Prior title]** (**2010 Employment Letter**) will be paid in accordance with, and at the time provided for by, the 2010 Employment Letter and associated LTIP arrangements. To avoid doubt, you will not be entitled to LTIP under both the 2010 Employment Letter and LTIP under this employment contract in respect of the same period of service.

Annual Leave

You are entitled to four weeks (20 days) annual leave per annum in accordance with the *Fair Work Act 2009* (Cth) and Company policy.

You agree to take annual leave at a time or times mutually convenient for yourself and the Company, or otherwise as directed by the Company.

Personal/Carer's Leave

You are entitled to paid personal/carer's leave (currently 10 days each year) in accordance with the *Fair Work Act 2009* (Cth) and Company policy.

Accrued but untaken personal/carer's leave is not payable when your employment ends.

Long Service Leave

You are entitled to long service leave in accordance with the *Long Service Leave Act 1958* (WA) and Company policy.

Parental Leave

You are eligible for parental leave in accordance with the *Fair Work Act 2009* (Cth) and Company policy.

Other Leave

You are eligible for other leave (such as compassionate leave or jury leave) in accordance with the *Fair Work Act 2009* (Cth) and Company policy.

Public Holidays

You are entitled to public holidays in accordance with the *Fair Work Act 2009* (Cth). You agree to work on public holidays if required to do so. This possibility is taken into account in setting your base salary.

Accident Insurance

The Company currently maintains a policy which provides insurance cover relating to accidents incurred while travelling between your place of work and home. This is reviewed periodically and could be revoked at any time, in which case you would be advised and would need to consider alternative arrangements.

Travel Insurance

The Company also maintains Corporate Travel Insurance for work related travel greater than 50 kilometres from work or home or overnight.

Electronic Communication

Email and internet usage is provided for Company business and may be accessed for reasonable and limited private use provided that nothing of an inappropriate or offensive nature is transmitted, stored or downloaded. A record of internet site usage is maintained and reviewed by the Company.

Termination of Employment

Termination of employment may be effected by either you or the Company giving the other party three (3) month's notice in writing. A payment to you in lieu of notice will be calculated by reference to your base salary. The Company can make payment in lieu of notice (for some or all of the notice period), or can direct you to not attend the workplace during your notice period. The Company can also direct you to perform alternative or varied duties during your notice period.

The Company may terminate your employment immediately if you engage in any misconduct, without any obligation to provide notice or pay you in lieu of notice.

Further details regarding termination of employment can be found in our Termination of Employment Policy, which will be made available to you.

Redundancy

If the Company terminates your employment due to redundancy, you will be entitled to redundancy pay equivalent to 12 months base salary. This severance payment is inclusive of any notice required to be given to you under this document. In the event of redundancy, the Company may also at its discretion pay you amounts under the STIP and LTIP.

Further details regarding redundancy can be found in our Redundancy Policy which will be made available to you.

Change of Control

In the event of a Change in Control as such term is defined in Schedule 2, a termination payment of two year's earnings, on a fully packaged basis, will be payable. This option is exercisable by you resigning within 90 days following the Change of Control events described in Schedule 2.

Shareholder Approvals

You and the Company acknowledge that if shareholder approval in respect of any amount payable to you under this document in connection with the termination of your employment/ your "retirement from office" is required to avoid the Company breaching section 200B of the Corporation's Act, the Company will seek such shareholder approval in respect of the payment prior to payment being made. However shareholder approval will not be sought where you agree to accept a reduced amount (**Reduced Amount**). The Reduced Amount must not exceed the maximum amount for exemption termination benefits under the Corporations Act. The Reduced Amount is to be paid in lieu of the amount you would otherwise be entitled to receive under this document.

Resignation from Offices

Immediately on your employment ending, you must resign from all directorships, offices and positions that you hold in the Company or in any other body or entity in connection with your employment.

If you do not immediately resign from all directorships, offices and positions, you authorise the Managing Director or delegate to do all things and execute all documents necessary on behalf of the Company to give effect to these resignations.

Disciplinary Action

The Company may initiate disciplinary action against you for unsatisfactory performance, misconduct or serious misconduct. The outcome of the disciplinary action may include redeployment, demotion or termination of your employment. The Company may reduce or change your duties as a result of disciplinary action. We may also reduce your remuneration to reflect the level to which you are redeployed or demoted.

You agree that reasonable disciplinary action undertaken by us to redeploy or demote does not automatically terminate the employment or this document.

Suspension

We have the right to suspend you from duties, with or without pay, where we consider it necessary to adequately investigate allegations of misconduct or impropriety against you.

Confidentiality

You must keep confidential and not use or disclose to any person any of our or our client's Confidential Information, except with our prior authorisation, or in the proper performance of your duties for us, or as obliged by legislation.

When you disclose any Confidential Information as permitted by this clause, you will ensure that whoever it is disclosed to is made aware of its confidential nature. You will do your utmost to ensure that those persons do not disclose that information, and do not use it for any purpose, other than a purpose for which it was disclosed to them.

Any reference to "us" or "our" in this clause includes our related bodies corporate.

This provision continues to apply after your employment comes to an end.

You agree that in the event of a breach of you by this clause damages may not be an adequate remedy and we or any other aggrieved party may, in addition to any other remedies, obtain an injunction restraining any further violation and other equitable relief.

In this document **Confidential Information** includes but is not limited to:

(a) information which is specifically designated as confidential by us or our clients;

(b) information which by its nature may be reasonably understood to be confidential;

(c) our trade secrets and Intellectual Property;

(d) information regarding our financial or business affairs;

(e) any agreements, arrangements or terms of trade with a client or supplier or prospective client or supplier;

(f) our contractual, technical and production information;

(g) our marketing plans, and marketing and sales techniques;

(h) notes and developments regarding confidential information;

(i) our employee information;

(j) our business systems, and operating procedures or manuals;

except for information that is publicly available, other than due to a breach of this document.

Code of Conduct

A copy of the Company's current Code of Conduct is enclosed for your information and acceptance.

Policies

You must comply with all Company policies as in place from time to time (including but not limited to the Market Disclosure Policy, Code of Conduct and Securities Trading Policy). You acknowledge that you have had access to the Company's policies for review. You acknowledge receipt of the currently applicable Code of Conduct and that you must comply with the "Code of Conduct" as in place from time to time. Such policies and the Code of Conduct operate independently of this document and are not incorporated into this document.

To the extent that the contents of policies refer to obligations on the Company, you agree that they are guides only and are not contractual terms, conditions or representations on which you rely.

Privacy

You will comply with the requirements of the *Privacy Act 1988* (Cth), any applicable state legislation regarding privacy, and any Company policies, when dealing with personal information.

You consent to the Company collecting, using and storing your personal and health information for any lawful purpose relating to your employment. You consent to the Company transferring the personal and health information outside Western Australia and Australia in the course of the Company's business activities.

You consent to the Company disclosing you personal and health information to other persons for any lawful purpose relating to your employment. These persons include the Australian Tax Office, superannuation fund trustees and administrators, contractors, bankers, insurers, medical, rehabilitation or occupational practitioners, laboratory analysts, investigators, financial and legal advisers, potential purchasers on sale of business, law enforcement bodies and regulatory authorities.

No conflict of interest or interest in other business

Except with the prior written consent of the Chairperson, the Board or the Board of Cliffs, you must not:

(a) have any direct or indirect financial interest in any entity or body, or otherwise engage in any conduct, that would be in conflict with your duties or responsibilities, or otherwise conflict or compete with the interests of Cliffs, (except as permitted under the section titled “Investment”);

(b) hold any directorship or other office or accept any appointment to any other entity or body;

(c) undertake any other trade, business or profession;

(d) become an employee, agent or contractor of another person; or

(e) accept any payment or other benefit as an inducement or reward for any act or omission in connection with the business and affairs of the Employer, the Group or the Employee's employment.

Investment

Except with the prior written consent of the Chairperson, the Board or the Board of Cliffs, you must not invest directly or indirectly in securities of a corporation which carries on business similar to or in competition with Cliffs, unless the total of all such investments in the corporation is limited to no more than 0.5% of the securities of the corporation if those securities are of a class listed on a stock exchange.

Return of Property

Immediately on your employment ending or at any other time requested by the Company, you must return to the Company or its authorised representative: (a) all property belonging to the Company or Cliffs (for example cards, keys, motor vehicles, mobile telephones, computers, equipment and materials) that you have or can reasonably obtain; and (b) all property that you have, or can reasonably obtain, that contains Confidential Information.
In this clause, “property” includes anything on which information is recorded, for example, documents, computer disks and computer records.

Debriefing and Assistance

After your employment ends: (a) for a period of six (6) months, you agree to provide such debriefing, and assistance to Cliffs as may reasonably be required by Cliffs; and (b) upon payment of reasonable expenses by the Company, you agree (subject to compliance with the law) to assist the Company as required in relation to any investigation, claim or litigation which may affect Cliffs.

Prior Agreements or Understandings

This document supersedes any prior discussion, agreement or understanding on anything connected with the subject matter of this document.

Severability

If any provision of this document is unenforceable, illegal or void, that provision is severed and the other provisions of this document remain in force.

Governing Law

This document is governed by the law in force in Western Australia.

The parties submit to the non-exclusive jurisdiction of the Courts of Western Australia and of the Commonwealth of Australia.

Please sign the attached copy of this letter to acknowledge your consent to these terms and conditions and to having read and understood the Company's Code of Conduct policy. Please return a copy of this letter to the undersigned.

Yours sincerely

[Name of Supervising Officer]
[Title of Supervising Officer]

I acknowledge that I have read and understood and agree to the terms and conditions detailed in this Terms and Conditions of Employment and all associated policies.

Signed …………………………………………….

[Name]

Date ___/___/____

Schedule 1

DUTIES AND RESPONSIBILITIES OF EMPLOYEE

Your duties and responsibilities include: **[_______]**

The Company may vary these duties and responsibilities from time to time or assign you additional duties and responsibilities.

Schedule 2

Change in Control Defined. The words “Change in Control” mean the occurrence of any of the following events:

(a) Any one person, or more than one person acting as a group, acquires ownership of stock of Cliffs Natural Resources Inc. (**Cliffs**) that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of Cliffs. However, if any one person, or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of Cliffs, the acquisition of additional stock by the same person or persons is not considered to cause a Change in Control. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which Cliffs acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this document. This provision applies only when there is a transfer of stock of Cliffs (or issuance of stock of Cliffs) and stock in Cliffs remains outstanding after the transaction.

(b) Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of Cliffs possessing 35% or more of the total voting power of the stock of Cliffs.

(c) A majority of members of the Board of Directors of Cliffs (**Board of Directors**) is replaced during any 12-month period by Directors whose appointment or election is not endorsed by a majority of the members of the Board of Directors prior to the date of the appointment or election.

(d) Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Cliffs that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of Cliffs immediately prior to such acquisition or acquisitions.

Notwithstanding the foregoing, for purposes of this document, any acquisition of ownership of stock of Cliffs by any one person, or more than one person acting as a group, pursuant to a Business Combination shall not constitute a Change in Control. A “Business Combination” shall mean any business transaction such as a reorganization, merger or consolidation involving Cliffs, a sale or other disposition of all or substantially all of the assets of Cliffs, or any other transaction involving Cliffs, if, in each case, immediately following any such business transaction, (A) all or substantially all of the individuals and entities who were the beneficial owners of stock of Cliffs immediately prior to such business transaction beneficially own, directly or indirectly, more than 55% of the combined voting power of the then outstanding shares of stock of the entity resulting from such business transaction (including, without limitation, an entity which as a result of such transaction owns Cliffs or all or substantially all of Cliffs’ assets either directly or through one or more subsidiaries) in substantially the same proportions relative to each other as their ownership, immediately prior to such business transaction, of the stock of Cliffs, (B) no one person, or more than one person acting as a group (other than Cliffs, such entity resulting from such business transaction, or any employee benefit plan (or related trust) sponsored or maintained by Cliffs, any subsidiary or such entity resulting from such business transaction), beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding shares of stock of the entity resulting from such business transaction, and (C) at least a majority of the members of the board of directors of the entity resulting from such business transaction were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such business transaction.

The “Incumbent Board” shall mean those individuals who, as of August 11, 2008, constitute the Board of Directors; provided, however, that any individual becoming a Director subsequent to August 11, 2008 whose election, or nomination for election by Cliffs’ shareholders, was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board (either by a specific vote or by approval of the proxy statement of Cliffs in which such person is named as a nominee for Director, without objection to such nomination) shall be deemed to have been a member of the Incumbent Board, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors.

For purposes of this document, other than the definition of “Business Combination,” (i) persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with Cliffs, and (ii) if a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.”

CLIFFS NATURAL RESOURCES INC.
200 Public Square, Suite 3300, Cleveland, OH 44114-2315
P 216.694.5700 cliffsnaturalresources.com

October 10, 2013

William Hart
Perth, Australia

PERSONAL & CONFIDENTIAL

Dear Bill:

This letter details the terms and conditions applicable to your international position in Cleveland, USA (the "Host Country"), and is a follow up to the letter dated July 17, 2013.

This letter does not create nor imply a contract of employment but simply seeks to confirm the conditions which pertain to your international position. Your position is terminable, for or without cause, by you or the Company, subject to the terms and conditions of the Policy (incorporated herein by reference) of Cliffs Natural Resources Inc. ("COMPANY").

This letter is intended to be an overview of your benefits:

Position: SVP, Chief Strategy and Marketing Officer
Position Effective Date: April 30, 2013
Expected Length of Assignment: Permanent Relocation
Assignment Policy Type: Permanent Assignment
Home Country/Point of Origin: Perth, Australia
Host Country: Cleveland, Ohio
Family Size at Host: One
Family Size for Home Tax: Two
Family Status: Married

Compensation

Cash Compensation: For the duration of this assignment, salary administration will be based on your Home Country policies and practices as well as your individual performance. In your case, your new salary effective April 1, 2013, is $450,000 AUD.

- Beginning in 2013, your target Long Term Incentive award will be 0% - 175% of your base salary.
- Beginning in 2013 and payable in 2014, his EMPI (Executive Management Performance Incentive) bonus award will be 70% of your base salary.

Tax Briefing / Consultation:
Prior to your international assignment, you are required to arrange and participate in a pre-assignment tax briefing with the tax service providers designated by the Company. The tax service providers will discuss with you the income tax consequences of the assignment including federal, state and local income taxes; social taxes; host country income and social taxes; tax audits. If you elect to participate in the Program, the tax service providers will discuss your role in the tax-sharing partnership with the Company. Should you elect to decline coverage under this Program you will discuss your expected tax responsibilities.

Assistance with basic tax planning will be available to you on a limited basis during the briefing without charge if you elect to participate in the Program. Additional personal financial or tax planning assistance is available from the tax service providers; however, the costs of these services will be your responsibility. Your Grant Thornton and Cliffs contacts are:

Ms. Lisa Vora
Manager, International Expatriate Services
Grant Thornton
E: Lisa.Vora@gt.com
P: 312.602.8471

Your Cliffs Tax Contact is:
Angela Stojkov
Cliffs Natural Resources
Director, International Tax
E: Angela.Stojkov@cliffsnr.com
P: 216.694.5317

Tax Equalization

If you elect Program coverage, you will be covered under the Company's Tax Equalization Guidelines. The Tax Equalization Guidelines detail your tax partnership with the Company. (See attached copy.)

Tax Return Compliance (Home & Host)

The Company and its employees are expected to comply with all local statutory requirements that include, but are not limited to, tax filings of the Assignment country as well as home country tax requirements. Thus, you are responsible for all tax filings for your home country and host country locations. Through its tax advisors, the Company will assist in these areas as outlined in this Agreement. Your cooperation is mandatory. If you elect Program coverage, the Company will assist you with the tax filing requirements of the home and host countries.

Social Security (Totalization)

In certain circumstances, home and host country governments have agreements to avoid dual coverage of their Social Security programs which can result in paying into two (2) Social Security systems. Where applicable, the Company's HR Manager will, on your behalf, request a Certificate of Coverage indicating your continued participation into the home-based Social Security system while you are on the Assignment. There is a totalization agreement between the home and host country.

Benefit Plans & Programs

While on the Assignment, you and your family will remain in your home country benefit plans where possible. If your home country benefit plans are not portable (e.g., medical coverage), you will be enrolled in the CIGNA International benefit plan.

Medical Program(s) – IF APPLICABLE: You will be enrolled in CIGNA International benefit plan that provides coverage for medical, dental and vision. The level of coverage, co-payments and deductibles are comparable to those of your current program. The monthly fee that you are currently paying will continue to be deducted as a contribution towards this international program.

Public Holidays: While on the Assignment, you will follow the host country holiday schedule. Should the annual total of host country holidays be less than the home country's holidays, you may take the difference as additional vacation.

Human Resource Guidelines: While on the Assignment, you will continue to be subject to the Company's U.S. Human Resource Guidelines.

Immigration Requirements: We will coordinate with our Immigration Services Provider to assist in obtaining the proper visas/work permits for you and your family. To the extent that you pay any visas, passport and/or immigration expenses personally, you will be reimbursed per the instructions provided to you.

Medical Examination(s): Prior to being transferred to the host location and generally as a part of the visa application process, you and your accompanying family members may be required to obtain medical clearance. This should be administered through the Company's existing medical plan coverage. It is expected that most of the medical procedures will qualify under your current program with the exception of co-pays and deductibles.

Besides providing the necessary medical clearance, the examining physician will also determine the vaccinations and/or inoculations that you must obtain to gain entry into the host country, as well as for health preventive measures, for you and your accompanying family members.

The cost, including co-pays, of the medical examinations, vaccinations, inoculations, as well as any necessary or required procedures that are not met through your current medical plan, will be covered by the Company.

Relocation Elements

Travel to the Host Country: Your spouse will be eligible for two (2) round trip Business Class tickets per year to travel to the US. This benefit will be applicable for two (2) years from date of execution of this letter.

Movement of Personal Effects: The Company will reimburse you for baggage fees, including additional bags and overweight charges.

On Assignment

These allowances are paid only for the period up to one (1) year from the date of the executed letter.

Host Housing and Utilities: The Host Housing and Utilities budget is designed to provide an amount necessary to obtain rental housing in the Host Country. We have selected accommodations which should meet your personal lifestyle needs. If available, you will receive basic cable and phone services, any upgrades to your plans will be your responsibility. Cliffs will pay for an apartment for one year only. You will be responsible for the entire cost at the end of the first year.

Termination

In the event you voluntarily resign from Cliffs Natural Resources Inc. while on assignment, Cliffs Natural Resources Inc. will not assume the costs for return transportation to your Home Country or return shipment of personal effects except where mandated by law. Should you choose to remain in your host location and there is impact on your Host Country tax situation, your tax equalization calculation will assume that you returned to your Home Country within thirty (30) days of separation and that the only income earned was Company income.

In the event of involuntary termination during your international assignment, you will be repatriated and covered under your Home Country's severance policy, if any. The notice period will be thirty (30) days or the minimum period required by statute or employment agreement, whichever is greatest.

Upon termination of your employment, you are expected to settle all outstanding accounts with the Company and other business and government services at your host location. Any unsettled accounts that are paid by the Company, on your behalf, will be deducted from your final pay.

Conflict of Interest
By accepting this assignment, you understand and agree that you will not engage in any employment or business enterprise that would in any way conflict with the interests of Cliffs Natural Resources Inc. and/or Cliffs Natural Resources Inc. affiliated companies. We recommend that you refrain from any political activity while outside your Home Country.

Business Conduct and Ethics
While on assignment, the Company expects the highest standards of business and personal integrity. As an ambassador of the Company, the Company's reputation depends on you exercising sound judgment in your behavior.

Governing Law
This letter, your global assignment, and your employment relationship are generally subject to, and governed by, the laws of the Home Country and in accordance with the terms of the **Policy**. This letter shall not be amended or supplemented unless in writing and signed by you and a duly authorized representative of your Home Country.

Confidentiality Requirement
This letter contains the total cash and benefits that you will receive while on assignment and no Host Country benefits other than those included in this letter are to be provided. By signing this letter, you agree to keep the terms of this Agreement confidential and not to disclose its content to anyone except your lawyer, immediate family, or your financial consultant, provided such persons agree in advance to keep the contents of this letter confidential and not to disclose it to others.

Best wishes to you in your position.

Sincerely,

/s/ JAMES R. MICHAUD
James R. Michaud
EVP, HR and Chief HR Officer

Please indicate your agreement by signing below and returning this letter to Kurt Holland, Director, Global Benefits as soon as possible.

I have reviewed the general terms and conditions of my international assignment outlined above and by signing below, accept those terms and conditions.

/s/ WILLIAM HART 16/10/2013
William Hart Date

Kurt Holland and Mary Schulte will be your primary contact for the administration of this assignment.

Lisa Vora at GrantThornton will be your primary contact for tax services during this assignment.

Cc: Global Mobility, Home HR, Host HR, Tax Services Provider

EXHIBIT 10.63

CLIFFS NATURAL RESOURCES INC.

2010 PARTICIPANT GRANT
UNDER THE
2007 INCENTIVE EQUITY PLAN

Effective March 8, 2010 (“Date of Grant”), the Compensation and Organization Committee (“Committee”) of the Board of Directors of Cliffs Natural Resources Inc. (“Company”) hereby grants to Joseph A. Carrabba (“Participant”), an employee of the Company or of a Subsidiary of the Company, an Award of Eighteen Thousand Seven Hundred Twenty (18,720) Performance Shares covering the incentive period commencing December 31, 2009 and ending December 31, 2013 (“Incentive Period”) under the Cleveland-Cliffs, Inc. 2007 Incentive Equity Plan (“the Plan”), subject to and contingent upon the approval by the Company’s shareholders of the Amendment and Restatement of the Plan. The number of Performance Shares granted was determined so that the number of shares times the 60-day average closing price ending on March 8, 2010 of the Company’s common stock on the Date of Grant approximately equals $900,000 (sometimes referred to as the “maximum value at grant”). The Award is intended to create a financial incentive for the attainment of a performance target and to allow for the exercise of negative discretion by the Committee after December 31, 2013, such that the value of the Shares Earned may equal $600,000 (sometimes referred to as the “target payout amount”), or such other amount, determined by the Committee in its discretion, that appropriately reflects in the Committee’s judgment the Participant’s achievement of financial metrics and other factors. Notwithstanding the foregoing, in no event may Performance Shares Earned be greater than 18,720 shares.

This Award shall be subject to the terms and conditions of the 2009 Participant Grant to the Participant under the 2007 Incentive Equity Plan, approved by the Committee at its March 8, 2010 meeting ("the Terms and Conditions") provided to the Participant as attached hereto.

CLIFFS NATURAL RESOURCES INC.
("Company")

Francis R. McAllister
Chairman, Comp. & Organization Committee

The undersigned Participant hereby acknowledges receipt of the attached Terms and Conditions, hereby declares that he has read the Terms and Conditions, agrees to the Terms and Conditions, and accepts the Award of Performance Shares.

Joseph A. Carrabba
Chairman, President and Chief Executive Officer

CLIFFS NATURAL RESOURCES INC.

**THE TERMS AND CONDITIONS OF
THE 2010 PARTICIPANT GRANT
TO JOSEPH A. CARRABBA
UNDER THE
2007 INCENTIVE EQUITY PLAN**

The Compensation and Organization Committee of the Board of Directors of Cliffs Natural Resources Inc. (the “Committee”) hereby establishes the Terms and Conditions of the 2010 Participant Grant to Joseph A. Carrabba (“the Grant”) under the 2007 Incentive Equity Plan (“Plan”) as follows:

ARTICLE 1.

Definitions

All terms used herein with initial capital letters and defined in the Plan shall have the meanings assigned to them in the Plan and the following additional terms, when used herein with initial capital letters, shall have the following meanings:

1.1 “Aggregate Value Added Objective” shall mean the Aggregate Value Added Objective set forth in Part 1 of Exhibit A.

1.2 “Incentive Period” shall mean the period beginning with the Date of the Grant and ending with December 31, 2013.

1.3 “Other Performance Objectives” shall mean the factors set forth in Part 2 of Exhibit A and any other factors as may be used by the Committee in the exercise of its negative discretion under Part 2 of Exhibit A.

1.4 “Performance Objectives” shall mean the Aggregate Value Added Objective and the Other Performance Objectives.

1.5 "Performance Shares Earned" shall mean the number of Performance Shares granted in the Award that are determined by the Board after the conclusion of the Performance Period under Section 2.3 to have been earned by a Participant as determined under Section 2.3 .

1.6 "Share Ownership Guidelines" shall mean the Cliffs Natural Resources Inc. Directors' and Officers' Share Ownership Guidelines, as amended from time to time.

ARTICLE 2.

Grant and Terms of Performance Shares

2.1 Grant of Performance Shares. Pursuant to the Plan, the Company, by action of the Committee, has granted to the Participant the number of Performance Shares as specified in the Grant, without dividend equivalents, effective as of the Date of Grant, but subject to and contingent upon the approval by the Company's shareholders of the Amendment and Restatement of the Plan. In the event that shareholder approval of the Amendment and Restatement of the Plan is not obtained, the Grant shall be null and void and shall have no effect.

2.2 Issuance of Performance Shares. The Performance Shares covered by the Grant and these Terms and Conditions shall result in the issuance of Shares (or cash, or a combination of Shares and cash, as decided by the Committee in its sole discretion), if at all, only after the completion of the Incentive Period and only if and to the extent to which such Performance Shares are earned as provided in Section 2.3 of this Article 2.

2.3 Performance Shares Earned. No Performance Shares subject to the Grant shall be earned unless the Aggregate Value Added Objective is achieved at some time during the Incentive Period. If the Aggregate Value Added Objective is achieved at some time during the Incentive Period, the number of Performance Shares Earned shall be 18,720 or such lesser number as the Committee may determine in its discretion based upon the achievement of the Other

Performance Objectives, as determined and certified by the Committee as of the end of the Incentive Period.

2.4 **Performance Shares Not Earned.** In the event that Performance Shares covered by the Grant do not become Performance Shares Earned by reason of the exercise by the Committee of the discretion to reduce the amount that otherwise would be earned, based upon the level of satisfaction of the Other Performance Objectives, the Shares that do not become earned by reason of such Committee action shall be governed by Section 3.3 of the Plan, but subject to the added prohibition and condition that such Shares shall not be used or taken into account in any manner that is inconsistent with “negative discretion” provisions of Treas. Reg. Section 1.162-27(e)(2)(iii).

2.5 **Payment of Performance Shares**.

(a) The payment of Performance Shares Earned shall be made in the form of Shares, cash, or a combination of Shares and cash, as decided by the Committee in its sole discretion, and shall be paid after the determination by the Committee of whether the Aggregate Value Added Objective was attained during the Performance Period and the level of attainment of the Other Performance Objectives (with the financial calculations associated with such determinations previously reviewed by an independent accounting professional), but in any event no later than 2½ months following the end of the Incentive Period. In the event that all or any portion of the Performance Shares Earned shall be paid in cash, the cash equivalent of one Performance Share Earned shall be equal to the average closing price of one share of common stock of the Company on the last Trading Day (as defined in Exhibit A) of the calendar year in which the Performance Period ends. The Committee may withhold Shares to the extent necessary to satisfy federal, state, local or foreign income tax withholding requirements, as described in Section 4.2. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Performance Shares Earned, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(b) Any payment of Performance Shares Earned to a deceased Participant shall be paid to the beneficiary designated by the Participant on the Designation of Death Beneficiary attached as Exhibit B and filed with the Company. If no such beneficiary has been designated or survives the Participant, payment shall be made to the estate of a Participant. A beneficiary designation may be changed or revoked by a Participant at any time, provided the change or revocation is filed with the Company.

(c) Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Performance Shares Earned to the Participant. The Performance Shares covered by the Grant and these Terms and Conditions that have not yet been earned as Performance Shares Earned, and any interests of the Participant with respect thereto, are not transferable other than by completion of the Designation of Death Beneficiary attached as Exhibit B or pursuant to the laws of descent and distribution.

2.6 <u>Death, Disability, or Termination without Cause</u>.

(a) With respect to Performance Shares granted to a Participant whose employment is terminated because of the Participant's death or Disability, or who is terminated by the Company without Cause, the Participant (or his beneficiary in the case of his death) shall receive at the time specified in Section 2.5(a) as Performance Shares Earned the number of Performance Shares as is determined after the end of the Incentive Period under Section 2.3 , prorated based upon (x) the number of full months between December 31, 2009 and the date the Participant ceased to be employed by the Company, divided by the forty-eight (48) months in the Incentive Period.

(b) In the event a Participant voluntarily terminates employment prior to December 31, 2013 or is terminated by the Company with Cause prior to the date of payment of

Performance Shares Earned, the Participant shall forfeit all right to any Performance Shares that would have been earned under the Grant and these Terms and Conditions.

ARTICLE 3.

Other Terms Common to Performance Shares

3.1 Forfeiture.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business which is a competitor of the Company or any affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Performance Shares and require the Participant to reimburse the Company for the taxable income received or deferred on Performance Shares that become payable to the Participant that have been paid out in Shares within the 90-day period preceding the Participant's termination of employment.

(c) Failure of the Participant to repay to the Company the amount to be reimbursed in subsection (b) above within three days of termination of employment will result in the offset of said amount from the Participant's account balance in the Company's Voluntary Non-Qualified Deferred Compensation Plan, if applicable (at the time that the amounts owed under the Voluntary Non-Qualified Deferred Compensation Plan are scheduled for payment), and/or from any accrued salary or vacation pay owed at the date of termination of employment or from future earnings payable by the Participant's next employer. If applicable, such offset shall be deemed to constitute the payment due to him under the Voluntary Non-Qualified Deferred Compensation Plan in accordance with the time and form of payment specified under the Voluntary Non-Qualified Deferred Compensation Plan and the immediate repayment to the Company of the amounts owed under these Terms and Conditions.

3.2 Change in Control. In the event a Change in Control (as defined in the Plan) occurs, all Performance Shares granted to a Participant for Incentive Periods which have not ended before the Change in Control shall, notwithstanding any preceding provisions of these Terms and Conditions to the contrary, immediately become Performance Shares Earned on a one-to-one basis regardless of the Performance Objectives. All Performance Shares, if any, granted to a Participant for an Incentive Period which ended before the Change in Control, and which have not been paid in accordance with Section 2.5, will be deemed to be Performance Shares Earned to the extent and only to the extent that they became Performance Shares Earned as of the end of the Incentive Period based upon the Performance Objectives for the Incentive Period. Notwithstanding any preceding provisions of these Terms and Conditions to the contrary, the value of all Performance Shares Earned, including ones for Incentive Periods which have already ended: (a) shall be paid in cash based on the Fair Market Value of the Shares determined on the date the Change in Control occurs; and (b) all such payments with respect to Performance Shares shall be made within 10 days of the Change in Control.

ARTICLE 4.

General Provisions

4.1 Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Grant and these Terms and Conditions, the Company shall not be obligated to issue any Shares pursuant to the Grant and these Terms and Conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

4.2 Withholding Taxes. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment of Performance Shares Earned to the

Participant , the Company shall withhold the minimum amount of taxes which it determines it is required by law or required by the terms of the Plan to withhold in connection with any recognition of income incident to this Plan payable in cash or Shares to the Participant or the Participant's beneficiary. In the event of a taxable event occurring with regard to Shares on or after the date that the Shares become nonforfeitable, the Company shall reduce the Shares owed to the Participant or beneficiary by the fewest number of such Shares owed to the Participant or beneficiary such that the Fair Market Value of such Shares shall equal (or exceed by not more than the Fair Market Value of a single Share) the Participant's or other person's "Minimum Withholding Tax Liability" resulting from such recognition of income. The Company shall pay cash equal to such Fair Market Value to the appropriate taxing authority for purposes of satisfying such withholding responsibility. If a distribution or other event does not result in any withholding tax liability as a result of the Participant's election to be taxed at an earlier date or for any other reason, the Company shall not reduce the Shares owed to the Participant or beneficiary. For purposes of this paragraph, a person's "Minimum Withholding Tax Liability" is the product of: (a) the aggregate minimum applicable federal and applicable state and local income withholding tax rates on the date of a recognition of income incident to the Plan; and (b) the Fair Market Value of the Shares recognized as income to the Participant or other person determined as of the date of recognition of income, or other taxable amount under applicable statutes.

4.3 **Continuous Employment**. For purposes of the Grant and these Terms and Conditions, the employment of the Participant with the Company shall not be deemed to have ceased, and the Participant shall not be deemed to have ceased to be an employee of the Company, by reason of the transfer of his employment among the Company and its Subsidiaries or an approved leave of absence.

4.4 **Relation to Other Benefits**. Any economic or other benefit to the Participant under the Grant and these Terms and Conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

4.5 **These Terms and Conditions Subject to Plan**. The Performance Shares granted under the Grant and these Terms and Conditions and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.6 **Amendments**. The Plan, the Grant and these Terms and Conditions can be amended at any time by the Company. Any amendment to the Plan shall be deemed to be an amendment to the Grant and these Terms and Conditions to the extent that the amendment is applicable hereto. Except for amendments necessary to bring the Plan, the Grant and these Terms and Conditions into compliance with current law including Internal Revenue Code Section 409A, no amendment to either the Plan, the Grant or these Terms and Conditions shall adversely affect the rights of the Participant under the Grant and the Grant and these Terms and Conditions without the Participant's consent.

4.7 **Severability**. In the event that one or more of the provisions of the Grant and these Terms and Conditions shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

4.8 **Governing Law**. The Grant and these Terms and Conditions shall be construed and governed in accordance with the laws of the State of Ohio.

These written Terms and Conditions are hereby adopted this 8th day of March, 2010, in accordance with the terms and conditions of the Grant on the 8th day of March, 2010 by the members of the Compensation and Organization Committee of the Board of Directors of Cliffs Natural Resources Inc.

