CLIFFS NATURAL RESOURCES INC.
Form DEF 14A
March 11, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN
PROXY STATEMENT

SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No. ________)

Filed by the Registrant x   Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
x Definitive Proxy Statement
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o Soliciting Material Pursuant to §240.14a-12

CLIFFS NATURAL RESOURCES INC.
(Name of Registrant as Specified in its Charter)
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March 11, 2016

Dear Fellow Shareholder,

2015 was a momentous year for Cliffs Natural Resources Inc. We made several crucial decisions aimed at strengthening the Company, our balance sheet and our core U.S. iron ore business. We have not veered from our U.S. based strategy which is predicated on one fundamental fact: China's steel demand is actually shrinking, not growing. During one of the most demanding environments for global iron and domestic steel in over a decade, we accomplished all that we set out to do.

We are entering 2016 as a new and improved company. Our roadmap to our future financial success is simple and actionable. We will maintain our non-stop focus on cost reduction; use our technical expertise and strong market position in the United States to increase our product offering and foster improved profitability; and continue to pursue debt reduction opportunities.

As stewards of the company and its assets, we are fully committed to acting in the best interests of all Cliffs' shareholders. I would like to take this opportunity to thank all of you, our fellow shareholders, for your unwavering support as we took the bold steps necessary in pursuit of our strategy. We know we have more work to do. I am grateful for your far-sighted investment in our great company and continued trust in Cliffs.

Thank you very much for your great support.

Sincerely,

Lourenco Goncalves

Chairman, President & Chief Executive Officer

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on April 27, 2016
11:30 a.m. EDT
North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114

To the Shareholders of Cliffs Natural Resources Inc.:
The 2016 Annual Meeting of Shareholders of Cliffs Natural Resources Inc., or "Cliffs", will be held at North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114 at 11:30 a.m., EDT, on Wednesday, April 27, 2016 for the following purposes:

1. To elect nine directors to act until the next Annual Meeting of Shareholders or until their respective successors are duly elected and qualified;
2. To approve the Amended and Restated 2014 Nonemployee Directors' Compensation Plan;
3. To approve, on an advisory basis, our named executive officers' compensation;
4. To consider the shareholder proposal regarding majority voting in director elections;
5. To ratify the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2016 fiscal year; and
6. To transact such other business, if any, as may properly come before the 2016 Annual Meeting or any adjournment thereof.

In order to vote