/s/Francis R. McAllister

/s/Ronald C. Cambre

/s/Barry J. Eldridge

/s/James D. Ireland III

/s/Roger Phillips

-

EXHIBITS

Exhibit A

PERFOMANCE OBJECTIVES

Part 1- Aggregate Value Added Objective.

The Aggregate Value Added Objective is achieved if and only if, at any time during the Incentive Period, the Company's Aggregate Value (as defined below) is at least One Hundred Fifty Percent (150%) of the Starting Aggregate Value (as defined below). For purposes of the preceding sentence, the following definitions shall apply:

(a) "Aggregate Value" as of a given day shall mean the Company's average closing market share price per common share, multiplied by the average number of outstanding shares of common stock, during a period of Sixty (60) consecutive Trading Days.

(b) "Trading Day" means any day on which Shares may be traded and a Fair Market Value of a Share may be determined.

(c) "Starting Aggregate Value" shall mean the average (i.e., mean) Aggregate Value for the last Sixty (60) Trading Days of the 2009 calendar year.

Part 2- Negative Discretion as to Other Performance Objectives.

Assuming the Aggregate Value Added Objective is satisfied during the Performance Period, the number of Performance Shares Earned will be 18,720 or such lesser number determined by the Committee based on the Participant's achievement of certain performance factors evaluated in the Committee's discretion. Specifically:

- aggregate value of the Company relative to its peers;
- increase in the Company's equity trading multiples;
- degree of diversification of the Company into minerals other than iron ore and metallurgical coal; and
- other factors to be determined by the Committee, including (without limitation) timing of results relative to goals, sustainability of market values, and quality of new commodities and operations.

Based upon the performance relative to these factors, and other factors that the Committee in its discretion may consider, the Committee may exercise negative discretion to reduce the number of the Performance Shares Earned.

Exhibit B

BENEFICIARY DESIGNATION

In accordance with the terms and conditions of the Cleveland-Cliffs Inc 2007 Incentive Equity Plan ("Plan"), my 20010 Participant Grant ("Grant") and the 2010 Terms and Conditions ("Terms and Conditions"), I hereby designate the person(s) indicated below as my beneficiary(ies) to receive any payments under the Plan, Grant and Terms and Conditions after my death.

Name ___________
Address ___________

____
____

Social Sec. Nos. of Beneficiary(ies) _______
Relationship(s) _______
Date(s) of Birth _______

In the event that the above-named beneficiary(ies) predecease(s) me, I hereby designate the following person(s) as beneficiary(ies):

Name ___________
Address ___________

____
____

Social Sec. Nos. of Beneficiary(ies) _______
Relationship(s) _______
Date(s) of Birth _______

I hereby expressly revoke all prior designations of beneficiary(ies), reserve the right to change the beneficiary(ies) herein designated and agree that the rights of said beneficiary(ies) shall be subject to the terms of the Plan, Grant and these Terms and Conditions. In the event that there is no beneficiary living at the time of my death, I understand that the payments under the Plan, Grant and these Terms and Conditions will be paid to my estate.

_________ _____________

Date (Signature)

(Print or type name)

EXHIBIT 10.72

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

PERFORMANCE SHARE AWARD MEMORANDUM

Employee:	**PARTICIPANT NAME**
Date of Grant:	**GRANT DATE**
Number of Shares Subject to Award:	**SHARES GRANTED**

Incentive Period:
January 1, 2013 – December 31, 2015

Date Vested:
December 31, 2015

Additional terms and conditions of your Award are included in the Performance Share Award Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award may be forfeited and immediately terminate.

Note: Article 3.1 of the Employee Performance Share Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

Performance Share Award Agreement

This Performance Share Award Agreement (the "Agreement") is between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and you, the person named in the Award Memorandum (the "Participant") who is an employee of the Company or Subsidiary of the Company. For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Performance Shares representing the opportunity to earn shares of the Company's common stock, $.125 par value (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1.
Definitions

All terms used herein with initial capital letters shall have the meanings assigned to them in the Plan and the following additional terms, when used herein with initial capital letters, shall have the following meanings:

1.1 "Incentive Period" shall be the time period as set forth in the Performance Share Award Memorandum.

1.2 "Market Value Price" shall mean the latest available closing price of a Share of the Company or the latest available closing price per share of a common share of each of the entities in the Peer Group, as the case may be, on the New York Stock Exchange or other recognized market if the stock does not trade on the New York Stock Exchange at the relevant time.

1.3 "Peer Group" shall mean the group of companies, as more particularly set forth on attached Exhibit A, against which the Relative Total Shareholder Return of the Company is measured over the Incentive Period.

1.4 "Performance Objectives" shall mean for the Incentive Period the predetermined objectives of the Company with respect to the Relative Total Shareholder Return goal established by the Committee and reported to the Board, as more particularly set forth on attached Exhibit B.

1.5 "Performance Shares Earned" shall mean the number of Shares of the Company (or cash equivalent) earned by a Participant following the conclusion of an Incentive Period in which one or more of Company Performance Objectives was met at the "Threshold" level or a higher level, as determined under Section 2.3.

1.6 "Relative Total Shareholder Return" shall mean for the Incentive Period the Total Shareholder Return of the Company compared to the Total Shareholder Return of the Peer Group, as more particularly set forth on attached Exhibit C.

1.7 "Share Ownership Guidelines" shall mean the Cliffs Natural Resources Inc. Directors' and Officers' Share Ownership Guidelines, as amended from time to time, which encourage such Directors and Officers to hold a meaningful stake in the Company.

1.8 "Total Shareholder Return" or "TSR" shall mean for the Incentive Period the cumulative return to shareholders of the Company and to the shareholders of each of the entities in the Peer Group during the Incentive Period, measured by the change in Market Value Price per share of a Share of the Company plus dividends (or other distributions, excluding franking credits) reinvested over the Incentive Period and the change in the Market Value Price per share of the common share of each of the entities in the Peer Group plus dividends (or other distributions, excluding franking credits) reinvested over the Incentive Period, determined on the last business day of the Incentive Period compared to a base measured by the average Market Value Price per share of a Share of the Company and of a common share of each of the entities in the Peer Group on the last business day of the year immediately preceding the Incentive Period. Dividends (or other distributions, excluding franking credits) per share are assumed to be reinvested in the applicable stock on the last business day of the quarter during which they are paid at the then Market Value Price per share, resulting in a fractionally higher number of shares owned at the market price.

ARTICLE 2.
Grant and Terms of Performance Shares

2.1 Grant of Performance Shares. Pursuant to the Plan, the Company, by action of the Committee, has granted to Participant the number of Performance Shares as specified in the Award Memorandum, with dividend equivalents, effective as of the Date of Grant.

2.2 Issuance of Performance Shares. The Performance Shares covered by this Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), if at all, only after the completion of the Incentive Period and only if such Performance Shares are earned as provided in Section 2.3.

2.3 Performance Shares Earned. Performance Shares Earned, if any, shall be based upon the degree of achievement of the Company Performance Objectives, all as more particularly set forth in Exhibit B, with actual Performance Shares Earned interpolated between the performance levels shown on Exhibit B, as determined and certified by the Committee as of the end of the Incentive Period. In no event, shall any Performance Shares be earned with respect to achievement by the Company in excess of the allowable maximum as established under the Performance Objectives.

2.4 Calculation of Payout of Performance Shares. Subject to Section 2.6, the Performance Shares granted shall become Performance Shares Earned based on the degree of achievement of the Performance Objectives established for the Incentive Period. The percentage level of achievement determined for the Performance Objective shall be multiplied by the number of Performance Shares granted to determine the actual number of Performance Shares Earned, rounded down to the nearest whole Performance Share. The calculation as to whether the Company has met or exceeded the Performance Objectives shall be determined and certified by the Committee in accordance with the Grant and these terms and conditions.

2.5 **Payment of Performance Shares**.

(a) The Payment of Performance Shares Earned shall be made in the form of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), and shall be paid after the determination and certification by the Committee of the level of attainment of the Performance Objectives (the calculation of which shall have been previously reviewed by an independent accounting professional), but in any event no later than 2 ½ months after the end of the Incentive Period. In the event that all or any portion of the Performance Shares Earned shall be paid in cash, the cash equivalent of one Performance Share Earned shall be equal to the Fair Market Value of the one share of common stock of the Company on the last trading day of the Incentive Period. Notwithstanding the foregoing, no Performance Shares granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Share Ownership Guidelines unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee may withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 5.3. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Performance Shares Earned, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(b) Any payment of Performance Shares Earned to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(c) Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Performance Shares Earned to the Participant. The Performance Shares covered by the Grant and these terms and conditions that have not yet been earned as Performance Shares Earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 2.5(b).

2.6 **Death, Disability, Retirement, or Other**.

(a) With respect to Performance Shares granted to a Participant whose employment is terminated because of the Participant's death or Disability, the Participant shall vest 100% at target performance level in the Performance Shares so granted and shall be paid at the time specified in Section 2.5(a), regardless of the actual degree of achievement otherwise calculated in accordance with Section 2.4. All payments due hereunder because of a termination of employment due to death or Disability will be paid at the end of the applicable Incentive Period, as set forth in the Performance Share Award Memorandum, and in accordance with the principles set forth in Section 2.5(a). Payment will not be accelerated upon the Participant's death or Disability.

If employment is terminated because of Retirement or terminated by the Company without Cause, the Participant shall receive at the time specified in Section 2.5(a) as Performance Shares Earned the number of Performance Shares as is determined after the end of the Incentive Period under Sections 2.3 and 2.4, prorated based upon the number of full months between the Date of Grant and the date the Participant ceased to be employed by the Company compared to the number of months in the Incentive Period. All prorated payments due hereunder because of a termination because of Retirement or termination by the Company without Cause will be paid at the end of the applicable Incentive Period, as set forth in the Performance Share Award Memorandum, and in accordance with the principles set forth in Section 2.5(a). Payment will not be accelerated upon the Participant's Retirement or termination without Cause.

(b) In the event a Participant voluntarily terminates employment prior to the end of the Incentive Period or is terminated by the Company with Cause prior to the date of payment of Performance Shares Earned, the Participant shall forfeit all rights to any Performance Shares that would have been earned under the Agreement.

ARTICLE 3.
Other Terms and Conditions

3.1 **Non-Compete and Confidentiality**.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Performance Shares and require the Participant to reimburse the Company for the taxable income received on Performance Shares that become payable to the Participant.

3.2 **Change in Control**. In the event a Change in Control occurs, all Performance Shares granted to a Participant for Incentive Periods which have not ended before the Change in Control shall, notwithstanding any preceding provisions of this Agreement and conditions to the contrary, immediately become Performance Shares Earned at target performance level on a one-to-one basis regardless of the actual achievement of the Performance Objectives. All Performance Shares, if any, granted to a Participant for an Incentive Period which ended before the Change in Control, and which have not been paid in accordance with Section 2.5, will be deemed to be Performance Shares Earned to the extent and only to the extent that they became Performance Shares Earned as of the end of the Incentive Period based upon the Performance Objectives for the Incentive Period. The value of all Performance Shares Earned, including ones for Incentive Periods which have already ended, shall be paid in cash based on the Fair Market Value of the Shares determined on the date the Change in Control occurs. All payments with respect to Performance Shares shall be made within 10 days of the Change in Control.

ARTICLE 4.
Acknowledgements

4.1 Acknowledgments. In accepting the Award, Participant acknowledges, understands and agrees to the following:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Performance Shares is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Shares, or benefits in lieu of Performance Shares, even if Performance Shares have been granted in the past;

(c) All decisions with respect to future Performance Shares or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Performance Share award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Performance Shares resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Performance Shares to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(h) Neither the Plan nor the Performance Shares shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Performance Shares;

(j) The Performance Shares and the Shares subject to the Restricted Share Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(k) The Company reserves the right to impose other requirements on participation in the Performance Shares and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 5.
General Provisions

5.1 **Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

5.2 **Dividend Equivalents**. During the period beginning on the Date of Grant and ending on the date that Performance Shares are paid in accordance with Section 2.5, the Participant will be entitled to dividend equivalents on Performance Shares Earned equal to the cash dividend or distribution that would have been paid on the Performance Shares Earned had the Performance Shares Earned been an issued and outstanding Share on the record date for the dividend or distribution. Such accrued dividend equivalents (i) will vest and become payable upon the same terms and at the same time of settlement as the Performance Shares to which they relate, and (ii) will be denominated and payable solely in cash.

5.3 **Withholding Taxes**. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Performance Shares (or dividend equivalents, if any), unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or vesting of the Performance Shares or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant’s sole responsibility and liability. The Participant acknowledges that the Company’s obligation to issue or deliver Shares or pay cash shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Company, withholding obligations shall be satisfied by having the Company or one if its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued or cash payable to the Participant upon settlement of the vested Performance Shares; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company’s tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant’s wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares, from the cash payable, or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

5.4 **Continuous Employment**. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan.

5.5 **Relation to Other Benefits**. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

5.6 **These Terms and Conditions Subject to Plan**. The Performance Shares granted under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

5.7 **Transferability**. Except as otherwise provided in the Plan, the Performance Shares are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Performance Shares shall be null and void.

5.8 **Data Privacy**. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant’s personal data as described in this Agreement and any other Performance Share award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant’s participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant’s name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Performance Shares or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Performance Shares or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

5.9 **Amendments**. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Internal Revenue Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

5.10 **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

5.11 **Electronic Delivery**. The Company may, in its sole discretion, decide to deliver any documents related to the Performance Shares by electronic means. By accepting this Award of Performance Shares, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

5.12 Appendix to Agreement. Notwithstanding any provisions of this Agreement to the contrary, the Performance Shares shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Performance Shares to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Performance Shares and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

5.13 Headings. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

5.14 Governing Law. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

[Acceptance Page Contained in Exhibit D]

EXHIBITS

Exhibit A	Peer Group
Exhibit B	Performance Objectives
Exhibit C	Relative Total Shareholder Return
Exhibit D	Electronic Acceptance

Exhibit A

PEER GROUP
(2013 – 2015)

The Peer Group will be the constituents as defined by the SPDR Metals and Mining ETF Index on the last day of trading of the Incentive Period. Any constituent that underwent a restructuring or similar structural change or event resulting in a significant distortion of performance results for the Incentive Period will be excluded from the Peer Group, where applicable.

The value of the stock of a Peer Group company will be determined in accordance with the following:

1. If the stock is listed on an exchange in the U.S. or Canada, then the value on such exchange will be used;

2. Otherwise, if the stock is traded in the U.S. as an American Depositary Receipt, then the value of the ADR will be used; or

3. Otherwise, the value on the exchange in the country where the company is headquartered will be used.

Exhibit B

PERFORMANCE OBJECTIVES
(2013 – 2015)

The Performance Objective of the Company is based on Relative Total Shareholder Return (share price plus reinvested dividends) over the three-year Incentive Period from January 1, 2013 to December 31, 2015. Achievement of the Relative Total Shareholder Return objective shall be determined by the Total Shareholder Return of the Company relative to the Peer Group, interpolating where necessary. Achievement shall be determined against the scale set forth in the Table Below:

	Performance Level		
Performance Factor	Threshold	Target	Maximum
Relative TSR	35th percentile	55th percentile	75th percentile
Payout For Relative TSR	50%	100%	200%

Exhibit C

RELATIVE TOTAL SHAREHOLDER RETURN
(2013 – 2015)

Relative Total Shareholder Return for the Incentive Period is calculated as follows:

1. The Total Shareholder Return as defined in Section 1.8 of these terms and conditions for the Incentive Period for the Company shall be compared to the Total Shareholder Return for each of the entities within the Peer Group for the Incentive Period. The results shall be ranked to determine the Company's Relative Total Shareholder Return percentile ranking compared to the Peer Group.

2. The Company's Relative Total Shareholder Return for the Incentive Period shall be compared to the Relative Total Shareholder Return Performance target range established for the Incentive Period.

3. The Relative Total Shareholder Return performance target range has been established for the 2013 - 2015 Incentive Period as follows:

Performance Level	2013 2015 Relative Total Shareholder Return Percentile Ranking
Maximum	75th Percentile
Target	55th Percentile
Threshold	35th Percentile

Exhibit D

ELECTRONIC ACCEPTANCE

Acceptance by Participant

By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

PARTICIPANT NAME	**ACCEPTANCE DATE**
Participant Name	**Date**
ELECTRONIC SIGNATURE	
Participant Signature	

APPENDIX FOR NON-U.S. PARTICIPANTS
ADDITIONAL TERMS AND CONDITIONS TO AGREEMENT

This Appendix includes the following additional terms and conditions that govern the Participant's Performance Share Award for all Participants that reside and/or work outside of the United States.

Notifications

This Appendix also includes notifications regarding exchange controls and other regulatory issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information herein is based on the securities, exchange control and other laws in effect in the respective countries as of January 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Performance Shares vest, or the Shares are delivered or cash paid in settlement of the Performance Shares, or the Participant sells any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company, its Subsidiaries or Affiliates, nor the Company's stock plan administrator ("Administrator") is in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country of residence and/or work may apply to the Participant's situation.

Finally, if the Participant transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes following the Date of Grant, the notifications contained herein may not be applicable to the Participant, and the Administrator shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

Terms and Conditions Applicable to All Non-U.S. Jurisdictions

English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, rules, procedures, forms, notices and legal proceedings entered into, given or instituted pursuant to the Performance Share, be drawn up in English. If the Participant has received this Agreement, the Plan or any other Agreement rules, procedures, forms or documents related to the Performance Share award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise provided herein.

Compliance with Laws; Repatriation. The Participant agrees, as a condition of the grant of the Performance Share award, to repatriate all payments attributable to the Performance Share and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents (if any), and any proceeds derived from the sale of the Shares acquired pursuant to the Agreement) in accordance with all foreign exchange rules and regulations applicable to the Participant. The Company, Subsidiaries, Affiliates and the Administrator reserve the right to impose other requirements on the Participant's participation in the Plan, on the Performance Shares and on any Shares acquired or cash payments made pursuant to the Agreement, to the extent the Company, its Subsidiaries or Affiliates or the Administrator determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under all laws, rules and regulations applicable to the Participant.

Private Placement. The grant of the Performance Shares is not intended to be a public offering of securities in the Participant's country of residence and/or employment but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Performance Shares is not subject to the supervision of the local securities authorities.

Responsibility for Taxes & Withholding. Regardless of any action the Company or any of its Subsidiaries or Affiliates takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or any of its Subsidiaries or Affiliates. The Participant further acknowledges that the Company and/or its Subsidiaries or Affiliates (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect to the Performance Shares, including, but not limited to, the grant, vesting or settlement of the Performance Shares, the issuance of Shares or cash upon settlement of the Performance Shares, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalents (if any); and (2) do not commit to and are under no obligation to structure the terms of any Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that Company and/or its Subsidiaries or Affiliates may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or its Subsidiaries or Affiliates to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or its Subsidiaries or Affiliates, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) Withholding in Shares to be issued or cash to be paid upon vesting/settlement of the Performance Shares; or

(b) Withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or its Subsidiaries or Affiliates; or

(c) Withholding from proceeds of the Shares acquired upon vesting/settlement of the Performance Shares either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization).

To avoid negative accounting treatment, the Company and/or its Subsidiaries or Affiliates may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares attributable to the vested Performance Shares, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

Finally, the Participant shall pay to the Company and/or its Subsidiaries or Affiliates any amount of Tax-Related Items that the Company and/or its Subsidiaries or Affiliates may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

Terms and Conditions Applicable to Australia

Securities Law Notice. If the Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice as to his or her disclosure obligations prior to making any such offer.

Terms and Conditions Applicable to Canada

Use of English Language. The parties acknowledge that it is their express wish that the present Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Resale Restriction. The Participant is permitted to sell the Shares acquired upon vesting through the designated broker appointed under the Plan, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of the stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

Termination Date. The Participant ceases to be employed with the Company or its Subsidiaries or Affiliates on the later of (i) the date that is the last day of any statutory notice of termination period applicable to the Participant pursuant to applicable employment standards legislation, and (ii) the date that is designated by the Company or any Subsidiary or Affiliate as the last day of the Participant's employment with the Company or any Subsidiary or Affiliate. The date that the Participant ceases to be employed by the Company, Subsidiary or Affiliate specifically does not mean the date on which any period of reasonable notice that the Company or any Subsidiary or Affiliate may be required at law to provide to the Participant expires.

Performance Shares Payable Only in Shares. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the grant of Performance Shares does not provide any right for the Participant to receive a cash payment, and the Performance Shares are payable in Shares only.

Terms and Conditions Applicable to Chile

Private Placement. In accordance with Circular 99 of 2001, from Chile's Superintendence of Securities, the grant of the Performance Shares hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities, and the Plan is not subject to the supervision of the local securities authorities.

Terms and Conditions Applicable to China

Award Conditioned on Satisfaction of Regulatory Obligations. If the Participant is a national of the Peoples' Republic of China ("PRC"), the grant of Performance Shares is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange ("SAFE") to permit the operation of the Plan and the participation of PRC nationals employed by the Company or its Subsidiaries, as determined by the Company in its sole discretion.

Settlement in Cash. Notwithstanding any provision in the Agreement or Plan to the contrary, Performance Shares will be settled in the form of a local cash payment unless, at the time of delivery, Share settlement does not trigger the need for any approval from and/or filing with SAFE.

Terms and Conditions Applicable to Japan

No country specific terms and conditions for Japan.

EXHIBIT 10.76

CLIFFS NATURAL RESOURCES INC.

PERFORMANCE RESTRICTED SHARE UNITS AGREEMENT

WHEREAS, XXXX (the "Grantee") is an employee of Cliffs Natural Resources Inc. (the "Company") or a Subsidiary, as defined in the Company's Amended and Restated Cliffs 2007 Incentive Equity Plan, as amended (the "Plan"); and

WHEREAS, the Chief Executive Officer of the Company has been authorized by a resolution of the Compensation and Organization Committee (the "Committee") of the Board of Directors of the Company to make awards under the Plan.

NOW, THEREFORE, pursuant to the Plan, the Company has granted to the Grantee XXX performance-based Restricted Share Units (hereinafter referred to as "Performance Restricted Share Units") covering XXX Shares, effective May 26, 2011 (the "Date of Grant"), subject to the terms and conditions of the Plan and the following terms, conditions, limitations and restrictions:

1 . Award of Performance Restricted Share Units. Pursuant to the Plan, the Company, by delegated authority of the Committee, has granted to the Grantee the number of Performance Restricted Share Units as specified above, without dividend equivalents, effective as of the Date of Grant.

2 . Issuance of Shares. The Performance Restricted Share Units covered by this Agreement shall result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), if at all, only after the such Performance Restricted Share Units are vested as provided in Section 3. The issuance of Shares will be at no cost. Notwithstanding the terms of the Plan providing the Committee with discretion to settle Performance Restricted Share Units in cash, vested Performance Restricted Share Units covered by this Agreement shall be settled only through the issuance of Shares.

3 . Vesting of Performance Restricted Share Units. The Performance Restricted Share Units covered by this Agreement shall become fully vested and 100% nonforfeitable upon the date as of which the Performance Target, as more particularly set forth in Exhibit A, has been achieved ("Vesting Date"), as determined and certified by the Committee, and provided (i) the Vesting Date occurs on or before the fourth anniversary of the Date of Grant; and (ii) the Grantee remains an employee of the Company or a Subsidiary on such Vesting Date.

(a) Notwithstanding the provisions hereof, in the event of Grantee's involuntary termination by the Company for a reason other than "Cause" (as defined in the Plan), and if the applicable Performance Target is achieved as otherwise described in Section 3 above, Grantee shall receive Shares in payment of the Performance Restricted Share Units covered by this Agreement that are prorated based upon the number of full months between May 26, 2011 and the date the Grantee ceased to be employed by the Company or a Subsidiary, as determined in accordance with Section 4(d), compared to the months between May 26, 2011 and the Vesting Date.

(b) Notwithstanding the provisions of Section 3 above, in the event that the employment of the Grantee with the Company and its Subsidiaries shall be terminated prior to the Vesting Date by reason of:

(i) his Disability, or

(ii) his death,

and if the applicable Performance Target is achieved as otherwise described in Section 3 above, all of the Shares covered by the Performance Restricted Share Units covered by this Agreement shall become fully vested and nonforfeitable.

(c) Notwithstanding the other provisions of this Section 3, the Committee, in its sole discretion, may accelerate the vesting of the Performance Restricted Share Units covered by this Agreement to a date prior to the Vesting Date.

4. Forfeiture.

(a) Any of the Performance Restricted Share Units covered by this Agreement that have not become nonforfeitable in accordance with Section 3 hereof shall be forfeited if the Grantee ceases to be employed by the Company or a Subsidiary, as determined in accordance with Section 4(d), at any time prior to the Vesting Date.

(b) The Grantee shall not, prior to the Vesting Date, render services for any organization or engage directly or indirectly in any business which is a competitor of the Company or any affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any affiliate of the Company.

(c) Failure to comply with the provisions of subsection (b) above will cause Grantee to forfeit his right to Performance Restricted Share Units covered by this Agreement.

(d) Unless otherwise provided in a written employment agreement between the Grantee and the Company or a Subsidiary, the Grantee shall cease to be employed by the Company or a Subsidiary for purposes of determining the vesting or forfeiture of his Performance Restricted Share Units on the date on which he receives notice of termination of employment from the Company or a Subsidiary and, for greater certainty, the Grantee shall not be considered to be employed by the Company or a Subsidiary during any notice period that arises upon an involuntary termination of employment (whether wrongful or otherwise and whether or not for Cause) of the Grantee.

(e) No Shares shall be issued and no payment or other compensation shall be provided to any person in respect of any Performance Restricted Share Units that are forfeited by the Grantee, or on account of damages relating to any such Performance Restricted Share Units.

5 . Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company shall not be obligated to issue any Shares pursuant to this Agreement if the issuance or payment thereof would result in a violation of any such law; provided, further, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

6 . Withholding Taxes. The provisions of Section 16.3 of the Plan shall apply *mutatis mutandis* to the extent that the Company or a Subsidiary is required to withhold federal, state, provincial, local or foreign taxes or other statutory deductions in connection with the Grantee's Performance Restricted Share Units.

7 . Continuous Employment. For purposes of this Agreement, the continuous employment of the Grantee with the Company shall not be deemed to have been interrupted, and the Grantee shall not be deemed to have ceased to be an employee of the Company, by reason of the transfer of his employment among the Company and its Subsidiaries or an approved leave of absence.

8 . Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement or the Plan shall not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or a Subsidiary.

9 . Collection and Use of Personal Information. In order to facilitate the administration of this Award and the Plan, the Company and its Subsidiaries will need to collect, hold, and use certain personal information about the Grantee and to transfer such personal information among themselves and to third parties. As a condition of accepting this Award, the Grantee authorizes and consents to such collection, holding, use and transmission of such personal information for the purpose of the administration of this Award and the Grantee's participation in, and the general administration of, the Plan (including, without limitation, the transmission of such personal information out of the Grantee's home country and including to countries with less data protection than the data protection provided by the Grantee's home country). The Grantee acknowledges that this consent is valid for the period relevant to the administration of the Plan.

The Company will take reasonable steps to ensure that persons receiving the Grantee's personal information will treat it as private and confidential and will not disclose such information for purposes other than the management and administration of this Award and the Plan and will take reasonable measures to keep the Grantee's personal information private, confidential, accurate and current.

10 . Transferability. Except for certain stipulations mentioned in the Plan, the Performance Restricted Share Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Performance Restricted Share Units shall be null and void.

11 . Canadian Resale Restrictions. The Performance Restricted Share Units are being offered pursuant to statutory exemptions from prospectus requirements available under applicable provincial securities legislation, which exemptions impose restrictions on the initial offering of the

Performance Restricted Share Units, the conversion into the underlying Shares and the subsequent resale and transfer of the Performance Restricted Share Units or of the underlying Shares.

The Company is not a reporting issuer in any province or territory of Canada and its securities are not listed on any stock exchange in Canada and there is currently no public market for the Performance Restricted Share Units or the underlying Shares in Canada. The Company currently has no intention of becoming a reporting issuer in Canada, filing a prospectus with any securities regulatory authority in Canada to qualify the resale of the Performance Restricted Share Units or the underlying Shares to the public, or listing its securities on any stock exchange in Canada. Accordingly, to be made in accordance with securities law, any resale and transfer of the Performance Restricted Share Units or the underlying Shares in Canada must be made under available statutory exemptions from registration and prospectus requirements or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. **Grantees of the Performance Restricted Share Units are advised to seek legal advice prior to any resale of the Performance Restricted Share Units or the underlying Shares.**

12. These Terms and Conditions Subject to Plan. The Performance Restricted Share Units covered by this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request, except to the extent this Agreement expressly provides that it applies notwithstanding the terms of the Plan.

13. Amendments. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Internal Revenue Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Grantee without the Grantee's written consent.

14. Severability. In the event that one or more of the provisions of this Agreement and Conditions shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

15. Governing Law. This Agreement shall be construed and governed in accordance with the laws of the State of Ohio.

This Agreement is hereby executed by the undersigned on this 26th day of May, 2011.

CLIFFS NATURAL RESOURCES INC.

/s/ Joseph A. Carrabba

Joseph A. Carrabba

Chairman, President & CEO

The undersigned Grantee hereby acknowledges receipt of an executed original of this Agreement and accepts the right to receive the Shares or other securities covered hereby, subject to the terms and conditions of the Plan and the terms and conditions hereinabove set forth, as of the date first written above.

XXX, Grantee

EXHIBIT A

PERFORMANCE TARGET

For purposes of the Award to which this Exhibit A is attached, the Performance Target shall be satisfied if and when the steps contemplated under the Production Capacity Expansion Plan are executed and completed such that the iron ore concentrate production of the Business Unit operations equals or exceeds 2.67 million tonnes in a 60 day period, in accordance with the objectives, goals and criteria more specifically described in such Production Capacity Expansion Plan. For purposes of this Exhibit A: (1) “Production Capacity Expansion Plan” means the plan to expand production capacity at the Business Unit’s Bloom Lake operations and/or properties, as accepted and approved by the Company’s Chief Executive Officer and / or the Company’s Senior Vice President, Human Resources; and (2) “Business Unit” means the iron ore mining operations and properties acquired as a result of the acquisition by the Company of the shares of Consolidated Thompson Iron Mines Limited.

EXHIBIT10.77

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

RESTRICTED SHARE UNIT AWARD MEMORANDUM

Employee:	**PARTICIPANT NAME**
Date of Grant:	**GRANT DATE**
Number of Shares Subject to Award:	**SHARES GRANTED**
Vesting Date:	**DECEMBER 31, 2015**

Additional terms and conditions of your Award are included in the Restricted Share Unit Award Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award may be forfeited and immediately terminate.

Note: Article 2.1 of the Employee Restricted Share Unit Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

Restricted Share Unit Award Agreement

This Restricted Share Units Award Agreement (the "Agreement") is between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and you, the person named in the Award Memorandum (the "Participant") who is an employee of the Company or Subsidiary of the Company. For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Restricted Share Units representing the opportunity to earn shares of the Company's common stock, $.125 par value (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1.
Grant and Terms of Restricted Share Units

1.1 **Grant of Restricted Share Units**. Pursuant to the Plan, the Company has granted to Participant the number of Restricted Share Units as specified in the Award Memorandum, with dividend equivalents, effective as of the Date of Grant.

1.2 **Condition of Payment**. Subject to Section 1.4 of this Article 1, the Restricted Share Units covered by the Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion) of the Company equal in number to the Restricted Share Units if the Participant remains in the employ of the Company or Subsidiary throughout the vesting schedule as set forth in the Award Memorandum ("Vesting Period").

1.3 **Payment of Restricted Share Units**.

(a) The Payment of Restricted Share Units shall be made in the form of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), and shall be paid after the determination and certification by the Committee, but in any event no later than 2 ½ months after the end of the Vesting Period specified in the Award Memorandum. In the event that all or any portion of the Restricted Share Units shall be paid in cash, the cash equivalent of one Restricted Share Unit shall be equal to the Fair Market Value of the one share of common stock of the Company on the last trading day of the Vesting Period. Notwithstanding the foregoing, no Restricted Share Units granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Cliffs Natural Resources Inc. Directors' and Officers' Share

Ownership Guidelines ("Share Ownership Guidelines") unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee may withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 4.3. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Restricted Share Units, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(b) Any payment of Restricted Share Units to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(c) Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Share Units to the Participant. The Restricted Share Units covered by this Agreement that have not yet been earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 1.3(b).

1.4 Death, Disability, Retirement or Other.

(a) With respect to Restricted Share Units granted to a Participant whose employment is terminated because of the Participant's death or Disability during the Vesting Period, the Participant shall vest 100% in the number of Shares as calculated in Section 1.2, which shall be paid at the time specified in Section 1.3(a). If employment is terminated because of Retirement or terminated by the Company without Cause during the Vesting Period, the Participant shall receive at the time specified in Section 1.3(a) the number of Shares as calculated in Section 1.2, prorated based upon the number of full months between the Date of Grant and the date the Participant ceased to be employed by the Company compared to the Vesting Period, rounded down to the nearest whole Share.

(b) In the event a Participant voluntarily terminates employment prior to the end of the Vesting Period or is terminated by the Company for Cause, the Participant shall forfeit all rights to any Restricted Share Units that were granted under the Agreement.

ARTICLE 2.
Other Terms and Conditions

2.1 Non-Compete and Confidentiality.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Restricted Share Units and require the Participant to reimburse the Company for the taxable income received on Restricted Share Units that have been paid out in Shares within the 90-day period preceding the Participant's termination of employment.

2.2 **Change in Control**. In the event of a Change in Control, all Restricted Share Units granted for all periods shall become non-forfeitable and shall be paid in cash based on the Fair Market Value of an equivalent number of Shares determined on the date the Change in Control occurs. All payments with respect to Restricted Share Units shall be made within 10 days of the Change in Control.

ARTICLE 3.
Acknowledgements

3.1 **Acknowledgments**. In accepting the Award, Participant acknowledges, understands and agrees to the following:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Restricted Share Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been granted in the past;

(c) All decisions with respect to future Restricted Share Units or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Restricted Share Unit award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Restricted Share Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Restricted Share Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(h) Neither the Plan nor the Restricted Share Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Restricted Share Units;

(j) The Restricted Share Units and the Shares subject to the Restricted Share Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(k) The Company reserves the right to impose other requirements on participation in the Restricted Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 4.
<u>General Provisions</u>

4.1 **<u>Compliance with Law</u>**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

4.2 **<u>Dividend Equivalents</u>**. During the period beginning on the Date of Grant and ending on the date that the Restricted Share Units are paid in accordance with Section 1.3, the Participant will be entitled to dividend equivalents on Restricted Share Units equal to the cash dividend or distribution that would have been paid on the Restricted Share Units had the Restricted Share Units been an issued and outstanding Share on the record date for the dividend or distribution.

Such accrued dividend equivalents (i) will vest and become payable upon the same terms and at the same time of settlement as the Restricted Share Units to which they relate, and (ii) will be denominated and payable solely in cash.

4.3 **Withholding Taxes**. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Restricted Share Units (or dividend equivalents, if any), unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or vesting of the Restricted Share Units or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability. The Participant acknowledges that the Company's obligation to issue or deliver Shares or pay cash shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Company, withholding obligations shall be satisfied by having the Company or one if its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued or cash payable to the Participant upon settlement of the vested Restricted Share Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant's wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares, from the cash payable, or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

4.4 **Continuous Employment**. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan.

4.5 **Relation to Other Benefits**. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

4.6 **These Terms and Conditions Subject to Plan**. The Restricted Share Units granted under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.7 **Transferability**. Except as otherwise provided in the Plan, the Restricted Share Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Share Units shall be null and void.

4.8 **<u>Data Privacy</u>**. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Restricted Share Unit award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Restricted Share Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

4.9 **<u>Amendments</u>**. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Internal Revenue Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

4.10 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

4.11 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Share Units by electronic means. By accepting this Award of Restricted Share Units, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

4.12 Appendix to Agreement. Notwithstanding any provisions of this Agreement to the contrary, the Restricted Share Units shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Restricted Share Units to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Restricted Share Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

4.13 Headings. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

4.14 Governing Law. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

[Acceptance Page Contained in Exhibit A]

Exhibit A
ELECTRONIC ACCEPTANCE

Acceptance by Participant

By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

PARTICIPANT NAME	**ACCEPTANCE DATE**
Participant Name	**Date**
ELECTRONIC SIGNATURE	
Participant Signature	

APPENDIX FOR NON-U.S. PARTICIPANTS
ADDITIONAL TERMS AND CONDITIONS TO AGREEMENT

This Appendix includes the following additional terms and conditions that govern the Participant's Restricted Share Unit Award for all Participants that reside and/or work outside of the United States.

Notifications

This Appendix also includes notifications regarding exchange controls and other regulatory issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information herein is based on the securities, exchange control and other laws in effect in the respective countries as of January 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Restricted Share Units vest, or the Shares are delivered or cash paid in settlement of the Restricted Share Units, or the Participant sells any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company or its Subsidiaries, nor the Company's stock plan administrator ("Administrator") is in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country of residence and/or work may apply to the Participant's situation.

Finally, if the Participant transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes following the Date of Grant, the notifications contained herein may not be applicable to the Participant, and the Administrator shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

Terms and Conditions Applicable to All Non-U.S. Jurisdictions

<u>English Language</u>. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, rules, procedures, forms, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Share Unit, be drawn up in English. If the Participant has received this Agreement, the Plan or any other Agreement rules, procedures, forms or documents related to the Restricted Share Unit award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise provided herein.

<u>Compliance with Laws; Repatriation</u>. The Participant agrees, as a condition of the grant of the Restricted Share Unit award, to repatriate all payments attributable to the Restricted Share Unit and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents (if any), and any proceeds derived from the sale of the Shares acquired pursuant to the Agreement) in accordance with all foreign exchange rules and regulations applicable to the Participant. The Company, Subsidiaries and the Administrator reserve the right to impose other requirements on

the Participant's participation in the Plan, on the Restricted Share Units and on any Shares acquired or cash payments made pursuant to the Agreement, to the extent the Company or its Subsidiaries or the Administrator determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under all laws, rules and regulations applicable to the Participant.

Private Placement. The grant of the Restricted Share Units is not intended to be a public offering of securities in the Participant's country of residence and/or employment but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Share Units is not subject to the supervision of the local securities authorities.

Responsibility for Taxes & Withholding. Regardless of any action the Company or any of its Subsidiaries takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or any of its Subsidiaries. The Participant further acknowledges that the Company and/or its Subsidiaries (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect to the Restricted Share Units, including, but not limited to, the grant, vesting or settlement of the Restricted Share Units, the issuance of Shares or cash upon settlement of the Restricted Share Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalents (if any); and (2) do not commit to and are under no obligation to structure the terms of any Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that Company and/or its Subsidiaries may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or its Subsidiaries to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or its Subsidiaries, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) Withholding in Shares to be issued or cash to be paid upon vesting/settlement of the Restricted Share Units; or

(b) Withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or its Subsidiaries; or

(c) Withholding from proceeds of the Shares acquired upon vesting/settlement of the Restricted Share Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization).

To avoid negative accounting treatment, the Company and/or its Subsidiaries may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares attributable to the vested Restricted Share Units, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

Finally, the Participant shall pay to the Company and/or its Subsidiaries any amount of Tax-Related Items that the Company and/or its Subsidiaries may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

Terms and Conditions Applicable to Australia

Securities Law Notice. If the Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice as to his or her disclosure obligations prior to making any such offer.

Terms and Conditions Applicable to Canada

Use of English Language. The parties acknowledge that it is their express wish that the present Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Resale Restriction. The Participant is permitted to sell the Shares acquired upon vesting through the designated broker appointed under the Plan, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of the stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

Termination Date. The Participant ceases to be employed with the Company or its Subsidiaries on the later of (i) the date that is the last day of any statutory notice of termination period applicable to the Participant pursuant to applicable employment standards legislation, and (ii) the date that is designated by the Company or any Subsidiary as the last day of the Participant's employment with the Company or any Subsidiary. The date that the Participant ceases to be employed by the Company or Subsidiary specifically does not mean the date on which any period of reasonable notice that the Company or any Subsidiary may be required at law to provide to the Participant expires.

Restricted Share Units Payable Only in Shares. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the grant of Restricted Share Units does not provide

any right for the Participant to receive a cash payment, and the Restricted Share Units are payable in Shares only.

Terms and Conditions Applicable to Chile

Private Placement. In accordance with Circular 99 of 2001, from Chile's Superintendence of Securities, the grant of the Restricted Share Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities, and the Plan is not subject to the supervision of the local securities authorities.

Terms and Conditions Applicable to China

Award Conditioned on Satisfaction of Regulatory Obligations. If the Participant is a national of the Peoples' Republic of China ("PRC"), the grant of Restricted Share Units is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange ("SAFE") to permit the operation of the Plan and the participation of PRC nationals employed by the Company or its Subsidiaries, as determined by the Company in its sole discretion.

Settlement in Cash. Notwithstanding any provision in the Agreement or Plan to the contrary, Restricted Share Units will be settled in the form of a local cash payment unless, at the time of delivery, Share settlement does not trigger the need for any approval from and/or filing with SAFE.

Terms and Conditions Applicable to Japan

No country specific terms and conditions for Japan.

EXHIBIT 10.78

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

RESTRICTED SHARE UNIT AWARD MEMORANDUM

Employee:	**PARTICIPANT**
Date of Grant:	**GRANT DATE**
Number of Shares Subject to Award:	**SHARES GRANTED**
Vesting Dates:	**50% of the Restricted Share Units covered by this Memorandum and the Award Agreement shall become Vested on each of November 18, 2014 and November 18, 2015.** **(each such date a "Vesting Date")**

Additional terms and conditions of your Award are included in the Restricted Share Unit Award Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award may be forfeited and immediately terminate.

Note: Article 2.1 of the Restricted Share Unit Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

Restricted Share Unit Award Agreement

This Restricted Share Unit Award Agreement (the "Agreement") is between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and you, the person named in the Restricted Share Unit Award Memorandum (the "Award Memorandum") who is an employee of the Company or Subsidiary of the Company (the "Participant"). For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Restricted Share Units representing the opportunity to earn a number of the Company's common shares, $.125 par value per share (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1.
Grant and Terms of Restricted Share Units

1.1 Grant of Restricted Share Units. Pursuant to the Plan, the Company has granted to Participant the number of Restricted Share Units as specified in the Award Memorandum, with dividend equivalents ("Restricted Share Units"), effective as of the Date of Grant.

1.2 Vesting As Condition of Payment. The Restricted Share Units covered by this Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion) equal in number to the Restricted Share Units to the extent the Participant is "Vested" in the Restricted Share Units on the date the Restricted Share Units are to be paid as specified in Section 1.3. The Restricted Share Units will become Vested as follows:

(a) Employment Through Each Vesting Date. The Participant will become Vested in **[___%]** of the Restricted Share Units subject to this Award on each Vesting Date, as set forth in the Award Memorandum, if the Participant remains in the continuous employ of the Company or Subsidiary throughout the period beginning on the Date of Grant and ending on each applicable Vesting Date. The period beginning on the Date of Grant and ending on the final Vesting Date shall be the "Vesting Period."

(b) Death or Disability. The Participant will become 100% Vested in the Restricted Share Units subject to this Award and not otherwise Vested if the Participant experiences a termination of employment with the Company because of the Participant's death or Disability during the Vesting Period.

(c) Retirement or Termination without Cause. If the Participant experiences a termination of employment with the Company because of Retirement or a termination of employment by the Company without Cause during the Vesting Period, the Participant shall additionally become Vested in a prorated number of the Restricted Share Units calculated by (i) multiplying the total number of Restricted Share Units subject to this Award by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between the Date of Grant and the date of the Participant's termination of employment, and the denominator of which is 24, rounded down to the nearest whole Restricted Share Unit, and (ii) reducing the result of clause (i) by the number of Restricted Share Units previously Vested under this Agreement.

(d) Change in Control. In the event of a Change in Control (as defined in Section 1.4) during the Vesting Period, the Participant will become Vested in the Restricted Share Units only to the extent provided in Section 1.4.

If, prior to becoming Vested in all of the Restricted Share Units, the Participant otherwise terminates his or her employment or the Participant's employed is terminated by the Company for Cause, the Participant shall forfeit all rights to any Restricted Share Units that were granted under the Agreement and were not Vested at the time of such termination of employment.

1.3 Payment of Restricted Share Units.

(a) Payment After the Vesting Period. The Restricted Share Units that are Vested as of the last day of the Vesting Period shall be paid after the end of the Vesting Period, but in any event no later than 2-½ months after the end of the Vesting Period to the extent they have not been previously paid to the Participant.

(b) Change in Control. Notwithstanding Section 1.3(a), to the extent any Restricted Share Units are Vested as of a Change in Control, such Vested Restricted Share Units will be paid within 10 days of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.3.

(c) Payment Following a Change in Control. Notwithstanding Section 1.3(a), if, during the two-year period following a Change in Control, the Participant experiences a termination of employment, the Restricted Share Units that are Vested as of the date of such termination of employment shall be paid within 10 days of the termination of employment to the extent they have not been previously paid to the Participant; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.3. Notwithstanding the foregoing to the contrary, to the extent payment is due within 10 days of the termination of employment, if the Participant on the date of termination of employment is a "specified employee" (within the meaning of Section 409A of the Code determined using the identification methodology selected by the Company from time to time), payment for the Restricted Share Units will be made on the first day of the seventh month after the date of Participant's termination of employment or, if earlier, the date of the Participant's death.

(d) General. The Committee, in its sole discretion, may settle the Restricted Share Units in cash or a combination of Shares and cash, in lieu of issuing only Shares. In the event that all or any portion of the Restricted Share Units shall be paid in cash, the cash equivalent of one Restricted Share Unit shall be equal to the Fair Market Value of one Share on the last trading day of the Vesting Period or, if earlier, the trading day immediately prior to the payment date. Notwithstanding the foregoing, no Restricted Share Units granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Cliffs Natural Resources Inc. Directors' and Officers' Share Ownership Guidelines ("Share Ownership Guidelines") unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee may withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 4.3. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Restricted Share Units, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(e) Payment After Death. Any payment of Restricted Share Units to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(f) Payment Obligation. Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Share Units to the Participant. The Restricted Share Units covered by this Agreement that have not yet been earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 1.3(e).

1.4 Change in Control Vesting.

(a) If the Participant remains in the continuous employ of the Company or Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control, the Participant will become 100% Vested in the Restricted Share Units not otherwise Vested subject to the Award upon the Change in Control, except to the extent that an award meeting the requirements of Section 1.4(e) (a "Replacement Award") is provided to the Participant in accordance with Section 1.4(e) to replace, adjust or continue the award of Restricted Share Units covered by this Agreement (the "Replaced Award"). If a Replacement Award is provided, references to Restricted Share Units in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

(b) If, upon or after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or Subsidiary of the Company (or any of their successors) (as applicable, the "Successor") by reason of the Participant terminating employment for Good Reason or the Successor terminating Participant's employment other than for Cause, in each case within a period of two years after the Change in Control and during the Vesting Period, the Participant shall become 100% Vested in the Replacement Award upon such termination.

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Restricted Share Units that at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control and will be paid as provided for in Section 1.3(b).

(d) For purposes of this Agreement, a "Change in Control" means:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d 3 promulgated under the Exchange Act) of 35% or more of either (x) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1.4(d)(i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or (D) any acquisition pursuant to a transaction that complies with Sections 1.4(d)(iii)(A), 1.4(d)(iii)(B) and 1.4(d)(iii)(C), below;

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) For purposes of this Agreement, a "Replacement Award" means an award: (i) of the same type (e.g., time-based restricted share units) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 1.4(e) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(f) A termination "for Cause" for purposes of Section 1.4 means that, prior to termination of employment, the Participant shall have committed: (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Successor; (ii) intentional wrongful damage to property of the Successor; (iii) intentional wrongful disclosure of secret processes or confidential information of the Successor; or (iv) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Successor. For purposes of this definition, no act or failure to act on the part of the Participant shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Successor.

(g) A termination "for Good Reason" shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

(i) a material diminution in the Participant's annual base salary rate as in effect from time to time ("Base Pay");

(ii) a material diminution in the Participant's authority, duties or responsibilities;

(iii) a material change in the geographic location at which the Participant must perform services;

(iv) a reduction in the Participant's opportunity regarding annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Successor; and

(v) any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (A) the Participant has provided notice to his or her employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions; and (B) such condition or conditions have not been cured by the Participant's employer within 30 days after receipt of such notice.

ARTICLE 2.
Other Terms and Conditions

2.1 Non-Compete and Confidentiality.

(e) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(f) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Restricted Share Units and require the Participant to reimburse the Company for the taxable income received on Restricted Share Units that have been paid out in Shares within the 90-day period preceding the Participant's termination of employment.

ARTICLE 3.
Acknowledgements

3.1 Acknowledgments. In accepting the Award, Participant acknowledges, understands and agrees to the following:

(g) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(h) The grant of the Restricted Share Units is voluntary and occasional and does not create any contractual or other right to receive future grants of

Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been granted in the past;

(i) All decisions with respect to future Restricted Share Units or other grants, if any, will be at the sole discretion of the Company;

(j) The Participant's participation in the Plan is voluntary;

(k) The Restricted Share Unit Award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(l) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(m) No claim or entitlement to compensation or damages shall arise from forfeiture of any Restricted Share Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Restricted Share Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(n) Neither the Plan nor the Restricted Share Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(o) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Restricted Share Units;

(p) The Restricted Share Units and the Shares subject to the Restricted Share Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(q) The Company reserves the right to impose other requirements on participation in the Restricted Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 4.
General Provisions

4.1 Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

4.2 Dividend Equivalents. During the period beginning on the Date of Grant and ending on the date that the Restricted Share Units are paid in accordance with Section 1.3, the Participant will be entitled to dividend equivalents on Restricted Share Units equal to the cash dividend or distribution that would have been paid on the Restricted Share Units had the Restricted Share Units been issued and outstanding Shares on the record date for the dividend or distribution. Such accrued dividend equivalents (a) will vest and become payable upon the same terms and at the same time of settlement as the Restricted Share Units to which they relate, and (b) will be denominated and payable solely in cash.

4.3 Withholding Taxes. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Restricted Share Units (or dividend equivalents, if any), unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or vesting of the Restricted Share Units or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability. The Participant acknowledges that the Company's obligation to issue or deliver Shares or pay cash shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Committee, withholding obligations shall be satisfied by having the Company or one if its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued or cash payable to the Participant upon settlement of the vested Restricted Share Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant’s wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares, from the cash payable, or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

4.4 **Continuous Employment**. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan or if required to comply with Section 409A of the Code.

4.5 **Relation to Other Benefits**. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

4.6 **These Terms and Conditions Subject to Plan**. The Restricted Share Units covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.7 **Transferability**. Except as otherwise provided in the Plan, the Restricted Share Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Share Units shall be null and void.

4.8 **Data Privacy**. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant’s personal data as described in this Agreement and any other Restricted Share Unit award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant’s participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant’s name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of or directorships in the Company that are held, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant’s favor, for the exclusive purpose of implementing, administering and managing the Plan (“Data”).

Participant understands that Data will be transferred to the Company’s broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients’ use of the Data may be located in the United States or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than Participant’s country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Restricted Share Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

4.9 **Amendments**. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

4.10 **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

4.11 **Electronic Delivery**. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Share Units by electronic means. By accepting this Award of Restricted Share Units, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

4.12 **Appendix to Agreement**. Notwithstanding any provisions of this Agreement to the contrary, the Restricted Share Units shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Restricted Share Units to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Restricted Share Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

4.13 **Headings**. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

4.14 **Governing Law**. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

4.15 **Code Section 409A**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Participant). The terms "termination of employment," "terminates employment," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h).

[Acceptance Page Contained in Exhibit A]

Exhibit A

ELECTRONIC ACCEPTANCE

Acceptance by Participant

By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

PARTICIPANT NAME	**ACCEPTANCE DATE**
Participant Name	**Date**
ELECTRONIC SIGNATURE	
Participant Signature	

APPENDIX FOR NON-U.S. PARTICIPANTS
ADDITIONAL TERMS AND CONDITIONS TO AGREEMENT

This Appendix includes the following additional terms and conditions that govern the Participant's Restricted Share Unit Award for all Participants that reside and/or work outside of the United States.

Notifications

This Appendix also includes notifications regarding exchange controls and other regulatory issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information herein is based on the securities, exchange control and other laws in effect in the respective countries as of January 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Restricted Share Units vest, or the Shares are delivered or cash paid in settlement of the Restricted Share Units, or the Participant sells any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company or its Subsidiaries, nor the Company's stock plan administrator ("Administrator") is in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country of residence and/or work may apply to the Participant's situation.

Finally, if the Participant transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes following the Date of Grant, the notifications contained herein may not be applicable to the Participant, and the Administrator shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

Terms and Conditions Applicable to All Non-U.S. Jurisdictions

English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, rules, procedures, forms, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Share Unit, be drawn up in English. If the Participant has received this Agreement, the Plan or any other Agreement rules, procedures, forms or documents related to the Restricted Share Unit award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise provided herein.

Compliance with Laws; Repatriation. The Participant agrees, as a condition of the grant of the Restricted Share Unit award, to repatriate all payments attributable to the Restricted Share Unit and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents (if any), and any proceeds derived from the sale of the Shares acquired pursuant to the Agreement) in accordance with all foreign exchange rules and regulations applicable to the Participant. The Company, Subsidiaries and the Administrator reserve the right to impose other requirements on

the Participant's participation in the Plan, on the Restricted Share Units and on any Shares acquired or cash payments made pursuant to the Agreement, to the extent the Company or its Subsidiaries or the Administrator determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under all laws, rules and regulations applicable to the Participant.

Private Placement. The grant of the Restricted Share Units is not intended to be a public offering of securities in the Participant's country of residence and/or employment but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Share Units is not subject to the supervision of the local securities authorities.

Responsibility for Taxes & Withholding. Regardless of any action the Company or any of its Subsidiaries takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or any of its Subsidiaries. The Participant further acknowledges that the Company and/or its Subsidiaries (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect to the Restricted Share Units, including, but not limited to, the grant, vesting or settlement of the Restricted Share Units, the issuance of Shares or cash upon settlement of the Restricted Share Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalents (if any); and (2) do not commit to and are under no obligation to structure the terms of any Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that Company and/or its Subsidiaries may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or its Subsidiaries to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or its Subsidiaries, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) Withholding in Shares to be issued or cash to be paid upon vesting/settlement of the Restricted Share Units; or

(b) Withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or its Subsidiaries; or

(c) Withholding from proceeds of the Shares acquired upon vesting/settlement of the Restricted Share Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization).

To avoid negative accounting treatment, the Company and/or its Subsidiaries may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares attributable to the vested Restricted Share Units, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

Finally, the Participant shall pay to the Company and/or its Subsidiaries any amount of Tax-Related Items that the Company and/or its Subsidiaries may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

Terms and Conditions Applicable to Australia

Securities Law Notice. If the Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice as to his or her disclosure obligations prior to making any such offer.

Terms and Conditions Applicable to Canada

Use of English Language. The parties acknowledge that it is their express wish that the present Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Resale Restriction. The Participant is permitted to sell the Shares acquired upon vesting through the designated broker appointed under the Plan, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of the stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

Termination Date. The Participant ceases to be employed with the Company or its Subsidiaries on the later of (i) the date that is the last day of any statutory notice of termination period applicable to the Participant pursuant to applicable employment standards legislation, and (ii) the date that is designated by the Company or any Subsidiary as the last day of the Participant's employment with the Company or any Subsidiary. The date that the Participant ceases to be employed by the Company or Subsidiary specifically does not mean the date on which any period of reasonable notice that the Company or any Subsidiary may be required at law to provide to the Participant expires.

Restricted Share Units Payable Only in Shares. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the grant of Restricted Share Units does not provide

any right for the Participant to receive a cash payment, and the Restricted Share Units are payable in Shares only.

Terms and Conditions Applicable to Chile

Private Placement. In accordance with Circular 99 of 2001, from Chile's Superintendence of Securities, the grant of the Restricted Share Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities, and the Plan is not subject to the supervision of the local securities authorities.

Terms and Conditions Applicable to China

Award Conditioned on Satisfaction of Regulatory Obligations. If the Participant is a national of the Peoples' Republic of China ("PRC"), the grant of Restricted Share Units is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange ("SAFE") to permit the operation of the Plan and the participation of PRC nationals employed by the Company or its Subsidiaries, as determined by the Company in its sole discretion.

Settlement in Cash. Notwithstanding any provision in the Agreement or Plan to the contrary, Restricted Share Units will be settled in the form of a local cash payment unless, at the time of delivery, Share settlement does not trigger the need for any approval from and/or filing with SAFE.

Terms and Conditions Applicable to Japan

No country specific terms and conditions for Japan.

EXHIBIT 10.79

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

RESTRICTED SHARE UNIT AWARD MEMORANDUM (Graduated Vesting)

Employee:	**[PARTICIPANT NAME]**
Date of Grant:	**[GRANT DATE]**
Number of Shares Subject to Award:	**[SHARES GRANTED]**
Vesting Periods:	**The Restricted Share Units covered by this Agreement shall become vested at the rate of 33.4 percent (33.4%) of the initial Restricted Share Units on the first anniversary of the date of grant, and an additional 33.3 percent (33.3%) of the initial Restricted Share Units on the second anniversary of the date of grant, and an additional 33.3 percent (33.3%) of the initial Restricted Share Units on the third anniversary of the date of grant, provided the Participant remains employed by the Company or Subsidiary continuously from the Date of Grant until such Vesting Date.**

Additional terms and conditions of your Award are included in the Restricted Share Unit Award Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award may be forfeited and immediately terminate.

Note: Article 2.1 of the Employee Restricted Share Unit Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

Restricted Share Unit Award Agreement

This Restricted Share Units Award Agreement (the “Agreement”) is between Cliffs Natural Resources Inc., an Ohio corporation (the “Company”), and you, the person named in the Award Memorandum (the "Participant") who is an employee of the Company or Subsidiary of the Company. For purposes of this Agreement, “Employer” means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Restricted Share Units representing the opportunity to earn shares of the Company’s common stock, $.125 par value (the “Shares”), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan (the “Plan”). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1.
Grant and Terms of Restricted Share Units

1.1 **Grant of Restricted Share Units**. Pursuant to the Plan, the Company has granted to Participant the number of Restricted Share Units as specified in the Award Memorandum, with dividend equivalents, effective as of the Date of Grant.

1.2 **Condition of Payment**. Subject to Section 1.4 of this Article 1, the Restricted Share Units covered by the Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion) of the Company equal in number to the Restricted Share Units if the Participant remains in the employ of the Company or Subsidiary throughout the dates specified in the vesting schedule as set forth in the Award Memorandum ("Vesting Period" or "Vesting Periods").

1.3 Payment of Restricted Share Units.

(a) The Payment of Restricted Share Units shall be made in the form of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), and shall be paid after the determination and certification by the Committee, but in any event no later than 2 ½ months after the end of the applicable Vesting Periods specified in the Award Memorandum. In the event that all or any portion of the Restricted Share Units shall be paid in cash, the cash equivalent of one Restricted Share Unit shall be equal to the Fair Market Value of the one share of common stock of the Company on the last trading day of the applicable Vesting Period. Notwithstanding the foregoing, no Restricted Share Units granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Cliffs Natural Resources Inc. Directors' and Officers' Share Ownership Guidelines ("Share Ownership Guidelines") unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee may withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 4.3. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Restricted Share Units during any Vesting Period, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(b) Any payment of Restricted Share Units to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(c) Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Share Units to the Participant. The Restricted Share Units covered by this Agreement that have not yet been earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 1.3(b).

1.4 Death, Disability, Retirement or Other.

(a) In the event of Participant's Retirement from the Company and/or its Subsidiaries or if the Participant is terminated without Cause, the Participant shall receive at the time originally specified in Section 1.3(a) the number of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion) covered by this Agreement, that are prorated based upon the number of full calendar months between the Date of Grant and the date of the Participant's Retirement with the Company and its Subsidiaries, compared to the 36 full calendar months between the Date of Grant and the final Vesting Date, rounded down to the nearest whole Share.

(b) In the event that the Participant separates from service with the Company and/or its Subsidiaries prior to the end of a Vesting Period, by reason of Disability or death, the Restricted Share Units covered by this Agreement shall become fully vested immediately upon the occurrence of the Participant's Disability or the Participant's death and shall be paid at the time originally specified in Section 1.3(a).

(c) In the event a Participant voluntarily terminates employment prior to the end of a Vesting Period or is terminated by the Company for Cause, the Participant shall forfeit all rights to any Restricted Share Units that were granted under the Agreement.

ARTICLE 2.
Other Terms and Conditions

2.1 Non-Compete and Confidentiality.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Restricted Share Units and require the Participant to reimburse the Company for the taxable income received on Restricted Share Units that have been paid out in Shares within the 90-day period preceding the Participant's termination of employment.

2.2 Change in Control. In the event of a Change in Control, all Restricted Share Units granted for all periods shall become non-forfeitable and shall be paid in cash based on the Fair Market Value of an equivalent number of Shares determined on the date the Change in Control occurs. All payments with respect to Restricted Share Units shall be made within 10 days of the Change in Control.

ARTICLE 3.
Acknowledgements

3.1 Acknowledgments. In accepting the Award, Participant acknowledges, understands and agrees to the following:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Restricted Share Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been granted in the past;

(c) All decisions with respect to future Restricted Share Units or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Restricted Share Unit award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Restricted Share Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Restricted Share Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(h) Neither the Plan nor the Restricted Share Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Restricted Share Units;

(j) The Restricted Share Units and the Shares subject to the Restricted Share Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(k) The Company reserves the right to impose other requirements on participation in the Restricted Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 4.
General Provisions

4.1 **Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

4.2 **Dividend Equivalents**. During the period beginning on the Date of Grant and ending on the dates that the Restricted Share Units are paid in accordance with Section 1.3, the Participant will be entitled to dividend equivalents on Restricted Share Units equal to the cash dividend or distribution that would have been paid on the Restricted Share Units had the Restricted Share Units been an issued and outstanding Share on the record date for the dividend or distribution. Such accrued dividend equivalents (i) will vest and become payable upon the same terms and at the same time of settlement as the Restricted Share Units to which they relate, and (ii) will be denominated and payable solely in cash.

4.3 **Withholding Taxes**. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Restricted Share Units (or dividend equivalents, if any), unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or vesting of the Restricted Share Units or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability. The Participant acknowledges that the Company's obligation to issue or deliver Shares or pay cash shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Company, withholding obligations shall be satisfied by having the Company or one if its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued or cash payable to the Participant upon settlement of the vested Restricted Share Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant's wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares, from the cash payable, or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

4.4 **Continuous Employment**. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan.

4.5 **Relation to Other Benefits**. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

4.6 **These Terms and Conditions Subject to Plan**. The Restricted Share Units granted under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.7 **Transferability**. Except as otherwise provided in the Plan, the Restricted Share Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Share Units shall be null and void.

4.8 **Data Privacy**. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Restricted Share Unit award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients' use of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Restricted Share Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

4.9 **Amendments**. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Internal Revenue Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

4.10 **Severability**. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

4.11 **Electronic Delivery**. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Share Units by electronic means. By accepting this Award of Restricted Share Units, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

4.12 **Appendix to Agreement**. Notwithstanding any provisions of this Agreement to the contrary, the Restricted Share Units shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/

or employment to another country, any special terms and conditions for such country will apply to the Restricted Share Units to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Restricted Share Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

4.13 **Headings**. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

4.14 **Governing Law**. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

[Acceptance Page Contained in Exhibit A]

Exhibit A

Acceptance by Participant

By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

[PARTICIPANT NAME]	[ACCEPTANCE DATE]
Participant Name	**Date**
SIGNED ELECTRONICALLY	
Participant Signature	

APPENDIX FOR NON-U.S. PARTICIPANTS
ADDITIONAL TERMS AND CONDITIONS TO AGREEMENT

This Appendix includes the following additional terms and conditions that govern the Participant's Restricted Share Unit Award for all Participants that reside and/or work outside of the United States.

Notifications

This Appendix also includes notifications regarding exchange controls and other regulatory issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information herein is based on the securities, exchange control and other laws in effect in the respective countries as of January 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Restricted Share Units vest, or the Shares are delivered or cash paid in settlement of the Restricted Share Units, or the Participant sells any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company or its Subsidiaries, nor the Company's stock plan administrator ("Administrator") is in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country of residence and/or work may apply to the Participant's situation.

Finally, if the Participant transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes following the Date of Grant, the notifications contained herein may not be applicable to the Participant, and the Administrator shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

Terms and Conditions Applicable to All Non-U.S. Jurisdictions

English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, rules, procedures, forms, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Share Unit, be drawn up in English. If the Participant has received this Agreement, the Plan or any other Agreement rules, procedures, forms or documents related to the Restricted Share Unit award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise provided herein.

Compliance with Laws; Repatriation. The Participant agrees, as a condition of the grant of the Restricted Share Unit award, to repatriate all payments attributable to the Restricted Share Unit and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents (if any), and any proceeds derived from the sale of the Shares acquired pursuant to the Agreement) in accordance with all foreign exchange rules and regulations applicable to the Participant. The Company, Subsidiaries and the Administrator reserve the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Share Units and on any Shares acquired or cash payments made pursuant to the Agreement, to the extent the Company or its Subsidiaries or the Administrator determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under all laws, rules and regulations applicable to the Participant.

Private Placement. The grant of the Restricted Share Units is not intended to be a public offering of securities in the Participant's country of residence and/or employment but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Share Units is not subject to the supervision of the local securities authorities.

Responsibility for Taxes & Withholding. Regardless of any action the Company or any of its Subsidiaries takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or any of its Subsidiaries. The Participant further acknowledges that the Company and/or its Subsidiaries (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect to the Restricted Share Units, including, but not limited to, the grant, vesting or settlement of the Restricted Share Units, the issuance of Shares or cash upon settlement of the Restricted Share Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalents (if any); and (2) do not commit to and are under no obligation to structure the terms of any Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that Company and/or its Subsidiaries may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or its Subsidiaries to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or its Subsidiaries, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) Withholding in Shares to be issued or cash to be paid upon vesting/settlement of the Restricted Share Units; or

(b) Withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or its Subsidiaries; or

(c) Withholding from proceeds of the Shares acquired upon vesting/settlement of the Restricted Share Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization).

To avoid negative accounting treatment, the Company and/or its Subsidiaries may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares attributable to the vested Restricted Share Units, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

Finally, the Participant shall pay to the Company and/or its Subsidiaries any amount of Tax-Related Items that the Company and/or its Subsidiaries may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

Terms and Conditions Applicable to Australia

Securities Law Notice. If the Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice as to his or her disclosure obligations prior to making any such offer.

Terms and Conditions Applicable to Canada

Use of English Language. The parties acknowledge that it is their express wish that the present Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Resale Restriction. The Participant is permitted to sell the Shares acquired upon vesting through the designated broker appointed under the Plan, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of the stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

Termination Date. The Participant ceases to be employed with the Company or its Subsidiaries on the later of (i) the date that is the last day of any statutory notice of termination period applicable to the Participant pursuant to applicable employment standards legislation, and (ii) the date that is designated by the Company or any Subsidiary as the last day of the Participant's employment with the Company or any Subsidiary. The date that the Participant ceases to be employed by the Company or Subsidiary specifically does not mean the date on which any period of reasonable notice that the Company or any Subsidiary may be required at law to provide to the Participant expires.

Restricted Share Units Payable Only in Shares. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the grant of Restricted Share Units does not provide any right for the Participant to receive a cash payment, and the Restricted Share Units are payable in Shares only.

Terms and Conditions Applicable to Chile

Private Placement. In accordance with Circular 99 of 2001, from Chile's Superintendence of Securities, the grant of the Restricted Share Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities, and the Plan is not subject to the supervision of the local securities authorities.

Terms and Conditions Applicable to China

Award Conditioned on Satisfaction of Regulatory Obligations. If the Participant is a national of the Peoples' Republic of China ("PRC"), the grant of Restricted Share Units is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange ("SAFE") to permit the operation of the Plan and the participation of PRC nationals employed by the Company or its Subsidiaries, as determined by the Company in its sole discretion.

Settlement in Cash. Notwithstanding any provision in the Agreement or Plan to the contrary, Restricted Share Units will be settled in the form of a local cash payment unless, at the time of delivery, Share settlement does not trigger the need for any approval from and/or filing with SAFE.

Terms and Conditions Applicable to Japan

No country specific terms and conditions for Japan.

EXHIBIT 10.80

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

RESTRICTED SHARE UNIT AWARD MEMORANDUM

Employee:	**[PARTICIPANT NAME]**
Date of Grant:	**[GRANT DATE]**
Number of Shares Subject to Award:	**[SHARES GRANTED]**
Vesting Period:	**Cliff Vesting:** **3 Years from Grant Date**

Additional terms and conditions of your Award are included in the Restricted Share Unit Award Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award may be forfeited and immediately terminate.

Note: Article 2.1 of the Employee Restricted Share Unit Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

Restricted Share Unit Award Agreement

This Restricted Share Units Award Agreement (the "Agreement") is between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and you, the person named in the Award Memorandum (the "Participant") who is an employee of the Company or Subsidiary of the Company. For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Restricted Share Units representing the opportunity to earn shares of the Company's common stock, $.125 par value (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1.
Grant and Terms of Restricted Share Units

1.1 **Grant of Restricted Share Units**. Pursuant to the Plan, the Company has granted to Participant the number of Restricted Share Units as specified in the Award Memorandum, with dividend equivalents, effective as of the Date of Grant.

1.2 **Condition of Payment**. Subject to Section 1.4 of this Article 1, the Restricted Share Units covered by the Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion) of the Company equal in number to the Restricted Share Units if the Participant remains in the employ of the Company or Subsidiary throughout the vesting schedule as set forth in the Award Memorandum ("Vesting Period").

1.3 **Payment of Restricted Share Units**.

(a) The Payment of Restricted Share Units shall be made in the form of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), and shall be paid after the determination and certification by the Committee, but in any event no later than 2 ½ months after the end of the Vesting Period specified in the Award Memorandum. In the event that all or any portion of the Restricted Share Units shall be paid in cash, the cash equivalent of one Restricted Share Unit shall be equal to the Fair Market Value of the one share of common stock of the Company on the last trading day of the Vesting Period. Notwithstanding the foregoing, no Restricted Share Units granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Cliffs Natural Resources Inc. Directors' and Officers' Share

Ownership Guidelines ("Share Ownership Guidelines") unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee may withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 4.3. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Restricted Share Units, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(b) Any payment of Restricted Share Units to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(c) Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Share Units to the Participant. The Restricted Share Units covered by this Agreement that have not yet been earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 1.3(b).

1.4 Death, Disability, Retirement or Other.

(a) With respect to Restricted Share Units granted to a Participant whose employment is terminated because of the Participant's death or Disability during the Vesting Period, the Participant shall vest 100% in the number of Shares as calculated in Section 1.2, which shall be paid at the time specified in Section 1.3(a). If employment is terminated because of Retirement or terminated by the Company without Cause during the Vesting Period, the Participant shall receive at the time specified in Section 1.3(a) the number of Shares as calculated in Section 1.2, prorated based upon the number of full months between the Date of Grant and the date the Participant ceased to be employed by the Company compared to the Vesting Period, rounded down to the nearest whole Share.

(b) In the event a Participant voluntarily terminates employment prior to the end of the Vesting Period or is terminated by the Company for Cause, the Participant shall forfeit all rights to any Restricted Share Units that were granted under the Agreement.

ARTICLE 2.
Other Terms and Conditions

2.1 Non-Compete and Confidentiality.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Restricted Share Units and require the Participant to reimburse the Company for the taxable income received on Restricted Share Units that have been paid out in Shares within the 90-day period preceding the Participant's termination of employment.

2.2 **Change in Control**. In the event of a Change in Control, all Restricted Share Units granted for all periods shall become non-forfeitable and shall be paid in cash based on the Fair Market Value of an equivalent number of Shares determined on the date the Change in Control occurs. All payments with respect to Restricted Share Units shall be made within 10 days of the Change in Control.

ARTICLE 3.
Acknowledgments

3.1 **Acknowledgments.** In accepting the Award, Participant acknowledges, understands and agrees to the following:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Restricted Share Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been granted in the past;

(c) All decisions with respect to future Restricted Share Units or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Restricted Share Unit award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Restricted Share Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Restricted Share Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(h) Neither the Plan nor the Restricted Share Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Restricted Share Units;

(j) The Restricted Share Units and the Shares subject to the Restricted Share Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(k) The Company reserves the right to impose other requirements on participation in the Restricted Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 4.
General Provisions

4.1 **Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

4.2 **Dividend Equivalents**. During the period beginning on the Date of Grant and ending on the date that the Restricted Share Units are paid in accordance with Section 1.3, the Participant will be entitled to dividend equivalents on Restricted Share Units equal to the cash dividend or distribution that would have been paid on the Restricted Share Units had the Restricted Share Units been an issued and outstanding Share on the record date for the dividend or distribution.

Such accrued dividend equivalents (i) will vest and become payable upon the same terms and at the same time of settlement as the Restricted Share Units to which they relate, and (ii) will be denominated and payable solely in cash.

4.3 **Withholding Taxes**. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Restricted Share Units (or dividend equivalents, if any), unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or vesting of the Restricted Share Units or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability. The Participant acknowledges that the Company's obligation to issue or deliver Shares or pay cash shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Company, withholding obligations shall be satisfied by having the Company or one if its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued or cash payable to the Participant upon settlement of the vested Restricted Share Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant's wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares, from the cash payable, or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

4.4 **Continuous Employment**. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan.

4.5 **Relation to Other Benefits**. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

4.6 **These Terms and Conditions Subject to Plan**. The Restricted Share Units granted under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.7 **Transferability**. Except as otherwise provided in the Plan, the Restricted Share Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Share Units shall be null and void.

4.8 **Data Privacy**. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Restricted Share Unit award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of stock or directorships held in the Company, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Restricted Share Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

4.9 **Amendments**. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Internal Revenue Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

4.10 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

4.11 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Share Units by electronic means. By accepting this Award of Restricted Share Units, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

4.12 Appendix to Agreement. Notwithstanding any provisions of this Agreement to the contrary, the Restricted Share Units shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the “Appendix”). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Restricted Share Units to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Restricted Share Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

4.13 Headings. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

4.14 Governing Law. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

[Acceptance Page Contained in Exhibit A]

Exhibit A

ELECTRONIC ACCEPTANCE

Acceptance by Participant

By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

[PARTICIPANT NAME]	[ACCEPTANCE DATE]
Participant Name	**Date**
SIGNED ELECTRONICALLY	
Participant Signature	

APPENDIX FOR NON-U.S. PARTICIPANTS
ADDITIONAL TERMS AND CONDITIONS TO AGREEMENT

This Appendix includes the following additional terms and conditions that govern the Participant's Restricted Share Unit Award for all Participants that reside and/or work outside of the United States.

Notifications

This Appendix also includes notifications regarding exchange controls and other regulatory issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information herein is based on the securities, exchange control and other laws in effect in the respective countries as of January 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Restricted Share Units vest, or the Shares are delivered or cash paid in settlement of the Restricted Share Units, or the Participant sells any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company or its Subsidiaries, nor the Company's stock plan administrator ("Administrator") is in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country of residence and/or work may apply to the Participant's situation.

Finally, if the Participant transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes following the Date of Grant, the notifications contained herein may not be applicable to the Participant, and the Administrator shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

Terms and Conditions Applicable to All Non-U.S. Jurisdictions

English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, rules, procedures, forms, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Share Unit, be drawn up in English. If the Participant has received this Agreement, the Plan or any other Agreement rules, procedures, forms or documents related to the Restricted Share Unit award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise provided herein.

Compliance with Laws; Repatriation. The Participant agrees, as a condition of the grant of the Restricted Share Unit award, to repatriate all payments attributable to the Restricted Share Unit and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents (if any), and any proceeds derived from the sale of the Shares acquired pursuant to the Agreement) in accordance with all foreign exchange rules and regulations applicable to the Participant. The Company, Subsidiaries and the Administrator reserve the right to impose other requirements on

the Participant's participation in the Plan, on the Restricted Share Units and on any Shares acquired or cash payments made pursuant to the Agreement, to the extent the Company or its Subsidiaries or the Administrator determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under all laws, rules and regulations applicable to the Participant.

Private Placement. The grant of the Restricted Share Units is not intended to be a public offering of securities in the Participant's country of residence and/or employment but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Share Units is not subject to the supervision of the local securities authorities.

Responsibility for Taxes & Withholding. Regardless of any action the Company or any of its Subsidiaries takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or any of its Subsidiaries. The Participant further acknowledges that the Company and/or its Subsidiaries (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect to the Restricted Share Units, including, but not limited to, the grant, vesting or settlement of the Restricted Share Units, the issuance of Shares or cash upon settlement of the Restricted Share Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalents (if any); and (2) do not commit to and are under no obligation to structure the terms of any Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that Company and/or its Subsidiaries may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or its Subsidiaries to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or its Subsidiaries, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) Withholding in Shares to be issued or cash to be paid upon vesting/settlement of the Restricted Share Units; or

(b) Withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or its Subsidiaries; or

(c) Withholding from proceeds of the Shares acquired upon vesting/settlement of the Restricted Share Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization).

To avoid negative accounting treatment, the Company and/or its Subsidiaries may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares attributable to the vested Restricted Share Units, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

Finally, the Participant shall pay to the Company and/or its Subsidiaries any amount of Tax-Related Items that the Company and/or its Subsidiaries may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

Terms and Conditions Applicable to Australia

Securities Law Notice. If the Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice as to his or her disclosure obligations prior to making any such offer.

Terms and Conditions Applicable to Canada

Use of English Language. The parties acknowledge that it is their express wish that the present Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Resale Restriction. The Participant is permitted to sell the Shares acquired upon vesting through the designated broker appointed under the Plan, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of the stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

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any right for the Participant to receive a cash payment, and the Restricted Share Units are payable in Shares only.

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Award Conditioned on Satisfaction of Regulatory Obligations. If the Participant is a national of the Peoples' Republic of China ("PRC"), the grant of Restricted Share Units is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange ("SAFE") to permit the operation of the Plan and the participation of PRC nationals employed by the Company or its Subsidiaries, as determined by the Company in its sole discretion.

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Terms and Conditions Applicable to Japan

No country specific terms and conditions for Japan.

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

RESTRICTED SHARE UNIT AWARD MEMORANDUM

Employee:	**PARTICIPANT NAME**
Date of Grant:	**GRANT DATE**
Number of Shares Subject to Award:	**SHARES GRANTED**
Vesting Dates:	**[__%] of the Restricted Share Units covered by this Memorandum and the Award Agreement shall become Vested on each of [____________, 20__, _____________, 20__ and ____________, 20__ .] (each such date a "Vesting Date")**

Additional terms and conditions of your Award are included in the Restricted Share Unit Award Agreement. As a condition to your receipt of Shares, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time at www.netbenefits.fidelity.com, this Award may be forfeited and immediately terminate.

Note: Article 2.1 of the Restricted Share Unit Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

CLIFFS NATURAL RESOURCES INC. 2012 INCENTIVE EQUITY PLAN

Restricted Share Unit Award Agreement

This Restricted Share Unit Award Agreement (the "Agreement") is between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and you, the person named in the Restricted Share Unit Award Memorandum (the "Award Memorandum") who is an employee of the Company or Subsidiary of the Company (the "Participant"). For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Restricted Share Units representing the opportunity to earn a number of the Company's common shares, $.125 par value per share (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1.
Grant and Terms of Restricted Share Units

1.1 Grant of Restricted Share Units. Pursuant to the Plan, the Company has granted to Participant the number of Restricted Share Units as specified in the Award Memorandum, with dividend equivalents ("Restricted Share Units"), effective as of the Date of Grant.

1.2 Vesting As Condition of Payment. The Restricted Share Units covered by this Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion) equal in number to the Restricted Share Units to the extent the Participant is "Vested" in the Restricted Share Units on the date the Restricted Share Units are to be paid as specified in Section 1.3. The Restricted Share Units will become Vested as follows:

(a) Employment Through Each Vesting Date. The Participant will become Vested in **[___%]** of the Restricted Share Units subject to this Award on each Vesting Date, as set forth in the Award Memorandum, if the Participant remains in the continuous employ of the Company or Subsidiary throughout the period beginning on the Date of Grant and ending on each applicable Vesting Date. The period beginning on the Date of Grant and ending on the final Vesting Date shall be the "Vesting Period."

(b) Death or Disability. The Participant will become 100% Vested in the Restricted Share Units subject to this Award and not otherwise Vested if the Participant experiences a termination of employment with the Company because of the Participant's death or Disability during the Vesting Period.

(c) Retirement or Termination without Cause. If the Participant experiences a termination of employment with the Company because of Retirement or a termination of employment by the Company without Cause during the Vesting Period, the Participant shall additionally become Vested in a prorated number of the Restricted Share Units calculated by (i) multiplying the total number of Restricted Share Units subject to this Award by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between the Date of Grant and the date of the Participant's termination of employment, and the denominator of which is **[INSERT No. of Months in Vesting Period]**, rounded down to the nearest whole Restricted Share Unit, and (ii) reducing the result of clause (i) by the number of Restricted Share Units previously Vested under this Agreement.

(d) Change in Control. In the event of a Change in Control (as defined in Section 1.4) during the Vesting Period, the Participant will become Vested in the Restricted Share Units only to the extent provided in Section 1.4.

If, prior to becoming Vested in all of the Restricted Share Units, the Participant otherwise terminates his or her employment or the Participant's employed is terminated by the Company for Cause, the Participant shall forfeit all rights to any Restricted Share Units that were granted under the Agreement and were not Vested at the time of such termination of employment.

1.3 Payment of Restricted Share Units.

(a) Payment After the Vesting Period. The Restricted Share Units that are Vested as of the last day of the Vesting Period shall be paid after the end of the Vesting Period, but in any event no later than 2-½ months after the end of the Vesting Period to the extent they have not been previously paid to the Participant.

(b) Change in Control. Notwithstanding Section 1.3(a), to the extent any Restricted Share Units are Vested as of a Change in Control, such Vested Restricted Share Units will be paid within 10 days of the Change in Control; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.3.

(c) Payment Following a Change in Control. Notwithstanding Section 1.3(a), if, during the two-year period following a Change in Control, the Participant experiences a termination of employment, the Restricted Share Units that are Vested as of the date of such termination of employment shall be paid within 10 days of the termination of employment to the extent they have not been previously paid to the Participant; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.3. Notwithstanding the foregoing to the contrary, to the extent payment is due within 10 days of the termination of employment, if the Participant on the date of termination of employment is a "specified employee" (within the meaning of Section 409A of the Code determined using the identification methodology selected by the Company from time to time), payment for the Restricted Share Units will be made on the first day of the seventh month after the date of Participant's termination of employment or, if earlier, the date of the Participant's death.

(d) General. The Committee, in its sole discretion, may settle the Restricted Share Units in cash or a combination of Shares and cash, in lieu of issuing only Shares. In the event that all or any portion of the Restricted Share Units shall be paid in cash, the cash equivalent of one Restricted Share Unit shall be equal to the Fair Market Value of one Share on the last trading day of the Vesting Period or, if earlier, the trading day immediately prior to the payment date. Notwithstanding the foregoing, no Restricted Share Units granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Cliffs Natural Resources Inc. Directors' and Officers' Share Ownership Guidelines ("Share Ownership Guidelines") unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee may withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 4.3. In addition, the Committee may restrict 50% of the Shares to be issued in satisfaction of the total Restricted Share Units, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale.

(e) Payment After Death. Any payment of Restricted Share Units to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(f) Payment Obligation. Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Share Units to the Participant. The Restricted Share Units covered by this Agreement that have not yet been earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 1.3(e).

1.4 Change in Control Vesting.

(a) If the Participant remains in the continuous employ of the Company or Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control, the Participant will become 100% Vested in the Restricted Share Units not otherwise Vested subject to the Award upon the Change in Control, except to the extent that an award meeting the requirements of Section 1.4(e) (a "Replacement Award") is provided to the Participant in accordance with Section 1.4(e) to replace, adjust or continue the award of Restricted Share Units covered by this Agreement (the "Replaced Award"). If a Replacement Award is provided, references to Restricted Share Units in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

(b) If, upon or after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or Subsidiary of the Company (or any of their successors) (as applicable, the "Successor") by reason of the Participant terminating employment for Good Reason or the Successor terminating Participant's employment other than for Cause, in each case within a period of two years after the Change in Control and during the Vesting Period, the Participant shall become 100% Vested in the Replacement Award upon such termination.

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Restricted Share Units that at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control and will be paid as provided for in Section 1.3(b).

(d) For purposes of this Agreement, a "Change in Control" means:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d 3 promulgated under the Exchange Act) of 35% or more of either (x) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1.4(d)(i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or (D) any acquisition pursuant to a transaction that complies with Sections 1.4(d)(iii)(A), 1.4(d)(iii)(B) and 1.4(d)(iii)(C), below;

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any entity resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(e) For purposes of this Agreement, a "Replacement Award" means an award: (i) of the same type (e.g., time-based restricted share units) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 1.4(e) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(f) A termination "for Cause" for purposes of Section 1.4 means that, prior to termination of employment, the Participant shall have committed: (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Successor; (ii) intentional wrongful damage to property of the Successor; (iii) intentional wrongful disclosure of secret processes or confidential information of the Successor; or (iv) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Successor. For purposes of this definition, no act or failure to act on the part of the Participant shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Successor.

(g) A termination "for Good Reason" shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

(i) a material diminution in the Participant's annual base salary rate as in effect from time to time ("Base Pay");

(ii) a material diminution in the Participant's authority, duties or responsibilities;

(iii) a material change in the geographic location at which the Participant must perform services;

(iv) a reduction in the Participant's opportunity regarding annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Successor; and

(v) any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (A) the Participant has provided notice to his or her employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions; and (B) such condition or conditions have not been cured by the Participant's employer within 30 days after receipt of such notice.

ARTICLE 2.
Other Terms and Conditions

2.1 Non-Compete and Confidentiality.

(e) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(f) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Restricted Share Units and require the Participant to reimburse the Company for the taxable income received on Restricted Share Units that have been paid out in Shares within the 90-day period preceding the Participant's termination of employment.

ARTICLE 3.
Acknowledgments

3.1 Acknowledgments. In accepting the Award, Participant acknowledges, understands and agrees to the following:

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Restricted Share Units is voluntary and occasional and does not create any contractual or other right to receive future grants of

Restricted Share Units, or benefits in lieu of Restricted Share Units, even if Restricted Share Units have been granted in the past;

(c) All decisions with respect to future Restricted Share Units or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Restricted Share Unit Award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Restricted Share Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Restricted Share Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(h) Neither the Plan nor the Restricted Share Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Restricted Share Units;

(j) The Restricted Share Units and the Shares subject to the Restricted Share Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(k) The Company reserves the right to impose other requirements on participation in the Restricted Share Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 4.
General Provisions

4.1 **Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

4.2 **Dividend Equivalents**. During the period beginning on the Date of Grant and ending on the date that the Restricted Share Units are paid in accordance with Section 1.3, the Participant will be entitled to dividend equivalents on Restricted Share Units equal to the cash dividend or distribution that would have been paid on the Restricted Share Units had the Restricted Share Units been issued and outstanding Shares on the record date for the dividend or distribution. Such accrued dividend equivalents (a) will vest and become payable upon the same terms and at the same time of settlement as the Restricted Share Units to which they relate, and (b) will be denominated and payable solely in cash.

4.3 **Withholding Taxes**. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Restricted Share Units (or dividend equivalents, if any), unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or vesting of the Restricted Share Units or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability. The Participant acknowledges that the Company's obligation to issue or deliver Shares or pay cash shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Committee, withholding obligations shall be satisfied by having the Company or one if its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued or cash payable to the Participant upon settlement of the vested Restricted Share Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant's wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares, from the cash payable, or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

4.4 **Continuous Employment**. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries or an approved leave of absence, unless otherwise indicated in the Plan or if required to comply with Section 409A of the Code.

4.5 **Relation to Other Benefits**. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

4.6 **These Terms and Conditions Subject to Plan**. The Restricted Share Units covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.7 **Transferability**. Except as otherwise provided in the Plan, the Restricted Share Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Restricted Share Units shall be null and void.

4.8 **Data Privacy**. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Restricted Share Unit award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of or directorships in the Company that are held, details of all Restricted Share Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Restricted Share Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

4.9 Amendments. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

4.10 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

4.11 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Restricted Share Units by electronic means. By accepting this Award of Restricted Share Units, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

4.12 Appendix to Agreement. Notwithstanding any provisions of this Agreement to the contrary, the Restricted Share Units shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Restricted Share Units to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Restricted Share Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

4.13 **Headings**. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

4.14 **Governing Law**. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

4.15 **Code Section 409A**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Participant). The terms "termination of employment," "terminates employment," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h).

[Acceptance Page Contained in Exhibit A]

Exhibit A

ELECTRONIC ACCEPTANCE

Acceptance by Participant

By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

PARTICIPANT NAME	**ACCEPTANCE DATE**
Participant Name	**Date**
ELECTRONIC SIGNATURE	
Participant Signature	

APPENDIX FOR NON-U.S. PARTICIPANTS
ADDITIONAL TERMS AND CONDITIONS TO AGREEMENT

This Appendix includes the following additional terms and conditions that govern the Participant's Restricted Share Unit Award for all Participants that reside and/or work outside of the United States.

Notifications

This Appendix also includes notifications regarding exchange controls and other regulatory issues of which the Participant should be aware with respect to the Participant's participation in the Plan. The information herein is based on the securities, exchange control and other laws in effect in the respective countries as of January 2013. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix as the only source of information relating to the consequences of the Participant's participation in the Plan because the information may be out of date at the time that the Restricted Share Units vest, or the Shares are delivered or cash paid in settlement of the Restricted Share Units, or the Participant sells any Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation, and the Company or its Subsidiaries, nor the Company's stock plan administrator ("Administrator") is in a position to assure the Participant of a particular result. Accordingly, the Participant is advised to seek appropriate professional advice as to how the relevant laws in the Participant's country of residence and/or work may apply to the Participant's situation.

Finally, if the Participant transfers employment after the Date of Grant, or is considered a resident of another country for local law purposes following the Date of Grant, the notifications contained herein may not be applicable to the Participant, and the Administrator shall, in its discretion, determine to what extent the terms and conditions contained herein shall be applicable to the Participant.

Terms and Conditions Applicable to All Non-U.S. Jurisdictions

English Language. The Participant acknowledges and agrees that it is the Participant's express intent that this Agreement, the Plan and all other documents, rules, procedures, forms, notices and legal proceedings entered into, given or instituted pursuant to the Restricted Share Unit, be drawn up in English. If the Participant has received this Agreement, the Plan or any other Agreement rules, procedures, forms or documents related to the Restricted Share Unit award translated into a language other than English, and if the meaning of the translated version is different than the English version, the English version will control, unless otherwise provided herein.

Compliance with Laws; Repatriation. The Participant agrees, as a condition of the grant of the Restricted Share Unit award, to repatriate all payments attributable to the Restricted Share Unit and/or cash acquired under the Plan (including, but not limited to, dividends, dividend equivalents (if any), and any proceeds derived from the sale of the Shares acquired pursuant to the Agreement) in accordance with all foreign exchange rules and regulations applicable to the Participant. The Company, Subsidiaries and the Administrator reserve the right to impose other requirements on

the Participant's participation in the Plan, on the Restricted Share Units and on any Shares acquired or cash payments made pursuant to the Agreement, to the extent the Company or its Subsidiaries or the Administrator determines it is necessary or advisable in order to comply with local law or to facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Finally, the Participant agrees to take any and all actions as may be required to comply with the Participant's personal legal and tax obligations under all laws, rules and regulations applicable to the Participant.

Private Placement. The grant of the Restricted Share Units is not intended to be a public offering of securities in the Participant's country of residence and/or employment but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities (unless otherwise required under local law), and the grant of the Restricted Share Units is not subject to the supervision of the local securities authorities.

Responsibility for Taxes & Withholding. Regardless of any action the Company or any of its Subsidiaries takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to the Participant's participation in the Plan and legally applicable to the Participant ("Tax-Related Items"), the Participant acknowledges that the ultimate liability for all Tax-Related Items is and remains the Participant's responsibility and may exceed the amount actually withheld by the Company or any of its Subsidiaries. The Participant further acknowledges that the Company and/or its Subsidiaries (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect to the Restricted Share Units, including, but not limited to, the grant, vesting or settlement of the Restricted Share Units, the issuance of Shares or cash upon settlement of the Restricted Share Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or dividend equivalents (if any); and (2) do not commit to and are under no obligation to structure the terms of any Award to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if the Participant becomes subject to tax in more than one jurisdiction between the Date of Grant and the date of any relevant taxable event, the Participant acknowledges that Company and/or its Subsidiaries may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Participant will pay or make adequate arrangements satisfactory to the Company and/or its Subsidiaries to satisfy all Tax-Related Items. In this regard, the Participant authorizes the Company and/or its Subsidiaries, or their respective agents, at their discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following:

(a) Withholding in Shares to be issued or cash to be paid upon vesting/settlement of the Restricted Share Units; or

(b) Withholding from the Participant's wages or other cash compensation paid to the Participant by the Company and/or its Subsidiaries; or

(c) Withholding from proceeds of the Shares acquired upon vesting/settlement of the Restricted Share Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Participant's behalf pursuant to this authorization).

To avoid negative accounting treatment, the Company and/or its Subsidiaries may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, the Participant is deemed to have been issued the full number of Shares attributable to the vested Restricted Share Units, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of the Participant's participation in the Plan.

Finally, the Participant shall pay to the Company and/or its Subsidiaries any amount of Tax-Related Items that the Company and/or its Subsidiaries may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares, if the Participant fails to comply with the Participant's obligations in connection with the Tax-Related Items.

Terms and Conditions Applicable to Australia

Securities Law Notice. If the Participant acquires Shares under the Plan and offers such Shares for sale to a person or entity resident in Australia, the offer may be subject to disclosure requirements under Australian law. Participant should obtain legal advice as to his or her disclosure obligations prior to making any such offer.

Terms and Conditions Applicable to Canada

Use of English Language. The parties acknowledge that it is their express wish that the present Agreement, as well as all documents, notices and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English. Les parties reconnaissent avoir exigé la rédaction en anglais de la présente convention, ainsi que de tous documents exécutés, avis donnés et procédures judiciaires intentées, directement ou indirectement, relativement à ou suite à la présente convention.

Resale Restriction. The Participant is permitted to sell the Shares acquired upon vesting through the designated broker appointed under the Plan, provided the resale of Shares acquired under the Plan takes place outside of Canada through the facilities of the stock exchange on which the Shares are listed. The Shares are currently listed on the New York Stock Exchange.

Termination Date. The Participant ceases to be employed with the Company or its Subsidiaries on the later of (i) the date that is the last day of any statutory notice of termination period applicable to the Participant pursuant to applicable employment standards legislation, and (ii) the date that is designated by the Company or any Subsidiary as the last day of the Participant's employment with the Company or any Subsidiary. The date that the Participant ceases to be employed by the Company or Subsidiary specifically does not mean the date on which any period of reasonable notice that the Company or any Subsidiary may be required at law to provide to the Participant expires.

Restricted Share Units Payable Only in Shares. Notwithstanding any discretion in the Plan or anything to the contrary in the Agreement, the grant of Restricted Share Units does not provide

any right for the Participant to receive a cash payment, and the Restricted Share Units are payable in Shares only.

Terms and Conditions Applicable to Chile

Private Placement. In accordance with Circular 99 of 2001, from Chile's Superintendence of Securities, the grant of the Restricted Share Units hereunder is not intended to be a public offering of securities in Chile but instead is intended to be a private placement. As a private placement, the Company has not submitted any registration statement, prospectus or other filings with the local securities authorities, and the Plan is not subject to the supervision of the local securities authorities.

Terms and Conditions Applicable to China

Award Conditioned on Satisfaction of Regulatory Obligations. If the Participant is a national of the Peoples' Republic of China ("PRC"), the grant of Restricted Share Units is conditioned upon the Company securing all necessary approvals from the PRC State Administration of Foreign Exchange ("SAFE") to permit the operation of the Plan and the participation of PRC nationals employed by the Company or its Subsidiaries, as determined by the Company in its sole discretion.

Settlement in Cash. Notwithstanding any provision in the Agreement or Plan to the contrary, Restricted Share Units will be settled in the form of a local cash payment unless, at the time of delivery, Share settlement does not trigger the need for any approval from and/or filing with SAFE.

Terms and Conditions Applicable to Japan

No country specific terms and conditions for Japan.

EXHIBIT 10.84

PELLET SALE AND PURCHASE AGREEMENT

THIS AGREEMENT, entered into, dated and effective as of April 10, 2002 (“Agreement”), by and among **THE CLEVELAND-CLIFFS IRON COMPANY,** an Ohio corporation (“Iron”), **CLIFFS MINING COMPANY,** a Delaware corporation (“Mining”), **NORTHSHORE MINING COMPANY,** a Delaware corporation (“Northshore”), **NORTHSHORE SALES COMPANY**, an Ohio corporation ("Sales"; Iron, Mining, Northshore and Sales being collectively referred to herein as “Cliffs”), **INTERNATIONAL STEEL GROUP INC.,** a Delaware corporation (“ISG”), **ISG CLEVELAND INC.**, a Delaware corporation, (“ISG Cleveland”), and **ISG INDIANA HARBOR INC.**, a Delaware corporation (“ISG Indiana Harbor”; ISG, ISG Cleveland and ISG Indiana Harbor being collectively referred to herein as “Steel”).

RECITALS

WHEREAS, Cliffs desires to sell to Steel and Steel desires to purchase from Cliffs certain quantities of grades of iron ore standard pellets as follows: (i) such grades of iron ore standard pellets being those produced at the Empire Iron Mining Partnership iron ore pellet plant (“Empire Pellets”), located in Palmer, Michigan (“Empire Mine”); (ii) such grades of iron ore standard pellets being those produced at the Northshore Mining Company iron ore pellet plant (“Northshore Pellets”), located in Silver Bay, Minnesota (“Northshore Mine”); (iii) such grades of iron ore standard pellets being those produced at the Hibbing Taconite Company Joint Venture iron ore pellet plant (“Hibbing Pellets”), located in Hibbing, Minnesota (“Hibbing Mine”); or (iv) such other pellet grades as may be mutually agreed to by the parties hereto (such Empire

Pellets, Northshore Pellets, Hibbing Pellets, and other mutually agreed upon pellets collectively being referred to herein as “Cliffs Pellets”), all on the conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, Cliffs and Steel agree as follows:

Section 1. - **Definitions**.

The terms quoted in the above parentheses of the first introductory paragraph of this Agreement and the WHEREAS clause, other terms quoted throughout this Agreement, and the terms defined below in this Section 1 shall have the meanings assigned to them for purposes of this Agreement. Attached as Appendix I to this Agreement is a locator list of all defined terms used throughout the Agreement.

(a). The words, “Steel’s Annual Pellet Tonnage Requirements”, as used herein, shall mean for any year a tonnage amount equal to Steel’s total annual iron ore pellet tonnage requirements required for consumption in Steel’s iron and steel making facilities in any year at ISG Cleveland, located in Cleveland, Ohio (“Cleveland Works”) and at ISG Indiana Harbor, located in Indiana Harbor, Indiana (“Indiana Harbor Works”).

(b). The word “pellets”, as used herein, shall mean iron-bearing products obtained by the pelletizing of iron ore or iron ore concentrates, suitable for making iron in blast furnaces.

(c). The word “ton”, as used herein, shall mean a gross ton of 2,240 pounds avoirdupois natural weight.

(d). The words "net ton", as used herein, shall mean a ton of 2,000 pounds avoirdupois natural weight.

(e). The word “year”, as used herein, shall mean a calendar year commencing on January 1 and ending December 31.

(f). The words “shuttle tons”, as used herein, shall mean pellets which are destined for Cleveland Works deliveries, which are first unloaded from vessel onto a dock which is not a Steel dock or a dock designated by Steel pursuant to Section 8(a).

Section 2. - Sale and Purchase/Tonnage.

During each of the years 2002 through 2016, and each year thereafter as long as this Agreement remains in effect, Cliffs shall sell and deliver to Steel and Steel shall purchase and receive from Cliffs and pay for a tonnage of Cliffs Pellets which tonnage shall be equal to Steel’s Annual Pellet Tonnage Requirements for each such year.

Section 3. - Quality

(a). Cliffs Pellets when loaded for shipment will be consistent with the typical specifications and analysis limits set forth in Exhibit 1.

(b). In the event the monthly average vessel analysis exceeds one standard deviation as set forth in Exhibit 1, Cliffs will take such actions as shall be necessary to achieve specification conformity. If specification conformity cannot be achieved, Steel and Cliffs shall negotiate in good faith to determine what actions or remedies, if any, are appropriate. If any two vessel shipments made during any calendar month have analysis that exceeds the analysis limits in the specifications set forth in Exhibit 1, Steel may refuse any subsequent vessel shipments during that calendar month, and Steel shall not be required to accept any subsequent shipments until Cliffs has taken action to remedy the non-conformity so that future shipments will be within the analysis limits. If more than two vessel shipments made during any calendar month have analysis that exceeds such limits, Cliffs and Steel shall negotiate an appropriate cost adjustment (if any) for the cargoes in excess of the first cargo that exceeded the analysis limits, based upon the additional costs (if any) to Steel associated with the quality specifications

in the additional vessel shipments made during that calendar month that exceeded such analysis limits.

(c). Shuttle tons from the Cleveland Bulk Terminal shall be sampled and analyzed for the –1/4” size fraction as they are being loaded into a vessel for delivery to Steel’s dock. Shuttle tons shall not have a significant increase in the –1/4” size fraction versus the non-shuttle tons delivered to the Cleveland Works pursuant to Section 8(a). In the event that two shuttle tons vessel shipments during any month display an increase in the –1/4” size fraction of [* * * *] or more versus non-shuttle delivered tons, Steel and Cliffs shall meet to determine the cause of the significant increase and the corrective action to reduce the significant increase. If a corrective action cannot be implemented to reduce the –1/4” size fraction below the [* * * *] increase, then Steel and Cliffs shall meet to work out a good faith adjustment.

Section 4. - Notification and Nomination.

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(a). With respect to the tonnage of Cliffs Pellets to be purchased by Steel for the year 2002, as provided in Section 2, on or before April 30 of the current year, Steel shall notify Cliffs in writing of Steel’s preliminary tonnage of Steel’s Annual Pellet Tonnage Requirements which Steel shall purchase from Cliffs. Such notification shall include: (i) Steel’s Annual Operating Plan for the balance of the current year detailed by months, as such Annual Operating Plan relates to Steel’s planned monthly consumption of all pellets for such year; (ii) the tonnage of Cliffs Pellets which Steel expects to purchase in the current year from Cliffs; and (iii) Steel's planned monthly pellet consumption for the first four months of the year 2003.

(b). With respect to the tonnage of Cliffs Pellets to be purchased by Steel for each of the years 2003 through 2016, as provided in Section 2, on or before November 1 of each of the years prior to the years above, Steel shall notify Cliffs in writing of Steel’s preliminary tonnage of Steel’s Annual Pellet Tonnage Requirements which Steel shall purchase from Cliffs. Such notification shall include: (i) Steel’s Annual Operating Plan for the following year detailed by months, as such Annual Operating Plan relates to Steel’s planned monthly consumption of all pellets for such year (“Steel’s AOP”); (ii) the tonnage of Cliffs Pellets which Steel expects to purchase in the following year from Cliffs; (iii) Steel’s expected total pellet inventory as of December 31 for the then current year; (iv) Steel’s planned total pellet inventory on December 31 for the following year; and (v) Steel's planned monthly pellet consumption for the first four months of the year which succeeds the following year.

(c). With respect to the tonnage of Empire Pellets, Northshore Pellets and Hibbing Pellets which Cliffs will have available for sale to Steel in 2002, on or before May 31, 2002, and in each succeeding year on or before December 31 of each year prior to the years in Section 4(b) above, Cliffs shall notify Steel in writing as to the tonnage of Empire Pellets, Northshore Pellets and Hibbing Pellets Cliffs shall sell to Steel, which tonnage shall equal Steel's Annual Pellet Tonnage Requirements for such year.

(d). With respect to Steel’s Annual Pellet Tonnage Requirements as provided for in Sections 4(a) and 4(b) above, Steel shall notify Cliffs by the 15th day of each month for the year in determination: (i) Steel’s actual consumption of all pellets for the previous month, and (ii) Steel’s planned monthly consumption of all pellets for the balance of the year and the first four months of the following year. In the first month’s notice of each such year, as provided for under this Section (d), Steel shall also advise Cliffs of Steel’s actual total pellet inventory as of December 31 for the previous year.

(e). If during the course of the year, Steel's Annual Pellet Tonnage Requirements decrease from Steel's preliminary nomination provided pursuant to Section 4(b) above, then the tonnage of Cliffs Pellets which Steel shall purchase from Cliffs shall be reduced by an amount equal to the shortfall of the actual pellet consumption versus the nominated pellet consumption. In addition, Steel's Annual Pellet Tonnage Requirements shall not be modified so as to change Steel's planned total pellet inventory at the end of the then current year unless such modification is agreed to by Cliffs.

(f). If, during the course of the year, Steel's Annual Pellet Tonnage Requirements increase from Steel's preliminary nomination provided pursuant to Section 4(b) above, then Steel shall notify Cliffs in writing of any such increase in Steel's Annual Pellet Tonnage Requirements. Cliffs shall advise Steel in writing within fifteen (15) days of receipt of Steel's notice as to Cliffs' ability to supply all or any portion of such increased tonnage, which Cliffs shall sell and Steel shall purchase as provided for in Cliffs notice at the contract prices provided for in this Agreement. In the event Cliffs cannot supply any portion of such increased tonnage, Steel and Cliffs shall work together to attempt to procure such additional tonnage for Steel.

(g). In each year after 2004, upon reasonable notification and by mutual agreement, Steel may, for trial purposes, substitute up to 5% of Steel's Annual Pellet Tonnage Requirements for Northshore Pellets and/or Empire Pellets with another grade of Cliffs' produced pellets ("Substitute Pellets"). In the event an additional cost is incurred by Cliffs in producing or delivering the Substitute Pellets, then an appropriate price adjustment shall be made to the contract price for the tonnage of Substitute Pellets.

Section 5. - Price, Adjustments and [* * * *].

(a). The price for the Cliffs Pellets, either currently at or to be delivered to Steel's Cleveland Works or other dock area designated by Steel pursuant to Section 8(a), shall be as follows: (i) for the year 2002, the [* * * *] Northshore Pellets and Hibbing Pellets (which are currently located at Steel’s Cleveland Works blast furnace ore yard) sold by Cliffs and purchased by Steel shall be [* * * *] per ton; (ii) the price for the [* * * *] Northshore Pellets and Hibbing Pellets (which are currently located at the Lorain Pellet Terminal, Lorain, Ohio) sold by Cliffs and purchased by Steel shall be [* * * *] per ton; and (iii) except for the price [* * * *] as provided for the specific Cliffs Pellets as described in Sections 5(a)(i) and 5(a)(ii) above, all other Cliffs Pellets sold by Cliffs and purchased by Steel in the year 2002 shall have a final year 2002 price of [* * * *] per iron unit (which at the expected natural iron content of [* * * *] for Northshore pellets equals [* * * *] per ton).

(b). The price for the Cliffs Pellets, either currently at or to be delivered to Steel's Indiana Harbor Works shall be as follows: (i) for the year 2002, the [* * * *] Empire Pellets (which are currently located at Steel’s Indiana Harbor Works blast furnace ore yard) sold by Cliffs and purchased by Steel shall be [* * * *] per ton; and (ii) except for the price [* * * *] for the specific Cliffs Pellets described in Section 5(b)(i) above, all other Cliffs Pellets sold by Cliffs and purchased by Steel in the year 2002, shall have a final year 2002 price of [* * * *] per iron unit (which at the expected natural iron content of [* * * *] for Empire pellets equals [* * * *] per ton).

(c). The prices for the specific grades of Cliffs Pellets sold and purchased in each of the years 2003 and thereafter for the Cleveland Works or other dock area designated by Steel pursuant to Section 8(a), and the Indiana Harbor Works shall be based on the 2002 base prices per iron unit as described in Section 5(a) (iii) and 5(b)(ii) above ("2002 base prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works"), which 2002 base prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works shall then be adjusted, up or down, in the year 2003 and each year thereafter by an amount as determined in accordance with Section 5(d) below.

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(d). In order to determine the adjusted prices to be paid each year for the Cliffs Pellets, as provided for under Section 5(c), the 2002 base prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works and each of the following respective year's then adjusted prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works shall be further adjusted, up or down, each year for the year in determination as follows:

(1) Divide (x) the numerator, which is the amount by which the [* * * *] for the calendar year in determination changes (up or down) from the immediately preceding calendar year's [* * * *]; by (y) the denominator, which is the immediately preceding calendar year's [* * * *], and multiply the result obtained by [* * * *]; and

(2) Multiply the results determined in (1) above by the preceding year's adjusted prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works which will then equal the current year's price adjustment per iron unit for each of the Cleveland Works and the Indiana Harbor Works; and

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(3) Add the result determined in (2) above to the preceding year's adjusted price per iron unit for each of the Cleveland Works and the Indiana Harbor Works, which then will equal the current year's adjusted prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works.

Those adjusted prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works shall then become the contract's year final price for the Cliffs Pellets delivered to the Cleveland Works and the Indiana Harbor Works for the year in determination, and shall be the starting base for determining the following year's adjusted prices per iron unit for the Cleveland Works and the Indiana Harbor Works.

(e). The price for all tons sold by Cliffs to Steel shall be based on actual natural iron content shipped. Notwithstanding the previous sentence, payments for the years 2002 through 2004, as described in Section 6(a), shall be based on actual natural iron content consumed by Steel.

(f). Attached as Exhibit 2 is an example of the adjustment formula applying the provisions of Sections 5(c) and 5(d).

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(g). (0) Beginning in 2003, an [* * * *] shall be made in each year, wherein Cliffs shall pay Steel or Steel shall pay Cliffs, as the case may be, if [* * * *] average annual [* * * *] for actual [* * * *] in any contract year is [* * * *] or [* * * *]. The amount of the [* * * *] shall be determined as follows:

(1) In any contract year in which [* * * *] average [* * * *] for actual [* * * *] is [* * * *], Cliffs shall pay Steel an amount equal to: (w) the amount [* * * *], (x) multiplied by [* * * *], (y) multiplied by the contract year's average weighted pellet price per ton for the Cliffs Pellets consumed by Steel, (z) multiplied by the total tons of Cliffs Pellets which Steel consumed in the contract year.

(2) In any contract year in which [* * * *] average [* * * *] for actual [* * * *] is [* * * *], Steel shall pay Cliffs an amount equal to: (w) the amount [* * * *] (x)

multiplied by [* * * *], (y) multiplied by the contract year's average weighted pellet price per ton for the Cliffs Pellets consumed by Steel, (z) multiplied by the total tons of Cliffs Pellets which Steel consumed in the contract year.

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(3) For the purpose of estimating the [* * * *], a [* * * *] payment calculation shall be made by [* * * *] following the end of each quarter, using the formula provided for in Sections 5(g)(i)(1) and 5(g)(i)(2) above for each quarter. This calculation (and payment, if any) shall be based on [* * * *] average [* * * *] for actual [* * * *] for the quarter and the pellet tonnage consumed by Steel in that quarter. Within 30 days following each quarter [* * * *] shall notify [* * * *] in writing of the amount (if any) payable by Cliffs to Steel or Steel to Cliffs, and a quarterly payment, if any, shall be made by Cliffs to Steel or Steel to Cliffs, as the case may be, within 45 days after the end of each quarter.

(4) The final [* * * *] calculation shall be made after the end of the year in accordance with Sections 5(g)(i)(1) and 5(g)(i)(2) above which will reflect [* * * *] actual average annual [* * * *] for actual [* * * *] for the full calendar year, and an adjustment will be made to reflect any difference between the actual year's [* * * *] and the quarterly estimated payments that were made during the year. Payment due, from either party, as a result of the actual annual calculation shall be made by February 15 of the year following the contract year.

(5) Attached as Exhibits 3 and 4 are examples of the calculations applying the provisions of Sections 5(g)(i) and 5(g)(ii).

(ii) In the event that in any year [* * * *] annual total [* * * *] are less than [* * * *] of [* * * *] total annual [* * * *], then Cliffs and Steel agree to substitute another [* * * *] for the [* * * *] which substituted [* * * *] comprises an amount in excess of [* * * *] of [* * * *] total annual [* * * *] in order to determine the [* * * *]. The [* * * *] and [* * * *] which are used for the [* * * *], as provided for in Section 5(g)(i) above, shall be adjusted as follows: (i) the actual average [* * * *] of [* * * *] substituted [* * * *] from the previous year, less (ii) the [* * * *] from the previous year, (iii) with the difference between (i) and (ii) above being added to both the [* * * *] and the [* * * *] to determine the revised [* * * *] for the substituted [* * * *] in order to determine the [* * * *].

Section 6. - Payments and Adjustments.

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(a). For the years 2002 through 2004 and for all tonnage delivered through March 31, 2005, Steel shall pay Cliffs [* * * *], via wire transfer, an amount to be equal to the result of: (i) Steel’s planned pellet consumption for the [* * * *] period beginning with the [* * * *], less (ii) the pellets which Steel has in its inventory on [* * * *] for both the Cleveland Works and the Indiana Harbor Works, (iii) with the difference between (i) and (ii) above being multiplied by the appropriate estimated price per ton. The appropriate estimated price per ton shall be calculated by multiplying the contract year's estimated price per iron unit with Steel's estimated iron content of the Cliffs Pellets being consumed during the following [* * * *] period.

(b). Beginning with vessel deliveries on April 1, 2005, Cliffs shall invoice Steel for an amount based on the estimated prices per ton for the contract year for [* * * *] pellet shipment deliveries [* * * *] to Steel's Cleveland Works and Indiana Harbor Works with payment to be made by Steel to Cliffs via wire transfer on the [* * * *] following the [* * * *] pellet deliveries.

(c). Following each contract year, final adjustments and payments shall be determined as follows:

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(4) The adjustment for the actual average natural iron content of Cliffs Pellets shall be determined by Cliffs and verified in detail in writing to Steel by an officer of Cliffs, such verification due no later than January 31 of the year following a contract year, and the payment from Cliffs to Steel or Steel to Cliffs, as the case may be, shall be made by February 15 of that year;

(5) The final [* * * *] shall be determined by [* * * *] and verified in detail in writing to [* * * *] by an officer of [* * * *], such verification due no later than January 31 of the year following a contract year, and payment from Cliffs to Steel or Steel to Cliffs, as the case may be, shall be made by February 15 of that year; and

(6) The adjustment to the contract year's price identified pursuant to Section 5(d) shall be made by [* * * *] by March 15 of the following year (using the most recent final estimate of the [* * * *] which shall be verified in writing by an officer of [* * * *]. Cliffs shall issue an invoice or credit memo, as the case may be, to Steel, and payment from Cliffs to Steel or Steel to Cliffs, as the case may be, shall be made by April 15 of that year.

(d). During each of the years 2002 through 2005, Cliffs shall have the right to conduct a minimum of two pellet stockpile surveys each year at each of the Cleveland Works and Indiana Harbor Works to verify (i) the tonnage of [* * * *] which Steel has [* * * *] and (ii) the tonnage of [* * * *] currently [* * * *] in stockpile at the Cleveland Works and the Indiana Harbor Works. In the event that the pellet stockpile survey results vary by more than [* * * *] (above or below) from [* * * *] (after taking into account actual iron units shipped versus actual iron units consumed), then Cliffs shall issue an invoice or credit memo, as the case may be, to Steel, for the amount of the difference in the stockpile survey results that vary by more than [* * * *] above or below [* * * *], and payment from Cliffs to Steel or Steel to Cliffs, as the case may be, shall be made within 30 days following the pellet stockpile survey. If the pellet stockpile survey results vary by [* * * *] or more (above or below) from [* * * *] (after taking into account actual iron units shipped versus actual iron units consumed), then Cliffs and Steel shall have an independent third party conduct another pellet stockpile survey. The results of the independent third party survey shall be final and Cliffs shall issue an invoice or credit memo, as the case may be, to Steel, and payment from Cliffs to Steel or Steel to Cliffs, as the case may be, shall be made within 30 days following the independent third party's pellet stockpile survey.

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(e). At their own expense, Cliffs and/or Steel shall have an annual right to have the information and calculations relating to the contract price, [* * **], and adjustments verified by an independent third party auditor. In the event Steel shall fail to make payment when due of all amounts, Cliffs, in addition to all other remedies available to Cliffs in law or in equity, shall have the right, but not the obligation, to withhold further performance by Cliffs under this Agreement until all claims Cliffs may have against Steel under this Agreement are fully satisfied.

(f). All payments shall be made in U.S. dollars.

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Section 7. - Sampling and Analyses.

All pellet sampling procedures and analytical tests conducted on Cliffs Pellets sold to Steel to demonstrate compliance with typical specifications and analysis limits shall be performed on each pellet vessel shipment. Test methods to be used shall be the appropriate ASTM or ISO standard methods published at the time of testing or the customary procedures and practices, or any other procedures and practices that may be mutually agreed to by Cliffs and Steel. Steel may, at any time and from time to time through one or more authorized representatives, and with prior notice to Cliffs be present during production, loading, or to observe sampling and analysis of pellets being processed for shipment to Steel.

Section 8. - Delivery, Storage and Transfer of Ownership.

(a). Cliffs shall deliver to Steel the annual tonnage of Cliffs Pellets for the Cleveland Works to the Cleveland Work's blast furnace ore yard or other vessel dock in the Cleveland, Ohio area that Steel designates. Steel shall make dock storage space available so that Cliffs can deliver and have in inventory in [* * * *] name up to [* * * *] tons of pellets at any time and Steel will work to make more dock storage space available if practicable.

(b). Cliffs shall deliver to Steel the annual tonnage of Cliffs Pellets for the Indiana Harbor Works to the Indiana Harbor Works' blast furnace ore yard and Steel shall make dock storage space available so that Cliffs can deliver and have in inventory in [* * * *] up to [* * * *] tons of pellets at any time.

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

(c). Title, and all risk of loss, damage or destruction of Cliffs Pellets shall transfer to Steel upon [* * * *] or upon [* * * *], as the case may be.

Section 9. - Shipments.

Shipments of Cliffs Pellets shall be in approximately equal amounts over the nine month period of April through December each year during the term of this Agreement to ensure an adequate amount of inventory to allow a working pellet pile at Steel’s blast furnace ore docks. Cliffs shall work to annually direct ship a minimum of [* * * *] of Steel’s pellet requirements for Steel’s Cleveland Works.

Section 10. - Weights.

(a). Except as set forth in Section 10(b) below, vessel bill of lading weight determined by certified railroad scale weights, certified belt scale weights, or certified bin scale weights in accordance with the procedures in effect from time to time at each of the loading ports shall be accepted by the parties as finally determining the amount of Cliffs Pellets delivered to Steel pursuant to this Agreement.

(b). Steel shall have the right to have a draft survey performed on vessels by an independent third party contractor at the loading port (where the pellets are first loaded into a vessel for shipment) at Steel's expense and Steel shall afford Cliffs an opportunity to have a representative present by providing Cliffs a minimum of two days' notice prior to having any draft survey performed. If the vessel bill of lading weight is more than [* * * *] higher or more than [* * * *] lower than the draft survey weight, then the draft survey weight shall be the weight used in calculating the value of the cargo. In the event that the variance is greater than [* * * *], Cliffs and Steel will investigate and remedy the cause of the variance.

Section 11. - Employment of Vessels.

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSION.

Cliffs assumes the obligation for arranging and providing appropriate vessels for the transportation of the Cliffs Pellets delivered by Cliffs to Steel hereunder. Steel shall arrange for suitable pellet unloading facilities at the Cleveland Works and Indiana Harbor Works blast furnace ore yards ports.

Section 12. - Warranties.

THERE ARE NO WARRANTIES, EXPRESS OR IMPLIED, WHICH EXTEND BEYOND THE PROVISIONS OF THIS AGREEMENT, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR INTENDED PURPOSE. All notices for substantial variance in specifications of the Cliffs Pellets from the specifications and analysis limits described in Exhibit 1 shall be given in writing delivered to Cliffs within sixty (60) calendar days after completion of discharge of the Cliffs Pellets at the Cleveland Works or Indiana Harbor Works blast furnace ore yards, or any claim arising from any substantial variance shall be deemed waived by Steel. Each party shall afford the other party prompt and reasonable opportunity to inspect the Cliffs Pellets as to which any notice is given as above stated. No claim will be entertained after the Cliffs Pellets have been consumed. The Cliffs Pellets shall not be returned to Cliffs without prior written consent of Cliffs. In no event shall Cliffs be liable for Steel's cost of processing, lost profits, injury to good will or any other special or consequential damages.

Section 13. - Force Majeure.

No party hereto shall be liable for damages resulting from failure to produce, deliver or accept all or any of the Cliffs Pellets as described herein, if and to the extent that such production, delivery or acceptance would be contrary to or would constitute a violation of any regulation, order or requirement of a recognized governmental body or agency, or if such failure is caused by or results directly or indirectly from acts of God, war, insurrections, interference by foreign powers, strikes, labor disputes, fires, floods, embargoes, accidents, acts of terrorism, or uncontrollable delays at the mines or either steel plant, on the railroads, docks or in transit, shortage of transportation facilities, disasters of navigation, or other causes, similar or dissimilar, that are beyond the control of the party charged with a failure to deliver or to accept the Cliffs Pellets. A party claiming a force majeure shall give the other party prompt notice of the force majeure, including the particulars thereof and, insofar as known, the probable extent and duration of the force majeure. To the extent a force majeure is claimed hereunder by a party hereto, such shall relieve the other party from fulfilling its corresponding agreement hereunder to the party claiming such force majeure, but only for the period affected by and to the extent of the claimed force majeure, unless otherwise mutually agreed to by the parties. The party that is subject to a force majeure shall use commercially reasonable efforts to cure or remove the force majeure event as promptly as possible to resume performance of its obligations under this Agreement.

Section 14. - **Notices**.

All notices, consents, reports and other documents authorized and required to be given pursuant to this Agreement shall be given in writing and either personally served on an officer of the parties hereto to whom it is given or mailed, postage prepaid, or sent by telegram or facsimile addressed as follows:

If to Cliffs:
1100 Superior Avenue - 15th Floor
Cleveland, Ohio 44114-2589
Attention: Secretary

cc: Vice President-Sales
Facsimile: (216) 694-5385

If to Steel:
3100 East 45th Street
Cleveland, Ohio 44127
Attention: Vice President, Finance
and Administration
Facsimile: (216) 429-6003

provided, however, that any party may change the address to which notices or other communications to it shall be sent by giving to the other party written notice of such change, in which case notices and other communications to the party giving the notice of the change of address shall not be deemed to have been sufficiently given or delivered unless addressed to it at the new address as stated in said notice.

Section 15. - Term.

(a). The term of this Agreement shall commence as of April 10, 2002 and continue through December 31, 2016. Unless either party has given written notice of termination to the other party by December 31, 2014 (two years prior to termination), this Agreement shall continue on an annual basis after December 31, 2016 (original termination year) subject to subsequent termination by either party upon not less than two years' prior written notification to the other party, in which case the Agreement shall terminate at the end of the second succeeding year.

(b). This Agreement shall remain valid and fully enforceable for the fulfillment of obligations incurred prior to termination.

Section 16. - Amendment.

This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto.

Section 17. - Merger, Transfer and Assignment.

(a). Steel shall not merge, consolidate or reorganize with any person, partnership, corporation or other entity unless the surviving or resulting person, partnership, corporation or other entity assumes in writing all of Steel's obligations under this Agreement. Any obligations required to be assumed by a surviving or resulting person, partnership, corporation or entity in accordance with this Section 17(a) shall be limited to the Steel obligations under this Agreement, and this Section 17(a) is not intended (i) to impose and shall not be deemed to impose upon any such surviving or resulting person, partnership, corporation or entity, including Steel, any obligation with respect to any pellet requirements it may have for any facility or facilities it owns or operates other than the Cleveland Works and the Indiana Harbor Works, nor (ii) to allow the surviving or resulting person, partnership, corporation or other entity to substitute any other pellet tonnage available from any other pellet purchase or pellet equity commitment of such surviving or resulting person, partnership, corporation or other entity in order to satisfy the assumed obligations under this Agreement for the Cleveland Works and Indiana Harbor Works.

(b). Steel shall not sell or transfer all or any of the blast furnace operations at (i) the Cleveland Works, (ii) the Indiana Harbor Works, or (iii) both the Cleveland Works and the Indiana Harbor Works to any other person, partnership, corporation, joint venture or other entity ("Transferee") unless the Transferee assumes in writing all of Steel's obligations under this Agreement, as such obligations relate to the Cleveland Works and/or the Indiana Harbor Works being sold or transferred. Any obligations required to be assumed by a Transferee in accordance with this Section 17(b) shall be limited to the Steel obligations under this Agreement relating to the particular facility or facilities sold or transferred. This Section 17(b) is not intended (i) to impose and shall not be deemed to impose upon any such Transferee any obligation with respect to any pellet requirements such Transferee may have for any facility or facilities such Transferee owns or operates other than the Cleveland Works and/or the Indiana Harbor Works, nor (ii) to allow such Transferee to substitute any other pellet tonnage available from any other pellet purchase or pellet equity commitment of such Transferee in order to satisfy the assumed obligations under this Agreement.

(c). Steel shall not assign its rights or delegate its obligations under this Agreement except as provided in Section 17(a) or 17(b).

(d). Cliffs shall not merge, consolidate or reorganize with any person, partnership, corporation or other entity unless the surviving or resulting person, partnership, corporation or other entity assumes in writing all of Cliffs' obligations under this Agreement. Cliffs shall not sell or transfer all or substantially all of its iron ore business to any other person, partnership, corporation, joint venture or other entity ("Cliffs Transferee") unless the Cliffs Transferee assumes in writing all of Cliffs' obligations under this Agreement.

(e). Cliffs shall not assign its rights or delegate its obligations under this Agreement except as provided in Section 17(d).

(f). All the covenants, stipulations and agreements herein contained shall inure to the benefit of and bind the parties hereto and their respective successors, transferees and permitted assigns, and any of the latter's subsequent successors, transferees and permitted assigns.

Section 18. - Waiver.

No waiver of any of the terms of this Agreement shall be valid unless in writing. No waiver or any breach of any provision hereof or default under any provisions hereof shall be deemed a waiver of any subsequent breach or default of any kind whatsoever.

Section 19. - Confidentiality.

(a). Cliffs and Steel acknowledge that this Agreement contains certain pricing, adjustment and term provisions which are confidential, proprietary or of a sensitive commercial nature and which would put Cliffs or Steel at a competitive disadvantage if disclosed to the public, including without limitation, Sections 3(b) and (c), Section 5, Section 6 and all of the Schedules and Exhibits hereto ("Confidential Information"). Cliffs and Steel agree that all provisions of this Agreement shall be kept confidential and, without the prior written consent of the other party, shall not be disclosed to any party not a party to this Agreement except as required by law or governmental or judicial order and except that disclosure of the existence of this Agreement shall not be precluded by this Section 19.

(b). If either party is required by law or governmental or judicial order or receives legal process or court or agency directive requesting or requiring disclosure of any of the

Confidential Information contained in this Agreement, such party will promptly notify the other party prior to disclosure to permit such party to seek a protective order or take other appropriate action to preserve the confidentiality of such Confidential Information. If either party determines to file this Agreement with the Securities and Exchange Commission ("Commission") or any other federal, state or local governmental or regulatory authority, or with any stock exchange or similar body, such determining party will use its best efforts to obtain confidential treatment of such Confidential Information pursuant to any applicable rule, regulation or procedure of the Commission and any applicable rule, regulation or procedure relating to confidential filings made with any such other authority or exchange. If the Commission (or any such other authority or exchange) denies such party's request for confidential treatment of such Confidential Information, such party will use its best efforts to obtain confidential treatment of the portions thereof that the other party designates. Each party will allow the other party to participate in seeking to obtain such confidential treatment for Confidential Information.

Section 20. - Governing Law.

This Agreement shall in all respects, including matters of construction, validity and performance, be governed by and be construed in accordance with the laws of the State of Ohio.

Section 21. - Representations and Warranties.

(a). Steel represents and warrants to Cliffs that (i) the execution and delivery of this Agreement by Steel and the performance of its obligations hereunder have been duly authorized by all requisite corporate action, (ii) neither the execution and delivery of this Agreement, nor the performance of its obligations hereunder by Steel shall, or after the lapse of time or giving of notice shall, conflict with, violate or result in a breach of, or constitute a default under the certificate of incorporation or bylaws of Steel or any law, statute, rule or regulation applicable to it, or conflict with, violate or result in a breach of or constitute a default under the material agreement to which it is a party or by which it or any of its properties is bound, or any judgment, order, award or decree to which Steel is a party or by which it is bound, or require any approval, consent, authorization or other action by any court, governmental authority or regulatory body or any creditor of Steel or any other person or entity, and (iii) this Agreement constitutes a valid and binding obligation of Steel and is enforceable against Steel in accordance with its terms.

(b). Cliffs represents and warrants to Steel that: (i) the execution and delivery of this Agreement by Cliffs and the performance of its obligations hereunder have been duly authorized by all requisite corporate actions, (ii) neither the execution and delivery of this Agreement nor the performance of its obligations hereunder by Cliffs shall, or after the lapse of time or giving of notice shall, conflict with, violate or result in a breach of, or constitute a default under the certificate of incorporation or bylaws of Cliffs or any law, statute, rule or regulation applicable to it, or conflict with, violate or result in the breach of or constitute a default under any material agreement to which it is a party or by which it or any of its properties is bound, or any judgment, order, award or decree to which Cliffs is a party or by which it is bound, or require any approval, consent, authorization or other action by any court, governmental authority or regulatory body or any creditor of Cliffs or any other person or entity, and (iii) this Agreement constitutes a valid and binding obligation of Cliffs and is enforceable against Cliffs in accordance with its terms.

Section 22. - Counterparts.

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of April 10th, 2002.

THE CLEVELAND-CLIFFS IRON COMPANY

/s/ Donald J. Gallagher
Vice President

CLIFFS MINING COMPANY

/s/ Donald J. Gallagher
Vice President

NORTHSHORE MINING COMPANY

/s/ Donald J. Gallagher
Vice President

NORTHSHORE SALES COMPANY

/s/ Donald J. Gallagher
Vice President

INTERNATIONAL STEEL GROUP INC

/s/ Rodney Mott
Vice President

ISG CLEVELAND INC.

/s/ Rodney Mott
Vice President

ISG INDIANA HARBOR INC

/s/ Rodney Mott
Vice President

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSION

APPENDIX 1

[* 10
*
*
*]
Steel1
Steel’s 2
Annual Pellet
Tonnage
Requirements
Steel’s5
AOP
Substitute7
Pellets
ton2
Transferee22
year3

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EXHIBIT 1

CLEVELAND-CLIFFS STANDARD ACID PELLET TYPICAL ANALYSIS
AS LOADED TO VESSEL FOR SHIPMENT

		EMPIRE MINE				NORTHSHORE MINE				HIBBING TACONITE		
	Report			[* * * *]				[* * * *]				[Analysis
	Frequency	Typical	[* * * *]	[* * * *]		Typical	[* * * *]			Typical	[* * * *]	Limits]
Moisture	V	[* * * *]				[* * * *]				[* * * *]		
A. DRY CHEMICAL ANALYSIS												
Total Iron	V	[* * * *]				[* * * *]				[* * * *]		
SiO2	V	[* * * *]	[* * * *]	[* * * *]		[* * * *]	[* * * *]	[* * * *]]		[* * * *]	[* * * *]	[* * * *]
Al2O3	V	[* * * *]				[* * * *]				[* * * *]		
CaO	V	[* * * *]				[* * * *]				[* * * *]		
MgO	V	[* * * *]				[* * * *]				[* * * *]		
Mn	V	[* * * *]				[* * * *]				[* * * *]		
Phos	V	[* * * *]	[* * * *]	[* * * *]		[* * * *]	[* * * *]	[* * * *]	SA	[* * * *]		
S	SA	[* * * *]				[* * * *]				[* * * *]		
TiO2	SA	[* * * *]				[* * * *]				[* * * *]		
Na2O	V	[* * * *]				[* * * *]				[* * * *]		
K2O	V	[* * * *]				[* * * *]				[* * * *]		
B. SIZING, Wt. %												
% + 1/2"	V	[* * * *]				[* * * *]				[* * * *]		
% - 1/2" x + 3/8"	V	[* * * *]				[* * * *]				[* * * *]		
% - 3/8" x + 1/4"	V	[* * * *]				[* * * *]				[* * * *]		
% - 1/4"	V	[* * * *]	[* * * *]	[* * * *]		[* * * *]	[* * * *]	[* * * *]		[* * * *]	[* * * *]	[* * * *]
% - 28 mesh												
C. TUMBLE TEST												
% + 1/4" before tumble	V	[* * * *]				[* * * *]				[* * * *]		
% + 1/4" after tumble	V	[* * * *]	[* * * *]	[* * * *]		[* * * *]	[* * * *]	[* * * *]		[* * * *]	[* * * *]	[* * * *]
Q Index	V	[* * * *]				[* * * *]				[* * * *]		
Tumble Index - 28 mesh	V	[* * * *]				[* * * *]				[* * * *]		
D. COMPRESSION TEST (1)												
Minus 1/2" by plus 7/16"									V	[* * * *]		
Minus 1/2" by plus 3/8"	SA	[* * * *]			V	[* * * *]						
% -300 lbs.					V	[* * * *]			V	[* * * *]		
TYPICAL ANALYSIS	-	**2002 expected cargo analysis**										

[* * * *]	-	[* * * *]		
[* * * *]	-	[* * * *]		
LETTER "V" DENOTES	-	Analysis to be provided on each Vessel Shipment of Pellets		
LETTER "SA" DENOTES	-	Analysis to be done on a composite sample of semi-annual Vessel Shipments		

CONFIDENTIAL MATERIAL HAS BEEN OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION. ASTERISKS DENOTE SUCH OMISSIONS.

EXHIBIT 2

PRICE ADJUSTMENT FORMULA
EMPIRE, HIBBING, AND NORTHSHORE PELLETS
FOR YEARS 2003 THROUGH 2016

Current Year's Price Adjustment Calculation

1. Section 5 (d)

[* * *] X [* * *] = A

[* * *]

A X Preceding Year's Adjusted Price Per Iron Unit = Current Year's Price Adjustment Per Iron Unit

Current Year's Adjusted Price Per Iron Unit

Current Year's Price Adjustment Per Iron Unit + Preceding Year's Adjusted Price Per Iron Unit = Current Year's Adjusted Price Per Iron Unit

Current Year's Estimated Pellet Price Per Ton

Current Year's Adjusted Price Per Iron Unit X Current Year's Expected Natural Iron Content = Current Year's Estimated Pellet Price Per Ton

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SECURITIES AND EXCHANGE COMMISSION.
ASTERISKS DENOTE SUCH OMISSIONS.

EXHIBIT 3

[* * *] FORMULA

EMPIRE, HIBBING, AND NORTHSHORE PELLETS

FOR YEARS 2003 THROUGH 2016

	Example 1	Example 2	Example 3	Example 4	Example 5	Example 6
[* * *]	[* * *]	[* * *]	[* * *]	[* * *]	[* * *]	[* * *]

EXHIBIT 4

SUBSTITUTE [* * * *] EXAMPLE
[* * * *]
FOR YEARS 2002 THROUGH 2016

Contract [* * * *]

Contract [* * * *]

In The Event That [* * * *] Annual Total [* * * *] Are Less Than [* * * *], Then Steel And Cliffs Agree To Substitute Another [* * * *]

- Substitute [* * * *]

Determine Substitute [* * * *]

(1) Current Year's Actual Average [* * * *] of Substituted [* * * *] - Prior Year's [* * * *] = A

(2) A + [* * * *] = [* * * *]

(3) A + [* * * *] = [* * * *]

Results From (2) and (3) Above Determine Substitute[* * * *]

EXHIBIT 10.85

FIRST AMENDMENT TO PELLET SALE AND PURCHASE AGREEMENT

This FIRST AMENDMENT TO PELLET SALE AND PURCHASE AGREEMENT (the "***Amendment***") is entered into, dated and effective as of December 16, 2004, by and among THE CLEVELAND-CLIFFS IRON COMPANY, an Ohio corporation ("***CCIC***"), CLIFFS MINING COMPANY, a Delaware corporation ("***CMC***"), NORTHSHORE MINING COMPANY, a Delaware corporation ("***Northshore***"), CLIFFS SALES COMPANY, an Ohio corporation formerly known as Northshore Sales Company ("***Sales***"; CCIC, CMC, Northshore and Sales, collectively, "***Cliffs***"), INTERNATIONAL STEEL GROUP INC., a Delaware corporation ("***ISG***"), ISG CLEVELAND INC., a Delaware corporation ("***ISG Cleveland***"), and ISG INDIANA HARBOR INC., a Delaware corporation ("***ISG Indiana Harbor***"; ISG, ISG Cleveland and ISG Indiana Harbor, collectively, "***Steel***").

RECITALS

WHEREAS, Cliffs and Steel desire to enter into this Amendment to amend their Pellet Sale and Purchase Agreement, dated as of April 10, 2002 (the "***Agreement***");

NOW, THEREFORE, in consideration of the premises, their mutual covenants and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. The WHEREAS clause appearing on pages 1 and 2 of the Agreement is hereby deleted and the following added as a new WHEREAS clause:

> **WHEREAS,** Cliffs desires to sell to Steel and Steel desires to purchase from Cliffs certain quantities of grades of iron ore pellets as follows: (i) such grades of iron ore standard pellets being those produced at the [****] iron ore pellet plant ("[****] Pellets"), located in [****] ("[****] Mine"); (ii) such grades of iron ore flux pellets being those produced at the [****] iron ore plant ("[****] Pellets"), located in [****] ("[****] Mine"); (iii) such grades of iron ore standard pellets being those produced at the [****] iron ore pellet plant ("[****] Pellets"), located in [****] ("[****] Mine"); (iv) such grades of iron ore standard pellets being those produced at the [****] iron ore pellet plant ("[****] Pellets"), located in [****] ("[****] Mine"); (v) such grades of iron ore partial flux pellets being those produced at the [****] iron ore plant ("[****] Pellets"), located in [****] ("[****] Mine"); or (vi) such other pellet grades as may be mutually agreed to by the parties hereto (such [****] Pellets, [****] Pellets, [****] Pellets, [****] Pellets, [****] Pellets, and other mutually agreed upon pellets collectively being referred to herein as "Cliffs Pellets"), all on the conditions contained herein.

2. Section 4(c) of the Agreement is hereby deleted and the following added as a new Section 4(c):

> (c) With respect to the tonnage of [****] Pellets which Cliffs will have available for sale to Steel, on or before December 31 of each year Cliffs shall notify Steel in writing as to the tonnage of [****] Pellets Cliffs shall sell to Steel, which tonnage shall equal Steel's Annual Pellet Tonnage Requirements for such year.

3. Section 5(c) of the Agreement is hereby deleted and the following is added as a new Section 5(c):

(c) The prices for the specific grades of Cliffs Pellets sold and purchased in each of the years 2003 and 2004 for the Cleveland Works or other dock area designated by Steel pursuant to Section 8(a), and the Indiana Harbor Works shall be based on the [****] prices per iron unit as described in Section 5(a) (iii) and 5(b)(ii) above ("[****] prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works"), which [****] prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works shall then be adjusted, up or down, in the year [****] by an amount as determined in accordance with Section 5(d) below.

4. Sections 5(g)(i)(1) and (2) of the Agreement are hereby deleted and the following is added as new Sections 5(g)(i)(1) and 5(g)(i)(2):

(g)(1) In [****], annual special steel pricing payments ("Special Payment") shall be made, wherein Cliffs shall pay Steel or Steel shall pay Cliffs, as the case may be, [****]. The amount of the Special Payment shall be determined as follows:

(1) If during [****], Steel's [****], Cliffs shall pay Steel an amount equal to: (w) the amount [****], (x) multiplied by [****], (y) multiplied by [****], (z) multiplied by [****].

(2) If during [****], Steel's [****], Steel shall pay Cliffs an amount equal to: (w) the amount [****], (x) multiplied by [****], (y) multiplied by the [****], (z) multiplied by the [****].

5. The following is added as a new section 5A:

5A(a) The prices for specific grades of Cliffs Pellets sold and purchased in each of the years [****] and thereafter for the Cleveland Works or other dock areas designated by Steel pursuant to Section 8(a), and Indiana Harbor Works shall be based on [****] Prices as described in Section 5A(b), below, which [****] Prices for each of the Cleveland Works and the Indiana Habor Works shall then be adjusted quarterly, up or down, in the year [****] and thereafter by an amount as determined in accordance with Section 5A(c) below.

(b) For purposes of this Section 5A, the [****] Prices per iron unit for Cliffs Pellets shall be as follows:

Cleveland Works

Grade	[****] [****] Price	Expected Natural Iron Content	Estimated Price Per Ton
[****] Flux	$[****]	[****]	$[****]
[****] Partial Flux	$[****]	[****]	$[****]
[****] Standard	$[****]	[****]	$[****]
[****] Standard	$[****]	[****]	$[****]
[****] Standard	$[****]	[****]	$[****]

Indiana Harbor Works

Grade	[****] [****] Price	Expected Natural Iron Content	Estimated Price Per Ton
[****] Flux	$[****]	[****]	$[****]
[****] Partial Flux	$[****]	[****]	$[****]
[****] Standard	$[****]	[****]	$[****]
[****] Standard	$[****]	[****]	$[****]
[****] Standard	$[****]	[****]	$[****]

(c) In order to determine the adjusted prices to be paid during the years [****] and thereafter for the Cliffs Pellets, the [****] Prices for each of the Cleveland Works and the Indiana Harbor Works and each of the following respective year's then-adjusted prices per iron unit for each of the Cleveland Works and the Indiana Harbor Works shall be further adjusted, up or down, each year for the year in determination as follows:

(1) Divide (x) the numerator, which is the amount by which the [****] ("[****]") for the calendar year in determination changes (up or down) from the immediately preceding calendar year's [****]; by (y) the denominator, which is the immediately preceding calendar year's [****], and multiply the result obtained by [****]; and

(2) Divide (x) the numerator, which is the amount by which the [****] (“[****]”) for the calendar year in determination changes from the immediately preceding calendar year’s [****]; by (y) the denominator, which is the immediately preceding calendar year’s [****], and multiply the result obtain by [****]; and

(3) Sum the results obtained in paragraphs (1) and (2) above and multiply that total by [****]; and

(4) Multiply the results determined in (3) above by the preceding year's adjusted prices per iron unit, which will then equal the current year's price adjustment per iron unit; and

(5) Add the result determined in (4) above to the preceding year's adjusted price per iron unit for the Cleveland Works and the Indiana Harbor Works, which will then equal the current year's adjusted prices per iron unit for the Cleveland Works and the Indiana Harbor Works; and

(6) Multiply the result determined in (5) above by the current year's expected natural iron content, which will then equal the current year's estimated price per ton for the Cleveland Works and the Indiana Harbor Works.

Those adjusted prices per ton shall then become the contract's year estimated price for the Cliffs Pellets delivered to the Cleveland Works and the Indiana Harbor Works for the year in determination.

(d) The final price for all tons sold by Cliffs to Steel shall be based on actual natural iron content shipped, as provided in Section 6 of this Agreement.

(e) Attached as Exhibit 5 is an example of the adjustment formula applying the provisions of Sections 5A(b) and 5A(c).

(f)(i) Beginning in [****], a Special Payment shall be made in each year, wherein Cliffs shall pay Steel or Steel shall pay Cliffs, as the case may be, if [****]. The amount of the Special Payment shall be determined as follows:

(1) In any contract year in which [****], Cliffs shall pay Steel an amount equal to: (w) the amount [****], (x) multiplied by [****], (y) multiplied by [****], (z) multiplied by the total tons of Cliffs Pellets which Steel [****] in the contract year.

(2) In any contract year in which [****], Steel shall pay Cliffs an amount equal to: (w) the amount [****], (x) multiplied by [****], (y) multiplied by [****], (z) multiplied by the total tons of Cliffs Pellets which Steel [****] in the contract year.

(3) For the purpose of estimating the Special Payment, a steel pricing payment calculation shall be made by Steel following the end of each quarter, using the formula provided for in Sections 5A(f)(i)(1) and 5A(f)(i)(2) above for each quarter. This calculation (and payment, if any) shall be based on [****]. Within 30 days following each quarter Steel shall notify Cliffs in writing of the amount (if any) payable by Cliffs to Steel or Steel to Cliffs, and a quarterly payment, if any, shall be made by Cliffs to Steel or Steel to Cliffs, as the case may be, within 45 days after the end of each quarter.

(4) The final Special Payment calculation shall be made after the end of the year in accordance with Sections 5A(f)(i)(1) and 5A(f)(i)(2) above which will reflect [****] adjustment will be made to reflect any difference between the actual year's Special Payment and the quarterly estimated payments that were made during

the year. Payment due, from either party, as a result of the actual annual calculation shall be made by February 15 of the year following the contract year.

(5) Attached as Exhibits 6 and 7 are examples of the calculations applying the provisions of Sections 5A(f)(i).

(ii) In the event that in any year [****] are less than [****], then Cliffs and Steel agree to review the [****]. If the [****] are greater than or equal to [****] of Steel's [****], then the provisions of Section 5A(f)(i) shall apply without further modification. If such [****] threshold is still not satisfied, then Cliffs and Steel agree to substitute [****]. The [****] which are used for the price ranges, as provided for in Section 5A(f)(i) above, shall be adjusted as follows: (i) the [****] (ii) the [****], (iii) with the difference between (i) and (ii) above being added to both the [****] to determine the revised ranges for the [****] in order to determine the Special Payment.

(g) Prices for Cliffs Pellets shall be adjusted on a calendar quarterly basis based upon estimated and/or actual changes, as applicable, in the published indices specified in Section 5A(c) ("Quarterly Price Adjustment"). Cliffs shall calculate the Quarterly Price Adjustment and provide Steel with such Quarterly Price Adjustment by the 15th day after the end of each calendar quarter, or on such later date as may be mutually agreed between Cliffs and Steel. Cliffs shall issue an invoice or credit memo, as the case may be, to Steel concurrently with the Quarterly Price Adjustment, and payment from Cliffs to Steel or Steel to Cliffs, as the case may be, shall be made by the 15th day following issuance of the invoice or credit memo, as the case may be.

6. Exhibit 1 is hereby deleted and a new Exhibit 1 is hereby attached to this Agreement and incorporated in the Agreement by reference.

*** * * END OF PAGE * * ***

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective authorized officers.

THE CLEVELAND-CLIFFS IRON COMPANY

By: /s/ William R. Calfee
Name: William R. Calfee
Title: Executive Vice President Commercial

CLIFFS MINING COMPANY

By: /s/ William R. Calfee
Name: William R. Calfee
Title: Executive Vice President Commercial

NORTHSHORE MINING COMPANY

By: /s/ William R. Calfee
Name: William R. Calfee
Title: Executive Vice President Commercial

CLIFFS SALES COMPANY

By: /s/ William R. Calfee
Name: William R. Calfee
Title: Executive Vice President Commercial

INTERNATIONAL STEEL GROUP INC.

By: /s/ Rodney B. Mott
Name: Rodney B. Mott
Title:_________

ISG CLEVELAND INC.

By: /s/ Rodney B. Mott
Name: Rodney B. Mott
Title:_________

ISG INDIANA HARBOR INC.

By: /s/ Rodney B. Mott
Name: Rodney B. Mott
Title:_________

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASETERISKS DENOTE SUCH OMISSIONS.

EXHIBIT 10.86

CONFIDENTIAL TREATMENT
CLEVELAND-CLIFFS INC HAS REQUESTED THAT THE
MARKED PORTIONS OF THIS DOCUMENT BE ACCORDED
CONFIDENTIAL TREATMENT PURSUANT TO RULE 24B-2
UNDER THE SECURITIES EXCHANGE ACT OF 1934

PELLET SALE AND PURCHASE AGREEMENT

This AGREEMENT (this "AGREEMENT") is entered into, dated as of December 31, 2002, by and among THE CLEVELAND-CLIFFS IRON COMPANY, an Ohio corporation ("CCIC"), CLIFFS MINING COMPANY, a Delaware corporation ("CMC"; CCIC and CMC, collectively, "CLIFFS"), and ISPAT INLAND INC., a Delaware corporation ("INLAND"). Capitalized terms used herein and not defined in context or defined (or cross-referenced) in Section 1 shall have the meanings given to them in the Partnership Agreement (defined below).

RECITALS

WHEREAS, each of Inland and Cliffs Empire, Inc., a Michigan corporation ("CLIFFS EMPIRE"), is a general partner in Empire Iron Mining Partnership, a Michigan general partnership (the "PARTNERSHIP"), pursuant to that certain Restated Empire Iron Mining Partnership Agreement dated as of December 1, 1978, as amended (the "PARTNERSHIP AGREEMENT"), the current parties to which are Inland, Cliffs Empire, Empire-Cliffs Partnership, a Michigan general partnership, Wheeling-Pittsburgh/Cliffs Partnership, a Michigan general partnership, and the Partnership;

WHEREAS, concurrently with the execution and delivery of this Agreement, Inland and Cliffs Empire are entering into that Purchase and Sale Agreement ("PSA") pursuant to which Cliffs Empire is to acquire Inland's 32.33% general partnership interest in the Partnership (the date such acquisition is to be effective, the "EFFECTIVE DATE");

WHEREAS, Cliffs and Inland currently are parties to a Pellet Sale and Purchase Agreement, dated as of January 1, 1997, as amended (the "PREDECESSOR PELLET SALE AGREEMENT"), providing for the sale by Cliffs and the purchase by Inland of up to 1,000,000 tons of pellets annually in excess of Inland's Equity Entitlements from sources controlled or managed by Cliffs; and

WHEREAS, Inland desires to purchase from Cliffs, and Cliffs desires to sell to Inland, a tonnage of Cliffs Pellets equal to all of Inland's Excess Annual Requirements from and after the Effective Date, subject to the terms and conditions hereof, and Inland and Cliffs desire to terminate the Predecessor Pellet Sale Agreement as of the Effective Date;

AGREEMENTS

NOW, THEREFORE, in consideration of the premises, their mutual covenants and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

The terms quoted in the above parentheses of the first introductory paragraph of this Agreement, the WHEREAS clauses, other terms quoted throughout this Agreement, and the terms defined below in this Section 1 shall have the meanings assigned to them for purposes of this Agreement.

(a) "ALTERNATIVE DAY" means, with respect to a given date that is not a Business Day, (i) the day immediately preceding such date, if such date is a Saturday which is not also a holiday for which banks in Cleveland, Ohio or Chicago, Illinois are not permitted or required by law to be closed for business, and (ii) in all other events, the next following Business Day.

(b) "BASIC CLIFFS PELLETS" means, collectively, Empire Pellets and Wabush Pellets.

(c) "BUSINESS DAY" means any day on which banks in Cleveland, Ohio or Chicago, Illinois are not permitted or required by law to be closed for business.

(d) "CLIFFS PELLETS" means, collectively, Basic Cliffs Pellets and Other Cliffs Pellets.

(e) "COMPOSITE INDEX" means, for any year, the sum of:

(i)[* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *]; plus

(ii)[* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *]; plus

(iii)[* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *].

The formula for calculating this Composite Index is set forth on Schedule 1(e). For each year beginning in [* * * *] the Composite Index (x) shall be initially determined based on Cliffs' good faith reasonable estimate (which shall take into account all data that is final for the year in determination) given to Inland not later than December 15 of the prior year and (y) shall be certified by Cliffs not later than June 15 of such year. Beginning in [* * * *], subject to adjustment pursuant to Section 7 hereof, payments shall be made by reference to the Composite Index estimated (with respect to payments made with respect to such year until June 15 of such year) and certified (with respect to payments made with respect to such year after June 15 of such year) by Cliffs pursuant hereto, unless disputed in good faith by Inland.

(f) "CONTRACT YEAR" means a 12-month period commencing on February 1 and ending on January 31. For example, the 2003 Contract Year commences on 2/1/03 and ends on 1/31/04.

(g) ["* * * * "] means, for any year, the arithmetical average of the [* * * *], for such year

(h) "EMPIRE EQUITY TONNAGE" means the total tonnage of pellets that Inland or any subsidiary or affiliate of Inland nominates for purchase from the Partnership, and which tonnage the Partnership is required to supply in accordance with the terms and conditions of the EIMP Ore Sales Agreement.

(i) "EXPECTED IRON CONTENT" means (i) for Empire Standard Pellets, 63.47%, (ii) for Empire Royal Pellets, 59.96%, (iii) for Empire Viceroy Pellets, 58.64%, (iv) for Wabush 1% Mn Standard Pellets, 64.35%, (v) for Wabush 1% Mn Flux Pellets, 61.67%, (vi) for Wabush 2% Mn Standard Pellets, 63.57%, (vii) for Wabush 2% Mn Flux Pellets, 60.84%, and (viii) for any kind of Other Cliffs Pellets (subject to applicable grade and quality standards set forth in Section 4 hereof) (x) in the first year they are provided by Cliffs, the percentage specified by Cliffs in good faith, and (y) in all other years, the actual iron percentage for such kind of Other Cliffs Pellets for the prior year.

(j) "FLUX COMPOSITE INDEX" means, for any year, the sum of:

(i)[* * * *], multiplied by a fraction, the numerator of which is the average cost per [* * * *] for such preceding year, and the denominator of which is the average cost per [* * * *] for [* * * *]; provided, however, that Cliffs shall use commercially reasonable efforts to obtain the [* * * *]; plus

(ii)[* * * *], multiplied by a fraction, the numerator of which is the [* * * *] for such preceding year, and the denominator of which is the [* * * *] for [* * * *].

The formula for calculating this Flux Composite Index is set forth on Schedule 1(j). For each year beginning in [* * * *], the Flux Composite Index (x) shall be initially determined based on Cliffs' good faith reasonable estimate (which shall take into account all data that is final for the year in determination) given to Inland not later than December 15 of the prior year and (y) shall be certified by Cliffs not later than June 15 of such year. Beginning in [* * * *], subject to adjustment pursuant to Section 7 hereof, payments shall be made by reference to the Flux Composite Index estimated (with respect to payments made with respect to such year until June 15 of such year) and certified (with respect to payments made with respect to such year after June 15 of such year) by Cliffs pursuant hereto, unless disputed in good faith by Inland.

(k) The words "INLAND'S EQUITY ENTITLEMENTS", as used herein, means the total tonnage of pellets which Inland or any subsidiary or affiliate of Inland actually purchases or acquires annually or otherwise receives annually from the Minorca iron ore mine, located in Virginia, Minnesota, and the Empire Mine pursuant to the EIMP Ore Sales Agreement; provided, however, that Inland's Equity Entitlements with respect to Minorca shall be consistent with Minorca's production capability as of January 1, 2003 as enhanced by subsequent continuous production improvements.

(l) The words "IRON UNIT", as used herein, means one percent (1%) of contained iron, and all prices per iron unit shall be expressed on an iron unit per ton basis.

(m) [* * * *]

(n) "OTHER CLIFFS PELLETS" means, collectively, Other Cliffs Standard Pellets and Other Cliffs Fluxed Pellets.

(o) The word "PELLETS", as used herein, means iron-bearing products at natural moisture obtained by the pelletizing of iron ore or iron ore concentrates, suitable for making iron in blast furnaces.

(p) The word "PERSON", as used herein, means any natural person, or any corporation, limited liability company, limited or general partnership, trust, association or other legal entity.

(q) [* * * *] means 100%, minus the following quotient, expressed as a percentage:

(i) the number of tons of pellets actually delivered by Cliffs during a Contract Year in accordance with the terms and conditions hereof and the EIMP Ore Sales Agreement, divided by

(ii) the amount of the Excess Annual Requirements that Cliffs has committed to supply hereunder plus the Empire Equity Tonnage for such year.

(r) The word "TON", as used herein, means a gross ton of 2,240 pounds avoirdupois natural weight.

(s) [* * * *] means, at any time, a price per iron unit equal to the sum of:

(i) [* * * *], multiplied by the [* * * *]; plus

(ii) [* * * *], multiplied by the [* * * *].

Schedule 1(s) illustrates calculation of the [* * * *] for [* * * *], which is [* * * *] per iron unit.

(t) The word "YEAR", as used herein, means a calendar year commencing on January 1 and ending December 31.

(u) If any of the information required to calculate the Composite Index, the [* * * *] or the [* * * *] (either because a particular product ceases to be available, or because information is no longer [* * * *], the parties will negotiate in good faith to revise the definition of such term to one based on then-published information, and any dispute will be resolved pursuant to Section 15.

(v) The following is a locator list of all defined terms used throughout this Agreement:

2. SALE AND PURCHASE/VOLUME

(a) Subject to the other provisions of this Section 2, for each of the 12 Contract Years 2003 through 2014, inclusive, and during any extension of the term of this Agreement, Cliffs shall sell and deliver to Inland, and Inland shall purchase and receive from Cliffs and pay Cliffs for, a tonnage of Cliffs Pellets equal to 100% of the total pellet tonnage consumed in the blast furnaces or other areas that use prime blast furnace pellets (assuming the Cliffs Pellets meet the applicable quality requirements of those other areas), at Inland's facility at Indiana Harbor, Indiana (the "INDIANA HARBOR PLANT"), adjusted for inventory positions, in excess of Inland's Equity Entitlements ("EXCESS ANNUAL REQUIREMENTS") for such Contract Year; provided, however, that (i) in no Contract Year shall Inland purchase and receive from Cliffs and the Partnership, collectively, pursuant to (A) the EIMP Ore Sales Agreement and (B) this Agreement, and pay Cliffs and the Partnership, collectively, for, less than [* * * *] tons of Cliffs Pellets, and (ii) by January 31, 2008 Inland shall have purchased and received from Cliffs and the Partnership, collectively, pursuant to the EIMP Ore Sales Agreement and this Agreement, and have paid Cliffs and the Partnership, collectively, for, not less than [* * * *] tons of Cliffs Pellets.
If Inland plans to close any blast furnace at the Indiana Harbor Plant for a minimum of two years, Inland shall notify Cliffs a minimum of one year prior to such blast furnace closure date, and the minimum annual tonnage of Cliffs Pellets to be purchased and received by Inland from Cliffs and the Partnership, collectively, under clause (i) of the proviso in the foregoing sentence shall be reduced by (x) 500,000 tons per Contract Year, prorated for the first Contract Year based upon when during such Contract Year such closure is effective for the first blast furnace closed, (y) an additional 800,000 tons per Contract Year, prorated for the first Contract Year based upon when during such Contract Year such closure is effective for the second blast furnace closed, and (z) an additional 1,200,000 tons per Contract Year, prorated for the first Contract Year based upon when during such Contract Year such closure is effective for the third blast furnace closed, but no change shall be made to the minimum tonnage under clause (ii) of such proviso. If a blast furnace for which a reduction has been granted, reopens less than 2 years after the effective date of closure, Inland's Excess Annual Requirement for the then-current Contract Year shall immediately be increased by an amount equal to the amount by which actual tons purchased by Inland in the affected years was less than the then applicable purchase requirements for such affected years (without regard to the reduction taken for the re-opened furnace).

(b) For each of the 12 Contract Years 2003 through 2014, inclusive, and during any extension of the term of this Agreement, Cliffs shall be obligated to sell and deliver to Inland 100% of its Excess Annual Requirements, up to [* * * *] tons of Cliffs Pellets per Contract Year. If Inland's Excess Annual Requirements, as initially fixed pursuant to Section 5(a) or as adjusted pursuant to Section 5(c), in any Contract Year exceeds [* * * *] tons, Cliffs shall use commercially reasonable efforts to sell and deliver any pellets in excess of [* * * *] tons. For purposes of this Section 2(b) the Cliffs Pellets supplied by the Partnership under the EIMP Ore Sales Agreement shall count as Cliffs Pellets supplied by Cliffs in discharge of its obligation to supply Inland's Excess Annual Requirements. In the event that Cliffs fails to supply Inland's Excess Annual Requirements which Cliffs is required to supply in accordance with the terms and conditions hereof or fails to cause the Partnership to supply Inland's Empire Equity Tonnage which the Partnership is required to supply in accordance with the terms and conditions of the EIMP Ore Sales Agreement, which failure remains uncured for 60 days (or any such shorter period of time after which all or substantially all of Inland's pellet inventory will be consumed or used) after notice is given by Inland of such failure (the aggregate shortfall from Inland's Excess Annual Requirements and Empire Equity Tonnage being referred to herein as the "SUPPLY

SHORTFALL"), then Inland may, at its sole option, "cover" by making any reasonable purchase of or contract to purchase pellets in substitution for those due from Cliffs hereunder and from the Partnership under the EIMP Ore Sales Agreement. Inland shall be entitled to recover from Cliffs as damages ("COVERING COSTS") the difference between the cost of covering and the price herein provided for [* * * *] and such other incidental costs (such as storage and transport) related thereto, but less any other expenses saved as a result of Cliffs' failure. In addition to the foregoing, if the aggregate Supply Shortfall in a given Contract Year [* * * *] of an amount equal to Inland's Excess Annual Requirements plus the Empire Equity Tonnage, in each case for such Contract Year, and if Inland exercises its rights to "cover" in accordance with the foregoing sentence, then [* * * *] for such Contract Year [* * * *]. The [* * * *] shall be applied in full against the next payment then due under Section 7(a)(ii) (and, if such reduction is larger than such payment, against the next succeeding payments due under Section 7(a)(ii) until such [* * * *] is recouped in full, with any unrecouped amounts still outstanding at the end of the term of this Agreement to be paid in full by Cliffs at that time). In the event that the [* * * *] is triggered and Inland proceeds to cover in the manner permitted by this Section 2(b) and to recover damages from Cliffs on account thereof, the expenses saved referred to in the fourth sentence of this Section 2(b) shall include the amount by which the [* * * *] has been reduced, as long as the Supply Shortfall does not exceed [* * * *] with respect to the first [* * * *] hereunder, [* * * *] for the second [* * * *] hereunder, and [* * * *] for any additional [* * * *] hereunder.

3. SOURCING

(a) Cliffs shall initially supply Inland with pellets produced at the Partnership's iron ore pellet plant ("EMPIRE STANDARD PELLETS", "EMPIRE ROYAL PELLETS" and "EMPIRE VICEROY PELLETS", as the case may be; and, collectively, "EMPIRE PELLETS") located in Palmer, Michigan (the "EMPIRE PLANT").

(b) As long as Cliffs continues as a participant in the Wabush Mines Joint Venture, Inland may change pellet sourcing, for up to [* * * *] tons of pellets annually, from Empire Pellets to pellets produced at the Wabush Mines Joint Venture iron ore pellet plant ("WABUSH 2% MN STANDARD PELLETS," "WABUSH 2% MN FLUX PELLETS," "WABUSH 1% MN STANDARD PELLETS" and "WABUSH 1% MN FLUX PELLETS," as the case may be; and, collectively, "WABUSH PELLETS") located in Pointe Noire, Quebec (the "WABUSH PLANT").

(c) Cliffs may change pellet sourcing from Empire Standard Pellets to standard pellets from other sources controlled or managed by Cliffs, provided such pellets are of a quality comparable to that required for Empire Standard Pellets hereunder ("OTHER CLIFFS STANDARD PELLETS"). If Cliffs desires to provide Inland with Other Cliffs Standard Pellets, Cliffs shall give Inland not less than three months' prior notice, and then may make such change provided that Inland has had a reasonable opportunity to purge its stockpile of conflicting grades of pellets.

(d) In the event that Empire Pellets are no longer being produced at the Empire Plant due to a permanent shutdown or a long-term (defined as not less than 2 years) idle period (an "EMPIRE SHUTDOWN"), Cliffs shall provide one year's advance notice thereof and shall use commercially reasonable efforts to identify one or more alternative sources of fluxed pellets ("OTHER CLIFFS FLUXED PELLETS") and Other Cliffs Standard Pellets to be supplied by Cliffs.

(i)In the event that, at least 90 days prior to the Empire Shutdown, Cliffs establishes that it can supply Other Cliffs Pellets having the grades and specifications in chemical and physical structure described in Exhibit 3(d) attached hereto and identified as Key OCFP Specs (the "KEY OCFP SPECS") from one or more sources, excluding Tilden Hematite Pellets (being those pellets produced at the Tilden Mining Company L.C. iron ore pellet plant located in Tilden, Michigan), and the quantity of Wabush Pellets being limited to Inland's requirements for Wabush Pellets (it being understood that Cliffs shall limit sources to no more than two sources per pellet grade type and that Inland shall not be obligated to use more pellet sources than is commercially reasonable from a logistical standpoint), then (A) Cliffs shall offer for sale and delivery, and Inland may, at its option, purchase and receive, such Other Cliffs Fluxed Pellets and/or Other Cliffs Standard Pellets, as the case may be, in substitution for Empire Royal Pellets, Empire Viceroy Pellets or Empire Standard Pellets, as the case may be, hereunder, (B) Inland shall notify Cliffs within 90 days of Cliffs' offering such Other Cliffs Fluxed Pellets and/or such other Cliffs Standard Pellets of the quantities of each such Pellet grade that Inland elects to purchase and receive, (C) to the extent that Inland elects to purchase and receive such Other Cliffs Pellets, without limitation of the obligation to meet the Key OCFP Specs or the grade and quality specifications set forth in Section 3(c), Cliffs shall use commercially reasonable efforts to ensure that Other Cliffs Fluxed Pellets and/or Other Cliffs Standard Pellets, as the case may be, meet the specifications described in Exhibit 3(d) attached hereto that are identified as Secondary OCFP Specs (the "SECONDARY OCFP SPECIFICATIONS"), [* * * *].

(ii)In the event that, within 90 days of the Empire Shutdown, Cliffs cannot establish that it can supply the Other Cliffs Pellets meeting the Key OCFP Specs, then either party may immediately terminate this Agreement by written notice to the other party, in which case each party's obligations under this Agreement shall immediately terminate (including, without limitation, Inland's obligation to pay any [* * * *] and such termination of this Agreement shall be without further recourse to either party; provided, however, that Inland may take possession of all Cliffs Pellets for which payment under Section 7(a)(i) has been made and Cliffs shall deliver such pellets.

With respect to all Other Cliffs Pellets, pellet cooling, stockpiling, and dust suppression practices will be optimized on a commercially reasonable basis to avoid excessive moisture content in pellets. Within the one-year notice period applicable to an Empire Shutdown, Cliffs shall provide Inland with a reasonable opportunity to conduct a blast furnace trial not less than 90 days prior to the effective date of an Empire Shutdown on the Other Cliffs Pellets to be supplied pursuant to this Section 3(d).

4. GRADES AND QUALITY

(a) Empire Pellets shall consist of the grades and specifications and shall have the chemical and physical structure described in Exhibit A - 1 (the "GRADE AND QUALITY SPECS") attached hereto, unless otherwise mutually agreed. Cliffs will aim for the mid range of each specification, review production quality data monthly and adjust procedures where applicable to attempt to produce at the mid range of the specifications. Should Cliffs Pellets have values outside of the specification range (quantity and quality as determined by reference to such Exhibit A-1), then [* * * *]. For purposes of this Section 4(a), the terms "Empire Pellets" and "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(b) Wabush Pellets to be sold hereunder shall consist of the grades and specifications, and shall have approximately the same general average chemical and physical structure, as described in Exhibit A-2, and will be in conformance with Wabush Mine cargo quality specifications as may be agreed to by the Wabush Mine owners; provided, however, that if there is a material change in such specifications, Inland may, notwithstanding any limitation contained in Section 5 hereof, adjust its Excess Annual Requirements for the then-current Contract Year with respect to Wabush Pellets. Should any cargo of Wabush Pellets sold hereunder have chemical, physical, or metallurgical properties that materially deviate from those specifications shown in Exhibit A-2 or such changes to those specifications as agreed to by the Wabush Mine owners, then Cliffs and Inland [* * * *].

(c) Whenever any material amount of Cliffs Pellets delivered hereunder is outside of the specification range (determined by reference to the Grade and Quality Specs), Cliffs shall immediately furnish Inland with an off-spec report in Inland's designated format, an example of which is attached hereto as Exhibit A-3, defining parameter, time, cause and corrective action. With respect to any Cliffs Pellets purchased and sold hereunder that have characteristics [* * * *] (determined by reference to the Grade and Quality Specs), where applicable [* * * *] in the Grade and Quality Specs). The [* * * *] referred to in the immediately preceding sentence [* * * *] (and, if such [* * * *]. With respect to any Cliffs Pellets purchased and sold hereunder that have characteristics [* * * *], determined by reference to the Grade and Quality Specs [* * * *], Inland shall (i) [* * * *] for consumption in an Indiana Harbor Plant blast furnace, and/or (ii) determine (A) which of any such [* * * *] or (B) which of any such [* * * *], in either such case, Inland will supply notice to Cliffs within 15 days of the shipment date as to the [* * * *] shall be (including, without limitation, for purposes of [* * * *] hereof), and Inland shall [* * * *] in the Grade and Quality Specs) that is equal to [* * * *]. Any [* * * *] shall count towards Inland's minimum purchase requirements contained in Section 2(a) hereof. For purposes of this Section 4(c), the term "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(d) During the term of this Agreement and for all subsequent extensions pursuant to Section 18, Cliffs shall (and shall cause the Partnership to) make a good faith effort to comply with Inland requests for pellet quality improvement or development recommendations. The costs of such efforts or changes shall be allocated between the parties as mutually agreed.

5. NOTIFICATION AND NOMINATION

(a) With respect to the tonnage of Cliffs Pellets to be purchased by Inland for each of the Contract Years 2003 through 2014, inclusive, as provided for in Section 2(a), on or before October 31 (excluding the Contract Year 2003 which has been provided for in Section 5(e)) of each of the Contract Years prior to the Contract Years above, Inland shall notify Cliffs in writing of: (i) Inland's initial preliminary total annual pellet tonnage requirements, (ii) Inland's initial preliminary Excess Annual Requirements plus the Empire Equity Tonnage, and (iii) Inland's initial preliminary tonnages of each of the grades of ore nominated by Inland under the preceding clause (i).

(b) With respect to the tonnage of Cliffs Pellets to be purchased by Inland for each of the Contract Years 2003 through 2014, inclusive (except as otherwise provided in Section 5(e) hereof), as provided for in Section 2(a), and during the period October 31 through November 30 of each of the Contract Years prior to the remaining Contract Years above, Inland and Cliffs shall meet, as needed, to discuss: (i) Inland's preliminary total annual pellet tonnage requirements; (ii) Inland's preliminary Excess Annual Requirements plus the Empire Equity Tonnage; (iii) the preliminary tonnages and grades of Cliffs Pellets which Cliffs is required to sell and Inland is required to purchase pursuant to the terms of Sections 2(a) and 2(b) above; and (iv) a preliminary delivery schedule by ore grade for each month of the following Contract Year. Such matters shall be reduced to writing and exchanged by the parties with Inland confirming its preliminary Excess Annual Requirements by November 30 of each such Contract Year. If Inland's preliminary Excess Annual Requirements, when added with its Empire Equity Tonnage, exceed [* * * *] tons, Cliffs may, by notice to Inland but in any case subject to its obligations to use commercially reasonable efforts pursuant to Section 2(b) hereof, notify Inland of its inability (and the extent of such inability) to deliver such excess amount of Cliffs Pellets (the "SHORTFALL NOTICE"). If Cliffs delivers a Shortfall Notice, Inland may, notwithstanding anything to the contrary herein, obtain the amount designated in the Shortfall Notice from other suppliers. If no Shortfall Notice is received by November 30, Cliffs shall be deemed to have agreed hereunder to supply the full amount of Inland's Excess Annual Requirements plus Inland's Empire Equity Tonnage (including any amount in excess of [* * * *] tons).

(c) (i) With respect to the notification of Inland's preliminary Excess Annual Requirements of Cliffs Pellets as provided for in Sections 5(a) and 5(b) above, on or before March 15 of the then current Contract Year of the purchase and sale, Inland may, by written notification to Cliffs, adjust its preliminary Excess Annual Requirements by tonnage for the then current Contract Year either up, or by not more than [* * * *] of the total of Empire Equity Tonnage and Excess Annual Requirements down. If Inland increases its preliminary Excess Annual Requirements for the then current Contract Year, any such increase must be approved by Cliffs, and on or before March 31, Cliffs shall notify Inland as to whether or not Cliffs agrees to such increase or any part thereof. In the event Cliffs does not agree to such increase or any part thereof, Inland may, notwithstanding anything to the contrary herein, obtain the increased amount from other suppliers. If, by March 15 of the then current Contract Year, Inland shall have adjusted its preliminary Excess Annual Requirements, either up or down (with any increased adjustment having been agreed to by Cliffs), then such adjusted Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage shall be deemed Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase and Cliffs shall be obligated to sell such tonnage of Cliffs Pellets in accordance with such final Excess Annual Requirements.

(ii) If, however, Inland has not adjusted its preliminary Excess Annual Requirements as provided for in Section 5(c)(i), then on or before May 15 of the then current Contract Year of the purchase and sale, Inland may, by written notification to Cliffs, adjust its preliminary Excess Annual Requirements by tonnage for the then current Contract Year either up, or by not more than [* * * *] of the total of Empire Equity Tonnage and Excess Annual Requirements down. If Inland increases its preliminary Excess Annual Requirements for the then current Contract Year, any such increase must be approved by Cliffs, and on or before May 31, Cliffs shall notify Inland as to whether or not Cliffs agrees to such increase or any part thereof. In the event Cliffs does not agree to such increase or any part thereof, Inland may, notwithstanding anything to the contrary herein, obtain the increased amount from other suppliers. If, by May 15 of the then current CONTRACT Year, Inland shall have adjusted its preliminary Excess Annual Requirements, either up or down (with any increased adjustment having been agreed to by Cliffs), then such adjusted Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage shall be deemed to be Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase, and Cliffs shall be obligated to sell, such tonnage of Cliffs Pellets in accordance with such final Excess Annual Requirements.

(iii) If, however, Inland has not adjusted its preliminary Excess Annual Requirements as provided for in Section 5(c)(i) or 5(c)(ii), then on or before July 15 of the then current Contract Year of the purchase and sale, Inland may, by written notification to Cliffs, adjust its preliminary Excess Annual Requirements by tonnage for the then current Contract Year either up, or by not more than [* * * *] of the total of Empire Equity Tonnage and Excess Annual Requirements down. If Inland increases its preliminary Excess Annual Requirements for the then current Contract Year, any such increase must be approved by Cliffs, and on or before July 31, Cliffs shall notify Inland as to whether or not Cliffs agrees to such increase or any part thereof. In the event Cliffs does not agree to such increase or any part thereof, Inland may, notwithstanding anything to the contrary herein, obtain the increased amount from other suppliers. If, by July 15 of the then current Contract Year, Inland shall have adjusted its preliminary Excess Annual Requirements, either up or down (with any increased adjustment having been agreed to by Cliffs), then such adjusted Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage shall be deemed to be Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase, and Cliffs shall be obligated to sell, such tonnage of Cliffs Pellets in accordance with such final Excess Annual Requirements.

(iv) If no adjustment is made on or before July 15, then the preliminary Excess Annual Requirements by pellet grade (subject to Section 5(d)) and tonnage for the then current Contract Year shall be deemed to be Inland's final Excess Annual Requirements for such Contract Year, and Inland shall be obligated to purchase, and Cliffs shall be obligated to sell, such tonnage of Cliffs Pellets in accordance with such preliminary Excess Annual Requirements.

(d) At any time during the Contract Year, Inland may request an adjustment in the allocation among pellet grades of pellets provided by Cliffs hereunder and by the Partnership under the EIMP Ore Sales Agreement, and Cliffs shall (and shall cause the Partnership to) use commercially reasonable efforts to accommodate such request. Cliffs shall not produce tonnage in a grade designated for Inland more than three months ahead of when the grade should be available for Inland.

(e) During the Contract Year 2003, Cliffs shall sell and deliver and Inland shall purchase and receive from Cliffs hereunder and the Partnership under the EIMP Ore Sales Agreement and pay for a tonnage of Cliffs Pellets, including for purposes of this Section 5(e) pellets within the Empire Equity Tonnage, of such grades and qualities as set forth in Exhibit 5(e) subject to the delivery schedule set forth in Exhibit 5(e).

6. PRICE AND ADJUSTMENTS

(a) In each Contract Year the price paid for the Cliffs Pellets purchased and sold hereunder shall be determined as follows:

(i) First, taking each kind of Basic Cliffs Pellets separately, the price per iron unit shall be determined as provided in Section 6(b).

(ii) Second, the price per iron unit for any kind(s) of Other Cliffs Pellets shall be determined as provided in Section 6(c).

(b)(i) Empire Pellets shall have the following base price per iron unit ("BASE PRICE PER IRON UNIT") for the [* * * *]:

Pellet	f.o.b.	Base Price per Iron Unit
Empire Standard	[* * * *]	[* * * *]
Empire Royal	[* * * *]	[* * * *]
Empire Viceroy	[* * * *]	[* * * *]

(ii) In addition to the foregoing Base Price per Iron Unit for Empire Pellets, for the [* * * *], in the case of Empire Royal Pellets and Empire Viceroy Pellets, the following flux charge per ton ("FLUX CHARGE PER TON") shall be added:

	Flux Charge per Ton
Empire Royal	[* * * *]
Empire Viceroy	[* * * *]

(iii) For the [* * * *], inclusive, the Base Price per Iron Unit for each of the Empire Pellets, f.o.b. [* * * *], shall be determined by multiplying the applicable Base Price Multiplier below by the Composite Index for the Contract Year in determination:

Pellet	f.o.b.	Base Price Multiplier
Empire Standard	[* * * *]	[* * * *]
Empire Royal	[* * * *]	[* * * *]
Empire Viceroy	[* * * *]	[* * * *]

(iv) In addition to the foregoing Base Price per Iron Unit for Empire Pellets, for the [* * * *], inclusive, in the case of Empire Royal Pellets and Empire Viceroy Pellets, the following Flux Charge per Ton, determined by multiplying the applicable flux charge multiplier by the Flux Composite Index for the Contract Year in determination, shall be added:

	Flux Charge Multiplier
Empire Royal	[* * * *]
Empire Viceroy	[* * * *]

(v) Wabush Pellets shall have the following Base Price per Iron Unit for the [* * * *]:

Pellet	f.o.b.	Base Price per Iron Unit
Wabush 2% Mn Standard	Vessel at Pointe Noire	[* * * *]
Wabush 2% Mn Flux	Vessel at Pointe Noire	[* * * *]
Wabush 1% Mn Standard	Vessel at Pointe Noire	[* * * *]
Wabush 1% Mn Flux	Vessel at Pointe Noire	[* * * *]

(vi) For the [* * * *], inclusive, the Base Price per Iron Unit for each of the Wabush Pellets, f.o.b. vessel, shall be determined by multiplying the [* * * *] Base Price per Iron Unit by the Composite Index for the Contract Year in determination.

(c) If in any Contract Year Cliffs supplies any Other Cliffs Pellets to Inland, the price per iron unit for such kind(s) of Other Cliffs Pellets shall be that price per iron unit that, after taking into account the difference, if any, in transportation costs to Inland (transportation costs shall be calculated by reference to the actual incremental increase in transportation costs based on Inland models and shall be certified by Inland), results in the same average cost per iron unit (including transportation costs) delivered to the Indiana Harbor Plant as the average cost per iron unit (including transportation costs) delivered to the Indiana Harbor Plant would be if the entire Excess Annual Requirements were provided from the Empire Plant f.o.b. vessel at Escanaba.

(d) [* * * *]

(e) [* * * *]

(i) [* * * *]

(A) [* * * *].

(B) [* * * *].

(ii) [* * * *].

(A) [* * * *].

(B) [* * * *].

(C) [* * * *].

(D) [* * * *].

(iii) [* * * *].

(iv) [* * * *].

(v) The rights of the parties under Section 14.8 of the Partnership Agreement shall not be exclusive of any other rights that they may have with respect to the subject matter of such Section.

(f) Attached as Exhibit B is an example of the application of the provisions of this Section 6, other than Section 6(e).

7. PAYMENTS AND ADJUSTMENTS

(a) Subject to adjustment as provided in Sections 7(b) and 7(c), and subject further to the Omnibus Agreement, Inland shall pay Cliffs [* * * *] of each month (or if such day is not a Business Day, the Alternative Day), an amount equal to (i) commencing as of [* * * *] 2003, [* * * *] of the total cost of all of the tons of the various kinds of Cliffs Pellets to be supplied to meet Inland's Excess Annual Requirements for such Contract Year, to be determined in each case by multiplying such Excess Annual Requirements by the Expected Iron Content and the Base Price per Iron Unit, plus the appropriate Flux Charge per Ton, [* * * *]. Except as otherwise provided herein, the payments required to be made by Inland pursuant to Section 7(a)(ii) shall be made by Inland during the initial term of this Agreement [* * * *].

(b) The payments provided for in Section 7(a)(i) shall be adjusted as follows:

(i)In the event of any adjustment to the Excess Annual Requirements pursuant to Section 5(b), any payments to be made pursuant to Section 7(a)(i) after such adjustment shall be increased or decreased so that such payments will be equal in amount.

(ii)Beginning in [* * * *], not later than June 15 of each Contract Year, Cliffs shall prepare and certify to Inland (x) Cliffs' calculation of the Composite Index and the Flux Composite Index for such Contract Year, (y) Cliffs' recalculation of the Base Price per Iron Unit and Flux Charge per Ton for each kind of Cliffs Pellets, based thereon, and (z) the amount of the difference between the amount previously paid for Cliffs Pellets during the Contract Year and the amount that would have been paid had such adjusted Composite Index and Flux Composite Index been in effect from the beginning of the Contract Year. All subsequent payments to be made under Section 7(a)(i) shall be adjusted to reflect the revised Base Price per Iron Unit and Flux Charge per Ton, and the next such payment shall be adjusted by the amount specified in clause (z) above. For purposes of this Section 7(b)(ii), the term "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(c) In addition to the adjustments to be made pursuant to Section 7(b), not later than January 31 of each Contract Year, Cliffs shall prepare and certify to Inland: (x) Cliffs' calculation of the actual tonnage of each kind of Cliffs Pellets and any variance from tonnage forecast to be delivered to satisfy Inland's Excess Annual Requirements, in each case for the prior Contract Year; (y) the actual iron units in each kind of Cliffs Pellets, and any variance from the Expected Iron Content expected therefore, in each case for the prior Contract Year; and (z) the amount due from Cliffs to Inland, or vice versa, to adjust to correct for all of the variances in clauses (x) and (y) for the prior Contract Year. The payment due pursuant to Section 7(a)(i) next occurring after January 31 shall be adjusted by the amount specified in clause (z).

(d) All payments shall be made by wire transfer of immediately available funds according to such instructions as Cliffs may from time to time provide, and shall be made in U.S. dollars.

(e) In the event Inland purchases Cliffs Pellets required to be purchased under this Agreement in advance of the required date for such purchase, during the 12-month period following the date of such purchase Inland shall be entitled to defer a subsequent required purchase of Cliffs Pellets having an aggregate price equal to the aggregate price of the Cliffs Pellets purchased in advance for the same number of days as the advance purchase was in advance of its required date. Purchases of Cliffs Pellets required under this Agreement which are made in advance in January of any Contract Year shall be counted as purchases of Cliffs Pellets for purposes of Inland's Excess Annual Requirements for the next following Contract Year.

(f) In the event Inland shall fail to make payment when due of any amounts (other than amounts disputed in good faith by Inland), Cliffs, in addition to all other remedies available to Cliffs in law or in equity, shall have the right, but not the obligation, to withhold further performance by Cliffs under this Agreement until all claims Cliffs may have against Inland under this Agreement are fully satisfied.

(g) Exhibit B illustrates the operation of the provisions of this Section 7.

8. SHIPMENTS AND DELIVERY

(a) Cliffs and Inland will agree on a mutually acceptable delivery schedule for each Contract Year prior to December 1 of the preceding Contract Year and Cliffs shall make pellets available hereunder in accordance with such schedule. Such schedule must be established to match both Inland's blast furnace requirements and Cliffs' pellet availability and will include monthly shipment tonnage by grade. Cliffs and Inland will balance the delivery schedule by pellet source and type so that monthly shipments will be relatively equal over the Contract Year, considering winter shipping restrictions and production schedules to the locations designated in Section 8(b) below. Cliffs and Inland recognize that changes in schedule will occur as provided in Section 5, and will use commercially reasonable efforts to accommodate such changes. For purposes of this Section 8(a), the term "pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

(b) Deliveries shall be made as follows:

(i)Deliveries of Empire Pellets shall be made by Cliffs to Inland f.o.b. [* * * *], and title and all risk of loss (other than loss associated with shrinkage and, pellet handling and care in the ordinary course in the stockpile at such Dock), damage or destruction shall pass to Inland at the time that payment is received for such delivery of such Pellets (For purposes of this Section 8(b)(i), the term "Empire Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.);

(ii)Deliveries of Wabush Pellets shall be made by Cliffs to Inland f.o.b. vessel, Port of Pointe Noire, Quebec, or stockpiled at Wabush Dock in Pointe Noire, Quebec, and title and all risk of loss (other than loss associated with shrinkage and, pellet handling and care in the ordinary course in the stockpile at such Dock), damage or destruction shall pass to Inland at the time that payment is received for such delivery of such Pellets; and

(iii)Deliveries of Other Cliffs Pellets shall be made by Cliffs to Inland f.o.b. [* * * *], and title and all risk of loss (other than loss associated with shrinkage and, pellet handling and care in the ordinary course in the stockpile at such locations), damage or destruction shall pass to Inland at the time that payment is received for such delivery of such Pellets; provided, however, that Inland shall not be entitled to take delivery or possession of any Cliffs Pellets until Cliffs shall have received payment for such Pellets.

9. WEIGHTS

Vessel bill of lading weight determined by railroad scale weights or belt scale weights, certified in accordance with standard commercial practices, in accordance with the procedures in effect from time to time at each of the loading ports (which shall be reasonably acceptable to Inland), shall be accepted by the parties as determining the amount of Cliffs Pellets delivered to Inland pursuant to this Agreement. The weighing devices shall be regularly tested, verified, certified, and maintained. For those scale weights or belt scale weights Cliffs operates, Cliffs shall maintain records of certification, which shall be made available from time to time to Inland for review and audit. In all other cases, Cliffs shall use commercially reasonable efforts, upon the request of Inland, to obtain from those third parties operating the scale weights and/or belt weights, proof of certification.

10. EMPLOYMENT OF VESSELS

Inland assumes the obligation for arranging and providing appropriate vessels for the transportation of the Cliffs Pellets delivered by Cliffs to Inland hereunder. Inland shall arrange and provide for all vessel shipments, ore carrier or bulk carrier type vessels suitable in all respects to enter, berth at and leave the loading ports and suitable for the loading and mooring facilities at the loading ports. If Cliffs supplies any Other Cliffs Pellets hereunder, Inland shall (i) use all commercially reasonable efforts to obtain the best possible price and other terms for transportation of such Other Cliffs Pellets, and (ii) certify the use of such efforts, and the prices obtained for such transportation, to Cliffs at the end of each year. Any transportation price information supplied to Cliffs by Inland pursuant to this Section 10 shall be kept confidential. Cliffs shall provide Inland with a reasonable opportunity to bid for the supply of transportation services in connection with the delivery of flux stone to the Empire Mine. For purposes of this Section 10, the term "Cliffs Pellets" shall be deemed to include pellets supplied by the Partnership under the EIMP Ore Sales Agreement.

11. SAMPLING AND TESTING PROCEDURES

(a) All pellet sampling procedures and analytical tests conducted on Cliffs Pellets sold to Inland to demonstrate compliance with the Grade and Quality Specs specified in Section 4 shall be performed by Cliffs at the loading point on each pellet vessel shipment or train shipment, as the case may be. Cliffs shall retain a split of each sample of whole pellets for 90 days and will retain a ground pulp sample for chemical analysis for one year (the "SAMPLES"). Test methods to be used shall be the appropriate ASTM or ISO standard methods published at the time of testing or any other procedures and practices that may be mutually agreed to by Cliffs and Inland. Inland may, at any time and from time to time through one or more authorized representatives, be present during production, loading, or to observe sampling and analysis of pellets being processed for shipment to Inland. In the case of a dispute between Inland and Cliffs as to pellet analyses, a mutually agreed upon ISO 17025 certified (or such future certification standard as may replace ISO 17025) laboratory (the "LAB") shall be utilized to resolve the dispute. Notwithstanding Section 15 hereof, the Lab shall act as the final arbiter of all disputes related to pellet sampling and analysis. The party found to be in error (or if both parties are in error, both parties) shall bear the cost of the Lab.

(b) If a daily measurement shows a [* * * *] with respect to any Cliffs Pellets for the previous day, Cliffs will [* * * *]. Cliffs will use its best efforts to [* * * *] and Inland will [* * * *] at the mine.

12. REPRESENTATIONS AND WARRANTIES

(a) Inland represents and warrants to, and agrees with, Cliffs that the execution and delivery of this Agreement by Inland, and its consummation of the transactions contemplated hereby, have been duly authorized in accordance with all applicable laws and the certificate of incorporation and bylaws of Inland, and no further corporate action is necessary on the part of Inland to make this Agreement valid and binding on Inland and enforceable against Inland in accordance with its terms. The execution and delivery of this Agreement by Inland, and its consummation of the transactions contemplated hereby, (a) are not contrary to the certificate of incorporation or bylaws of Inland, (b) do not now and will not, with the passage of time, the giving of notice or otherwise, result in a violation or breach of, or constitute a default under, any term or provision of any indenture, mortgage, deed of trust, lease, instrument, order, judgment, decree, rule, regulation, law, contract, agreement or any other restriction to which Inland is a party or to which Inland or any of its assets is subject or bound, and (c) will not result in any acceleration or termination of any loan or security interest agreement to which Inland is a party or to or by which Inland or any of its assets is subject or bound; provided, however that no representation or warranty is being made regarding the validity or enforceability of Section 18(b).

(b) Cliffs represents and warrants to, and agrees with, Inland that the execution and delivery of this Agreement by Cliffs, and its consummation of the transactions contemplated hereby, have been duly authorized in accordance with all applicable laws and the articles of incorporation and bylaws of Cliffs, and no further corporate action is necessary on the part of Cliffs to make this Agreement valid and binding on Cliffs and enforceable against Cliffs in accordance with its terms. The execution and delivery of this Agreement by Cliffs, and its consummation of the transactions contemplated hereby, (a) are not contrary to the articles of incorporation or bylaws of Cliffs, (b) do not now and will not, with the passage of time, the giving of notice or otherwise, result in a violation or breach of, or constitute a default under, any term or provision of any indenture, mortgage, deed of trust, lease, instrument, order, judgment, decree, rule, regulation, law, contract, agreement or any other restriction to which Cliffs is a party or to which Cliffs or any of its assets is subject or bound, and (c) will not result in any acceleration or termination of any loan or security interest agreement to which Cliffs is a party or to or by which Cliffs or any of its assets is subject or bound; provided, however that no representation or warranty is being made regarding the validity or enforceability of Section 18(b).

(c) OTHER THAN AS SPECIFICALLY SET FORTH ELSEWHERE HEREIN (OR ANY EXHIBIT OR SCHEDULE ATTACHED HERETO OR OTHER DOCUMENT REFERENCED HEREIN), CLIFFS MAKES NO, AND HEREBY DISCLAIMS AND EXCLUDES ANY, EXPRESS OR IMPLIED WARRANTIES INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY, OF FITNESS, OR OF FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ALL CLIFFS PELLETS. WITH RESPECT TO SUCH WARRANTIES THAT ARE SPECIFICALLY SET FORTH HEREIN AND FOR WHICH A CORRESPONDING REMEDY IS HEREIN PROVIDED, SUCH REMEDY SHALL BE THE SOLE AND EXCLUSIVE REMEDY FOR THE BREACH OR INACCURACY OF SUCH WARRANTY.

(d) All claims for material variance in quality of the Cliffs Pellets from the quality described herein shall be deemed waived unless made in writing delivered to Cliffs within sixty (60) calendar days after completion of discharge at port of discharge. No claim will be entertained after the Cliffs Pellets have been consumed unless it can be substantiated by the Sample corresponding to those Cliffs Pellets. Each party shall afford the other party prompt and reasonable opportunity to inspect the Cliffs Pellets as to which any claim is made as above stated. The Cliffs Pellets shall not be returned to Cliffs without prior written consent of Cliffs. CLIFFS SHALL NOT BE LIABLE FOR ANY DAMAGE TO INLAND'S PROPERTY OR LOST PROFITS, INJURY TO GOOD WILL OR ANY OTHER SPECIAL OR CONSEQUENTIAL DAMAGES.

13. [* * *].

14. COVENANTS

During the term of this Agreement, Inland shall not: (a) purchase Cliffs Pellets pursuant to this Agreement with the specific intent to resell such pellets; or (b) sell, lease or otherwise transfer title or the right to use the Indiana Harbor Plant (including, without limitation, its blast furnaces), or any material portion thereof, to any Person, or merge, consolidate or reorganize with any Person unless that Person assumes in writing this Agreement and all of Inland's obligations hereunder.

15. ARBITRATION

(a) Upon notice by either party to the other, all disputes, claims, questions or disagreements arising out or relating to this Agreement or breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this Agreement to arbitrate, shall, except as provided in Section 11(a) hereof, be determined by arbitration administered by the American Arbitration Association in accordance with the provisions of its Commercial Arbitration Rules, modified as follows:

(i)the place of arbitration shall be Cleveland, Ohio;

(ii)Unless the parties consent in writing to a lesser number, the arbitration proceedings shall be conducted before a panel of three neutral arbitrators, one to be appointed by Cliffs; one to be appointed by Inland, and third to be selected by the two arbitrators. None of the arbitrators shall be an employee, officer, director or consultant of, or of a direct competitor of, Inland or Cliffs;

(iii)consistent with the expedited nature of arbitration, each party will, upon the written request of the other party, promptly provide the other with copies of documents on which the producing party may rely or otherwise which may be relevant in support of or in opposition to any claim or defense; any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrators, which determination shall be conclusive; and all discovery shall be completed within 45 days following the appointment of the arbitrators;

(iv)in connection with any arbitration arising out of Section [* * * *], each of Cliffs and Inland shall have the right to submit information to the arbitrators to be held in confidence by them and not disclosed to the other party (or any other person); provided, however, that: (A) the party providing such information shall certify its accuracy to the best of its actual knowledge; and (B) such information shall be made available to counsel for the other party upon delivery by such counsel of its undertaking to hold the information (either in the form provided or in any other form) in confidence and not to disclose it to its client, or any other person (other than the arbitrators)

(v)in connection with any arbitration arising out of Section [* * * *]: (A) before making their determination in any matter, the arbitrators must request from each of the parties a complete statement of its proposed resolution of such matter, and the arbitrators shall select between the two proposed resolutions, without making any alteration to either of them (or if either party does not submit a proposed resolution, or submits one that is materially incomplete, shall select the proposed resolution of the other party); and (B) the arbitrators shall be limited to awarding only one or the other proposed resolution;

(vi)in connection any arbitration arising out of this Agreement, the arbitrators shall have no authority to alter, amend, or modify any of the terms and conditions of this Agreement, and further, the arbitrators may not enter any award that alters, amends or modifies terms or conditions of this Agreement in any form or manner;

(vii)the award or decision shall be made within nine months of the filing of the notice of intention to arbitrate, and the arbitrators shall agree to comply with this schedule before accepting appointment; provided, however, that this time limit may be extended by written agreement signed by both parties or by the arbitrators, if necessary; and

(viii)in connection with any arbitration arising out of Section [* * * *], the costs of the arbitrators shall be borne entirely by the party that did not prevail; and in connection with any other arbitration related to this Agreement, each party shall be responsible for its own costs and expenses, and the parties will equally split the cost of conducting the arbitration itself.

(b) The judgment of the arbitrators shall be final and binding on the parties, and judgment upon the award rendered by the arbitrators may be entered and enforced by any court of the United States or any state thereof.

16. FORCE MAJEURE

(a) Notwithstanding anything in this Agreement to the contrary, no party hereto shall be liable for damages resulting from failure to deliver or accept and pay for all or any of the Cliffs Pellets as described herein, if and to the extent that such delivery or acceptance would be contrary to or would constitute a violation of any regulation, order or requirement of a recognized governmental body or agency, or if such failure, including (a) failure of the mines supplying the Cliffs Pellets to be delivered under this Agreement to produce the Cliffs Pellets, or (b) failure of Inland's facilities to produce steel, is caused by or results directly or indirectly from acts of God, war, insurrections, interference by foreign powers, acts of terrorism, strikes, hindrances, labor disputes, labor shortages, fires, flood, embargoes, accidents or delays at the mines, on the railroads or docks or in transit, shortage of transportation facilities, disasters of navigation, or other causes, similar or dissimilar, if such other causes are beyond the control of the party charged with a failure to deliver or to accept and pay for the Cliffs Pellets. The inability to use Cliffs Pellets as a result of any of the foregoing causes shall also be a force majeure event under this Section, allowing Inland to fail to accept Cliffs Pellets to the extent of such force majeure event, pro rata, with all other sources of pellets for the Indiana Harbor Plant. To the extent a force majeure is claimed hereunder by a party hereto, such shall relieve the other party from fulfilling its corresponding agreement hereunder to the party claiming such force majeure, but only for the period and to the extent of the claimed force majeure, except as provided in Section 16(b) or unless otherwise mutually agreed to by the parties.

(b) If an event of force majeure is claimed by Cliffs, Inland shall be obligated to make the payments required by Section [* * * *] and Section [* * * *] following the date that Cliffs claimed such event of force majeure; provided, however, that upon any termination of such event of force majeure [* * * *] after the date that Cliffs claimed the event of force majeure, Inland shall continue to be obligated to make the payments required by Section [* * * *] and Section [* * * *] from the date of such termination. In addition to the foregoing, if Cliffs is able to offer for sale Other Cliffs Pellets in accordance with Section [* * * *], then Inland shall be obligated to [* * * *] under such Section [* * * *]. If the event of force majeure claimed by Cliffs continues for [* * * *] consecutive months or longer, which event covers the supply of substantially all of Inland's Excess Annual Requirements (including, for these purposes, the Empire Equity Tonnage) and Cliffs is not able to offer for sale Other Cliffs Pellets in accordance with Section [* * * *], then either Cliffs or Inland may terminate this Agreement by written notice to the other. To the extent that, pursuant to this Section, Cliffs offers for sale pellets pursuant to Section [* * * *], the parties acknowledge and agree that the [* * * *] shall be subject to reduction in accordance with Section [* * * *].

17. NOTICES

All notices, consents, reports and other documents authorized and required to be given pursuant to this Agreement shall be given in writing and either personally served on an officer of the party hereto to whom it is given, or sent by recognized overnight delivery service, mailed by registered or certified mail, postage prepaid, or by facsimile, addressed as follows:

If to CCIC or CMC:

1100 Superior Avenue - 15th Floor
Cleveland, Ohio 44114-2589
Attention: Secretary
Facsimile: (216) 694-6741

cc: Vice President-Sales
Facsimile: (216) 694-5385

If to Inland:

3210 Watling Street
East Chicago, Indiana 46312
Attention: General Counsel
Facsimile: (219) 399-4267
cc: Attention: Manager Raw Materials and Purchasing
Facsimile: (219) 399-5505

; provided, however, that any party may change the address to which notices or other communications to it shall be sent by giving to the other party written notice of such change, in which case notices and other communications to the party giving the notice of the change of address shall not be deemed to have been sufficiently given or delivered unless addressed to it at the new address as stated in said notice.

18. TERM

(a) The term of this Agreement shall commence as of 12:01 a.m. on January 1, 2003 and continue through January 31, 2015 unless the term is ended earlier pursuant to Section 18(b) hereof. The term of this Agreement shall be automatically extended annually for one Contract Year starting February 1, 2015 unless either Cliffs or Inland gives notice of termination at least 24 months prior to the commencement of any automatic 12-month extension or the term is ended earlier pursuant to Section 18(b). This Agreement shall remain valid and fully enforceable for the fulfillment of obligations accrued but undischarged prior to expiration of the term or earlier termination.

(b) This Agreement may be terminated at any time prior to its termination pursuant to Section 18(a), (i) by Inland, if any of the following shall occur with respect to any of the entities that make up Cliffs (each Cliffs entity, a "subject party" with respect to terminations by Inland), or (ii) by Cliffs, if any of the following shall occur to Inland (the "subject party" with respect to terminations by Cliffs):

(I)pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "Bankruptcy Law"), a subject party shall: (a) commence a voluntary case or proceeding; (b) consent to the entry of an order for relief against it in an involuntary case; (iii) consent to the appointment of a trustee, receiver, assignee, liquidator, or similar official; (iv) make an assignment for the benefit of its creditors; or (v) admit in writing its inability to pay its debts as they become due; or

(II)a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that (i) is for relief against a subject party in an involuntary case, (ii) appoints a trustee, receiver, assignee, liquidator, or similar official for the subject party or substantially all of the subject party's properties, or (iii) orders the liquidation of the subject party, and, in each case, the order or decree is not dismissed within 60 days.

19. AMENDMENT

This Agreement may not be modified or amended except by an instrument in writing signed by all parties hereto.

20. WAIVER

No waiver of any of the terms of this Agreement shall be valid unless in writing and signed by all parties hereto. No waiver or any breach of any provision hereof or default under any provisions hereof shall be deemed a waiver of any subsequent breach or default of any kind whatsoever.

21. CONFIDENTIALITY; GOVERNING LAW

(a) Cliffs and Inland acknowledge that this Agreement contains certain volume pricing, adjustment and term provisions which are confidential, proprietary or of a sensitive commercial nature and which would put Cliffs or Inland at a competitive disadvantage if disclosed to the public, specifically, Sections 1, 2, 3, 4, 6, 7 and 13, and all of the Schedules and Exhibits hereto ("CONFIDENTIAL INFORMATION"). Cliffs and Inland further agree that all provisions of this Agreement shall be kept confidential and, without the prior consent of the other party, shall not be disclosed to any party not a party to this Agreement or the legal advisor to a party to this Agreement except as required by law or governmental or judicial order and except that disclosure of the existence of this Agreement shall not be precluded by this Section 21.

(b) If either party is required by law or governmental or judicial order or receives legal process or a court or agency directive requesting or requiring disclosure of any of the Confidential Information contained in this Agreement, such party will promptly notify the other party prior to disclosure to permit such party to seek a protective order or take other appropriate action to preserve the confidentiality of such Confidential Information. If either party determines to file this Agreement with the Securities and Exchange Commission ("COMMISSION") or any other federal, state, provincial or local governmental or regulatory authority, or with any stock exchange or similar body, such determining party will use its best efforts to obtain confidential treatment of such Confidential Information pursuant to any applicable rule, regulation or procedure of the Commission and any applicable rule, regulation or procedure relating to confidential filings made with any such other authority or exchange. If the Commission (or any such other authority or exchange) denies such party's request for confidential treatment of such Confidential Information, such party will use its best efforts to obtain confidential treatment of the portions thereof that the other party designates. Each party will allow the other party to participate in seeking to obtain such confidential treatment for Confidential Information.

(c) This Agreement shall in all respects, including matters of construction, validity and performance, be governed by and be construed in accordance with the laws of the State of Ohio.

22. ASSIGNMENT

(a) For purposes of this Agreement, the term "Inland" includes and means not only Inland, but also any successor by merger or consolidation of Inland and any permitted assigns of Inland.

(b) In case Inland shall consolidate with or merge into another Person or shall transfer to another Person all or substantially all of its iron and steel business, this Agreement shall be assigned by Inland to, and shall be binding upon, the Person resulting from such consolidation or merger or the Person to which such transfer is made; otherwise no assignment of this Agreement by Inland shall be valid unless Cliffs shall consent in writing thereto.

(c) In case CCIC or CMC, or any permitted assign of either of them, shall consolidate with or merge into another corporation or shall transfer to another Person all or substantially all of its business, this Agreement shall be assigned by CCIC or CMC, as the case may be, to, and shall be binding upon, the corporation resulting from such consolidation or merger or the Person to which such transfer is made; otherwise, no assignment of this Agreement by CCIC or CMC, as the case may be, shall be valid unless Inland shall consent thereto in writing.

(d) All the covenants, stipulations and agreements herein contained shall inure to the benefit of and bind the parties hereto and their respective successors and permitted assigns.

23. CONFIDENTIALITY

None of the parties hereto or their Affiliates will issue any press release or otherwise disclose or make any public statement with respect to the transactions contemplated hereby without the prior written or oral consent of an officer of the other parties, except to the extent that the disclosing party determines in good faith that it is so obligated by law, in which case such disclosing party shall give notice to the other parties in advance of such party's intent to make such disclosure, announcement or issue such press release and the parties hereto or their affiliates shall use reasonable efforts to cause a mutually agreeable release or disclosure or announcement to be issued.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective authorized officers.

THE CLEVELAND-CLIFFS IRON COMPANY	ISPAT INLAND INC.
By: ________________________	By: _______________________
Name: _____________________	Name: _____________________
Title: _______________________	Title: _______________________

CLIFFS MINING COMPANY

By: ________________________
Name: _____________________
Title: _______________________

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASETERISKS DENOTE SUCH OMISSIONS.

Schedule 1(e)

PELLET SALE AND PURCHASE AGREEMENT
COMPOSITE INDEX FORMULA FOR CONTRACT YEARS [* * * *]

CONTRACT YEAR'S COMPOSITE INDEX CALCULATION

[* * * *]

CONTRACT YEAR'S COMPOSITE INDEX = (A+B+C)

Schedule 1(j)

PELLET SALE AND PURCHASE AGREEMENT
FLUX COMPOSITE INDEX FOR CONTRACT YEARS [* * * *]

CONTRACT YEAR'S FLUX COMPOSITE INDEX CALCULATION

[* * * *]

CONTRACT YEAR'S FLUX COMPOSITE INDEX = (A + B)

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASETERISKS DENOTE SUCH OMISSIONS.

Schedule 1(s)

PELLET SALE AND PURCHASE AGREEMENT
[* * *]

Schedule 13

PELLET SALE AND PURCHASE AGREEMENT
[* * *]

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASETERISKS DENOTE SUCH OMISSIONS.

Exhibit A-1

Empire Standard Pellet Specifications

[* * * *]

Empire Royal Flux Pellet Specifications

[* * * *]

Empire Viceroy Flux Pellet Specifications

[* * * *]

NOTES:

(1) [* * * *]
(2) [* * * *]

Exhibit A-2

Wabush Pellet Specifications

	Standard		Fluxed	
Chemical % Dry	1% MN	2% MN	1% MN	2% MN
Fe				
SiO2				
Al2O3				
CaO				
MgO				
Mn	[* * * *]	[* * * *]	[* * * *]	[* * * *]
P				
S				
TiO2				
Na2O				
K2O				
CaO/SiO2				
B/A				
Structure				
% +1/2"				
% -1/2" + 3/8"				
% -3/8" + 1/4"	[* * * *]	[* * * *]	[* * * *]	[* * * *]
% -1/4"				
% -28 MESH				
Avg Compression				
LBS	[* * * *]	[* * * *]	[* * * *]	[* * * *]

CONFIDENTIAL MATERIAL HAS BEEN
OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION.
ASETERISKS DENOTE SUCH OMISSIONS.

Exhibit A-3

CLEVELAND CLIFFS PELLETS

EMPIRE VICEROY OFF SPECIFICATION QUALITY REPORT

Report No. ___________

Report Date __ Location Detected ____ Date Ispat Notified ______
Reported By __ Date Detected ____ Notified By _________
Date produced (if known) __ Cargo (if applicable) ____
Amount Produced (if known) __ Material Segregated? ____ If not, total material involved ____

[* * *]

Containment Plan:

Corrective Action Plan:

CLEVELAND CLIFFS PELLETS

EMPIRE ROYAL OFF SPECIFICATION QUALITY REPORT

Report Date __ Location Detected ____ Date Ispat Notified ______
Reported By __ Date Detected ____ Notified By _________
Date produced (if known) __ Cargo (if applicable) ____
Amount Produced (if known) __ Material Segregated? ____ If not, total material involved ____

[* * *]

Containment Plan:

Corrective Action Plan:

CLEVELAND CLIFFS PELLETS
EMPIRE STANDARD OFF SPECIFICATION QUALITY REPORT

Report Date __ Location Detected ____ Date Ispat Notified ______
Reported By __ Date Detected ____ Notified By ________
Date produced (if known) __ Cargo (if applicable) ____
Amount Produced (if known) __ Material Segregated? ____ If not, total material involved ____

[* * *]

Containment Plan:

Corrective Action Plan:

Exhibit B

PELLET SALE AND PURCHASE AGREEMENT
PRICING-ADJUSTMENTS-PAYMENTS CALCULATION
EXAMPLE FOR CONTRACT YEARS [* * * *]

(1) SUBMIT INLAND'S EXCESS ANNUAL REQUIREMENTS BY GRADE FOR CONTRACT YEAR

GRADE	EXCESS ANNUAL REQUIREMENTS TONS (000S)
Empire - Standard	200
Empire - Royal	550
Empire - Viceroy	650
Wabush - 2% Mn Flux	300

Total pellet nomination	1,700

(2) DETERMINE ESTIMATED COMPOSITE INDEX FOR CONTRACT YEAR

COMPONENT	ANNUAL AVERAGE PRECEDING CONTRACT YEAR [* * * *]		WEIGHTING	WEIGHTED AVERAGE
[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
	--------			

(3) MULTIPLY BASE PRICE MULTIPLIER FOR EACH PELLET GRADE BY THE ESTIMATED COMPOSITE INDEX

GRADE	BASE PRICE F.O.B.	MULTIPLIER	ESTIMATED COMPOSITE INDEX	ADJUSTED BASE PRICE PER IRON UNIT
Empire - Standard				
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				
Wabush - 2% Mn Flux				

(4) MULTIPLY ADJUSTED BASE PRICE PER IRON UNIT BY THE EXPECTED IRON CONTENT TO DETERMINE ESTIMATED ADJUSTED BASE PRICE PER GROSS TON.

GRADE	F.O.B.	EXPECTED IRON CONTENT (%)	ADJUSTED BASE PRICE PER IRON UNIT	ADJUSTED BASE PRICE PER TON
Empire - Standard		63.47		
Empire - Royal	[* * * *]	59.96	[* * * *]	[* * * *]
Empire - Viceroy		58.64		
Wabush - 2% Mn Flux		60.84		

(5) DETERMINE ESTIMATED FLUX COMPOSITE INDEX FOR CONTRACT YEAR

	ANNUAL AVERAGE			
COMPONENT	PRECEDING CONTRACT YEAR	[* * * *]	WEIGHTING	WEIGHTED AVERAGE
[* * * *]				
[* * * *]				

ESTIMATED FLUX COMPOSITE INDEX [* * * *]

(6) MULTIPLY FLUX CHARGE MULTIPLIER FOR EACH EMPIRE FLUX GRADE BY THE ESTIMATED FLUX COMPOSITE INDEX

GRADE	F.O.B.	FLUX CHARGE MULTIPLIER	FLUX COMPOSITE INDEX	ADJUSTED FLUX CHARGE PER TON
Empire - Royal [* * *]				
Empire - Viceroy [* * *]				

(7) DETERMINE ESTIMATED ADJUSTED PRICE PER TON FOR EACH PELLET GRADE

GRADE	F.O.B.	ADJUSTED BASE PRICE PER TON	ADJUSTED FLUX CHARGE PER TON	ADJUSTED PRICE PER TON
Empire - Standard	[* * *]			
Empire - Royal				
Empire - Viceroy				
Wabush - 2% Mn Flux				

(8) DETERMINE ESTIMATED TOTAL PAYMENTS TO CLIFFS FOR EACH PELLET GRADE

GRADE	ADJUSTED PRICE PER TON	EXCESS REQUIREMENTS TONS (000S)	ANNUAL AMOUNTS ($000S)
Empire - Standard		200	
Empire - Royal	[* * *]	550	[* * *]
Empire - Viceroy		650	
Wabush - 2% Mn Flux		300	
Total Pellet Payments		1,700	[* * *]

(9) DETERMINE ESTIMATED PAYMENTS TO CLIFFS FOR THE [* * *]

GRADE	AMOUNTS ($000S)	NUMBER OF PAYMENTS	AMOUNT OF EACH PAYMENT ($000S)
[* * *]	[* * *]	[* * *]	[* * *]
[* * *]			
Total	[* * *]		

(10) NO LATER THAN JUNE 15 OF THE CONTRACT YEAR, CLIFFS SHALL CERTIFY CALCULATION OF THE COMPOSITE INDEX AND THE FLUX COMPOSITE INDEX AND MAKE CHANGES TO PRICE

COMPONENT	ANNUAL AVERAGE PRECEDING CONTRACT YEAR	[* * * *]	WEIGHTING	WEIGHTED AVERAGE
[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]

		ACTUAL COMPOSITE INDEX		[* * * *]

COMPONENT	ANNUAL AVERAGE PRECEDING CONTRACT YEAR	[* * * *]	WEIGHTING	WEIGHTED AVERAGE
[* * * *]				
	[* * * *]			
[* * * *]				

		ACTUAL FLUX COMPOSITE INDEX		[* * * *]

GRADE	BASE PRICE F.O.B.	BASE PRICE MULTIPLIER	ACTUAL COMPOSITE INDEX	ADJUSTED BASE PRICE PER IRON UNIT
Empire - Standard				
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				
Wabush - 2% Mn Flux				

GRADE	ADJUSTED BASE PRICE F.O.B.	EXPECTED IRON CONTENT (%)	ADJUSTED BASE PRICE PER IRON UNIT	BASE PRICE PER TON
Empire - Standard		63.47		
Empire - Royal	[* * * *]	59.96	[* * * *]	[* * * *]
Empire - Viceroy		58.64		
Wabush - 2% Mn Flux		60.84		

GRADE	ADJUSTED FLUX CHARGE F.O.B.	FLUX MULTIPLIER	FLUX COMPOSITE INDEX	CHARGE PER TON
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				

GRADE	F.O.B.	ADJUSTED BASE PRICE PER TON	ADJUSTED FLUX CHARGE PER TON	ADJUSTED PRICE PER TON
Empire - Standard				
Empire - Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy				
Wabush - 2% Mn Flux				

(11) DETERMINE ESTIMATED TOTAL PAYMENT TO CLIFFS FOR EACH PELLET GRADE AFTER JUNE 15 CERTIFICATION OF THE COMPOSITE INDEX AND THE FLUX COMPOSIT INDEX

GRADE DELIVERED	EXCESS ANNUAL REQUIREMENTS TONS (000S)	ADJUSTED PRICE PER TON	ANNUAL AMOUNT ($000S)
Empire - Standard			
Empire - Royal	[* * * *]	[* * * *]	[* * * *]
Empire - Viceroy			
Wabush - 2% Mn Flux			

		Total Payments	[* * * *]

(12) DETERMINE REVISED ESTIMATED PAYMENTS TO CLIFFS FOR THE [* * * *] FOLLOWING JUNE 15 CERTIFICATION. MAKE ADJUSTMENT TO PAYMENTS AND THE AMOUNT OF THE DIFFERENCE BETWEEN THE AMOUNT PREVIOUSLY PAID FOR CLIFFS PELLETS DURING THE YEAR AND THE AMOUNT THAT WOULD HAVE BEEN PAID.

	AMOUNTS ($000S)	NUMBER OF PAYMENTS	ADJUSTED AMOUNT OF EACH PAYMENT ($000S)	PREVIOUS AMOUNT OF EACH PAYMENT ($000S)
[* * * *]				
[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
	---------	---------	---------	---------
Total				

	PAYMENT ($000S)	NUMBER OF PAYMENTS BEFORE JUNE 15	AMOUNTS ($000S) PAID BEFORE JUNE 15
Adjusted Amount of Each Payment	[* * * *]	[* * * *]	[* * * *]
Previous Amount of Each Payment			
	---------	---------	---------
Payment Adjustment			
June 22nd Pellet Payment Amount	[* * * *]		
Remaining Pellet Payment Amounts			

[The remainder of this page is intentionally left blank]

(13) NO LATER THAN JANUARY 31 OF THE YEAR FOLLOWING THE CONTRACT YEAR, CLIFFS SHALL CERTIFY ACTUAL TONNAGE OF CLIFFS' PELLETS DELIVERED TO SATISFY INLAND'S EXCESS ANNUAL REQUIREMENTS AND THE ACTUAL AVERAGE IRON UNITS OF EACH KIND OF CLIFFS PELLETS DELIVERED TO INLAND AND THE AMOUNT DUE FROM CLIFFS TO INLAND OR VICE VERSA

GRADE DELIVERED	ACTUAL TONS (000S)	ADJUSTED ACTUAL IRON CONTENT (%)	BASE PRICE PER IRON UNIT	ADJUSTED BASE PRICE PER TON	ADJUSTED FLUX CHARGE PER TON
Empire - Standard	225	63.75			
Empire - Royal	550	59.60	[* * *]	[* * *]	[* * *]
Empire - Viceroy	650	58.74			
Wabash - 2% Mn Flux	275	60.25			

GRADE DELIVERED	ADJUSTED PRICE PER TON	ACTUAL TONS (000S)	ACTUAL AMOUNTS ($000S)	PREVIOUS TONS (000S)	PREVIOUS AMOUNTS ($000S)
Empire - Standard		225		200	
Empire - Royal	[* * *]	550	[* * *]	550	[* * *]
Empire - Viceroy		650		650	
Wabash- 2% Mn Flux		275		300	
Total		1,700		1,700	

Payment To (From) Inland [* * *]

Exhibit 3(d)

PELLET SALE AND PURCHASE AGREEMENT
[* * * *]

[* * * *]
[* * * *]
[* * * *]
[* * * *]
[* * * *]
[* * * *]
[* * * *]
[* * * *]
[* * * *]
[* * * *]
[* * * *]

EXHIBIT 5(e)

PELLET SALE AND PURCHASE AGREEMENT

PRELIMINARY TOTAL EMPIRE EQUITY, EXCESS ANNUAL REQUIREMENTS AND DELIVERY SCHEDULE

YEARS 2003 - 2014

(1) On or before October 31 of each of the Contract Years prior to the Contract Year in determination, Inland shall notify Cliffs in writing of Inland's initial preliminary total Empire Equity Tonnage and Excess Annual Requirements Tonnage by grade

INLAND'S INITIAL 2003 PRELIMINARY TOTAL EMPIRE EQUITY TONNAGE AND EXCESS ANNUAL REQUIREMENTS TONNAGE BY GRADE

GRADE	TONS ('000'S GT)
Standard	[* * * *]
Viceroy	[* * * *]
Royal	[* * * *]
Wabush 2% Mn Flux	[* * * *]
Total	[* * * *]

(2) On or before October 31 of each of the Contract Years prior to the Contract Year in determination, Inland shall provide to Cliffs Inland's planned shipment and delivery schedule related to Inland's preliminary total Empire Equity Tonnage and Excess Annual Requirements Tonnage by grade, and such shipment schedule shall be updated and provided to Cliffs monthly during the Contract Year

Ispat Inland SHIPMENTS NOTE: SHIPMENTS ARE SHOWN IN THE MONTH UNLOADING IS COMPLETED

GRADE	INV 12/31/02	JAN, 2003	FEB	MAR	APR	MAY	JUN	JUL	AUG
Standard	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Viceroy	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Royal	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Wabush 2% Mn Flux	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Total	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]

REVISED

NOTE: SHIPMENTS ARE SHOWN IN THE MONTH UNLOADING IS COMPLETED FEB>JAN SHIPS NOMINATION 1/31/2004

GRADE	SEP	OCT	NOV	DEC	JAN, 04	-BEG. INV.	TOTAL	INV.
Standard	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Viceroy	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Royal	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]
Wabush 2% Mn Flux	[* * * *]	[* * * *]	[* * * *]	[* *]		[* * * *]	[* * * *]	[* * * *]
Total	[* * * *]	[* * * *]	[* * * *]	[* *]	[* * * *]	[* * * *]	[* * * *]	[* * * *]

Exhibit 12

Ratio of Earnings To Combined Fixed Charges
And Preferred Stock Dividend Requirements
(In Millions)

	Year Ended December 31,				
	2013	2012	2011	2010	2009
Consolidated pretax income (loss) from continuing operations	**$ 489.3**	$ (501.8)	$ 2,190.5	$ 1,266.4	$ 282.3
Undistributed earnings of non-consolidated affiliates	**(74.4)**	(404.8)	9.7	13.5	(65.5)
Amortization of capitalized interest	**2.3**	3.7	3.6	3.6	3.0
Interest expense	**184.3**	203.1	216.5	70.1	39.0
Acceleration of debt issuance costs	**—**	0.2	—	—	—
Interest portion of rental expense	**2.1**	2.8	3.6	4.6	5.8
Total Earnings	**$ 603.6**	$ (696.8)	$ 2,423.9	$ 1,358.2	$ 264.6
Interest expense	**$ 184.3**	$ 203.1	$ 216.5	$ 70.1	$ 39.0
Acceleration of debt issuance costs	**—**	0.2	—	—	—
Interest portion of rental expense	**2.1**	2.8	3.6	4.6	5.8
Preferred Stock dividend requirements	**48.7**	—	—	—	—
Fixed Charges Requirements	**$ 235.1**	$ 206.1	$ 220.1	$ 74.7	$ 44.8
Fixed Charges and Preferred Stock Dividend Requirements	**$ 235.1**	$ 206.1	$ 220.1	$ 74.7	$ 44.8
RATIO OF EARNINGS TO FIXED CHARGES	**2.6**	*	11.0	18.2	5.9
RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDEND REQUIREMENTS	**2.6**	*	11.0	18.2	5.9

(*) For the year ended December 31, 2012, there was a deficiency of earnings to cover the fixed charges of $902.9 million.

Exhibit 21

SIGNIFICANT SUBSIDIARIES
CLIFFS NATURAL RESOURCES INC. AS OF DECEMBER 31, 2013

Name	Cliffs' Effective Ownership	Place of Incorporation
Cleveland-Cliffs International Holding Company	100%	Delaware, USA
Cliffs (Gibraltar) Holdings Limited	100%	Gibraltar
Cliffs (Gibraltar) Holdings Limited Luxembourg S.C.S.	100%	Luxembourg
Cliffs (Gibraltar) Limited	100%	Gibraltar
Cliffs Asia Pacific Iron Ore Holdings Pty Ltd	100%	Australia
Cliffs Asia Pacific Iron Ore Pty Ltd	100%	Australia
Cliffs Canada Finance Inc.	100%	Ontario, Canada
Cliffs Greene B.V.	100%	The Netherlands
Cliffs Minnesota Mining Company	100%	Delaware, USA
Cliffs Natural Resources Holdings Pty Ltd	100%	Australia
Cliffs Natural Resources Luxembourg S.à r.l.	100%	Luxembourg
Cliffs Natural Resources Pty Ltd	100%	Australia
Cliffs Netherlands B.V.	100%	The Netherlands
Cliffs Quebec Iron Mining Limited	100%	Canada
Cliffs TIOP, Inc.	100%	Michigan, USA
Cliffs UTAC Holding LLC	100%	Delaware, USA
Northshore Mining Company	100%	Delaware, USA
The Bloom Lake Iron Ore Mine Limited Partnership	82.8%	Quebec, Canada
The Cleveland-Cliffs Iron Company	100%	Ohio, USA
Tilden Mining Company L.C.	85%	Michigan, USA
United Taconite LLC	100%	Delaware, USA

Exhibit 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in:

Registration Statement No. 333-30391 on Form S-8 pertaining to the 1992 Incentive Equity Plan (as amended and restated as of May 13, 1997) and the related prospectus;

Registration Statement No. 333-56661 on Form S-8 (as amended by Post-Effective Amendment No. 1) pertaining to the Northshore Mining Company and Silver Bay Power Company Retirement Saving Plan and the related prospectus;

Registration statement No. 333-06049 on Form S-8 pertaining to the Cliffs Natural Resources Inc. Nonemployee Directors' Compensation Plan;

Registration Statement No 333-84479 on Form S-8 pertaining to the 1992 Incentive Equity Plan (as amended and restated as of May 11, 1999);

Registration Statement No. 333-64008 on Form S-8 (as amended by Post-Effective Amendment No. 1 and Post-Effective Amendment No.2) pertaining to the Cliffs Natural Resources Inc. Nonemployee Directors' Compensation Plan (as amended and restated as of January 1, 2004);

Registration Statement No. 333-165021 on Form S-8 pertaining to the 2007 Incentive Equity Plan;

Registration Statement No. 333-172649 on Form S-8 dated March 7, 2011 pertaining to the registration of an additional 9,000,000 Common Shares under the Amended and Restated Cliffs 2007 Incentive Equity Plan; and

Registration Statement No. 333-184620 on Form S-8 pertaining to the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan

Registration Statement No. 333-186617 on Form S-3 dated February 12, 2013 pertaining to the registration of an indeterminate number of common shares, preferred stock, depositary shares, warrants and subscription rights as well as an indeterminate amount of debt securities that may from time to time be issued at indeterminate prices.

of our reports relating to the consolidated financial statements and financial statement schedule of Cliffs Natural Resources Inc. and the effectiveness of Cliffs Natural Resources Inc.'s internal control over financial reporting dated February 14, 2014, appearing in the Annual Report on Form 10-K of Cliffs Natural Resources Inc. for the year ended December 31, 2013.

/s/ DELOITTE & TOUCHE LLP

Cleveland, Ohio

February 14, 2014

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned Directors and officers of Cliffs Natural Resources Inc., an Ohio corporation ("Company"), hereby constitute and appoint Gary B. Halverson, Terrance M. Paradie, P. Kelly Tompkins and Timothy K. Flanagan, and each of them, their true and lawful attorney or attorneys-in-fact, with full power of substitution and revocation, for them and in their name, place and stead, to sign on their behalf as a Director or officer of the Company, or both, as the case may be, an Annual Report on Form 10-K pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2013, and to sign any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney or attorneys-in-fact, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as they might or could do in person, hereby ratifying and confirming all that said attorney or attorneys-in-fact or any of them or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed as of the 11th day of February, 2014.

/s/ J. F. KIRSCH

J. F. Kirsch
Chairman and Director

/s/ G. B. HALVERSON

G. B. Halverson
President and Chief Operating Officer

/s/ S. M. CUNNINGHAM

S. M. Cunningham, Director

/s/ B. J. ELDRIDGE

B. J. Eldridge, Director

/s/ M. E. GAUMOND

M. E. Gaumond, Director

/s/ A. R. GLUSKI

A. R. Gluski, Director

/s/ S. M. GREEN

S. M. Green, Director

/s/ J. K. HENRY

J. K. Henry, Director

/s/ S. M. JOHNSON

S. M. Johnson, Director

/s/ R. K. RIEDERER

R. K. Riederer, Director

/s/ T. W. SULLIVAN

T. W. Sullivan, Director

/s/ T. M. PARADIE

T. M. Paradie,
Executive Vice President & Chief Financial Officer

/s/ T. K. FLANAGAN

T. K. Flanagan,
Vice President, Corporate Controller &
Chief Accounting Officer

Exhibit 31.1

CERTIFICATION

I, Gary B. Halverson, certify that:

1. I have reviewed this annual report on Form 10-K of Cliffs Natural Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2014

By: /s/ Gary B. Halverson

Gary B. Halverson

President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Terrance M. Paradie, certify that:

1. I have reviewed this annual report on Form 10-K of Cliffs Natural Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 14, 2014

By: /s/ Terrance M. Paradie
Terrance M. Paradie
Executive Vice President & Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Cliffs Natural Resources Inc. (the “Company”) on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Gary B. Halverson, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-K.

Date: February 14, 2014

By: /s/ Gary B. Halverson

Gary B. Halverson

President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Cliffs Natural Resources Inc. (the “Company”) on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-K”), I, Terrance M. Paradie, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

(1) The Form 10-K fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-K.

Date: February 14, 2014

By: /s/ Terrance M. Paradie
Terrance M. Paradie
Executive Vice President & Chief Financial Officer

Exhibit 95

Mine Safety Disclosures

The operation of our mines located in the United States is subject to regulation by MSHA under the FMSH Act. MSHA inspects these mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the FMSH Act. We present information below regarding certain mining safety and health citations that MSHA has issued with respect to our mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the mine; (ii) the number of citations issued will vary from inspector to inspector and mine to mine, and (iii) citations and orders can be contested and appealed and, in that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results within its periodic reports filed with the SEC. As required by the reporting requirements included in §1503(a) of the Dodd-Frank Act, we present the following items regarding certain mining safety and health matters, for the period presented, for each of our mine locations that are covered under the scope of the Dodd-Frank Act:

(A) The total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the FMSH Act (30 U.S.C. 814) for which the operator received a citation from MSHA;

(B) The total number of orders issued under section 104(b) of the FMSH Act (30 U.S.C. 814(b));

(C) The total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the FMSH Act (30 U.S.C. 814(d));

(D) The total number of imminent danger orders issued under section 107(a) of the FMSH Act (30 U.S.C. 817(a));

(E) The total dollar value of proposed assessments from MSHA under the FMSH Act (30 U.S.C. 801 et seq.);

(F) The total number of mining related fatalities;

(G) Legal actions pending before Federal Mine Safety and Health Review Commission involving such coal or other mine as of the last day of the period;

(H) Legal actions initiated before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period; and

(I) Legal actions resolved before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period.

During the year ended December 31, 2013, our U.S. mine locations did not receive any flagrant violations under Section 110(b)(2) of the FMSH Act and no written notices of a pattern of violations, or the potential to have a pattern of such violations, under section 104(e) of the FMSH Act.

Following is a summary of the information listed above for the year ended December 31, 2013:

		Year Ended December 31, 2013								
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Mine Name/ MSHA ID No.	Operation	Section 104 S&S Citations	Section 104(b) Orders	Section 104(d) Orders	Section 107(a) Citations & Orders	Total Dollar Value of MSHA Proposed Assessments (1)	Fatalities	Legal Actions Pending as of Last Day of Period	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Pinnacle Mine / 4601816	Coal	118	3	7	—	$ 398,294	—	35 (2)	31	48
Pinnacle Plant / 4605868	Coal	4	—	—	—	$ 8,979	—	2 (3)	2	5
Green Ridge #1 / 4609030	Coal	—	—	—	—	—	—	—	—	1
Green Ridge #2 / 4609222	Coal	—	—	—	—	—	—	3 (4)	—	8
Oak Grove / 0100851	Coal	172	—	10	—	$ 399,248	—	49 (5)	13	12
Concord Plant / 0100329	Coal	1	—	—	—	$ 770	—	—	—	—
Dingess-Chilton / 4609280	Coal	6	1	4	—	$ 51,104	—	18 (6)	16	24
Powellton / 4609217	Coal	65	6	—	—	$ 150,776	—	33 (7)	18	18
Saunders Prep / 4602140	Coal	2	—	—	—	$ 1,005	—	1 (8)	1	2
Toney Fork / 4609101	Coal	13	—	—	—	$ 65,741	—	4 (9)	5	6
Elk Lick Tipple / 4604315	Coal	2	—	—	—	$ 1,091	—	1 (10)	1	1
Lower War Eagle / 4609319	Coal	81	1	4	—	$ 183,922	—	12 (11)	14	8
Elk Lick Chilton / 4609390	Coal	—	—	—	—	—	—	—	—	—
Tilden / 2000422	Iron Ore	30	—	1	—	$ 274,621	1	6 (12)	—	5
Empire / 2001012	Iron Ore	27	—	—	—	$ 76,123	—	5 (13)	2	1
Northshore Plant / 2100831	Iron Ore	19	—	—	—	$ 152,228	—	15 (14)	2	8
Northshore Mine / 2100209	Iron Ore	7	—	—	—	$ 22,648	—	6 (15)	2	6
Hibbing / 2101600	Iron Ore	58	2	1	1	$ 460,002	—	14 (16)	14	9
United Taconite Plant / 2103404	Iron Ore	44	—	—	—	$ 494,944	—	10 (17)	6	6
United Taconite Mine / 2103403	Iron Ore	6	—	—	—	$ 15,606	—	1 (18)	1	—

(1) Amounts included under the heading “Total Dollar Value of MSHA Proposed Assessments” are the total dollar amounts for proposed assessments received from MSHA on or before December 31, 2013.

(2) Included in this number are 15 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules; 19 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules; and 1 pending legal action related to complaints of discharge, discrimination or interference referenced in Subpart E of FMSH Act's procedural rules.

(3) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(4) This number consists of 3 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(5) Included in this number are 4 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules; 37 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules; 1 pending legal action related to complaints for compensation referenced in Subpart D of FMSH Act's procedural rules; and 7 appeals of judges' decisions or orders to FMSH Act's procedural rules.

(6) Included in this number are 6 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 12 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(7) Included in this number are 9 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 24 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(8) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(9) This number consists of 4 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(10) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(11) Included in this number are 3 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 9 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(12) This number consists of 5 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 1 appeal of judges' decisions or orders to FMSH Act's procedural rules.

(13) This number consists of 5 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(14) This number consists of 15 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(15) This number consists of 5 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules; and 1 appeals of judges' decisions or orders to FMSH Act's procedural rules.

(16) Included in this number are 5 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules; 5 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules; and 4 appeals of judges' decisions or orders to FMSH Act's procedural rules.

(17) Included in this number are 2 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 8 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(18) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

Exhibit 99(a)

Cliffs Natural Resources Inc. and Subsidiaries
Schedule II – Valuation and Qualifying Accounts
(Dollars in Millions)

Classification	Balance at Beginning of Year	Additions: Charged to Cost and Expenses	Additions: Charged to Other Accounts	Additions: Acquisition	Deductions	Balance at End of Year
Year Ended December 31, 2013:						
Deferred Tax Valuation Allowance	$ 858.4	$ 86.6	$ (65.5)	$ —	$ 15.4	$ 864.1
Accounts Receivable Allowance	$ 8.1	$ —	$ —	$ —	$ —	$ 8.1
Year Ended December 31, 2012:						
Deferred Tax Valuation Allowance	$ 223.9	$ 635.8	$ —	$ —	$ 1.3	$ 858.4
Accounts Receivable Allowance	$ —	$ 8.1	$ —	$ —	$ —	$ 8.1
Year Ended December 31, 2011:						
Deferred Tax Valuation Allowance	$ 172.7	$ 49.1	$ 2.1	$ —	$ —	$ 223.9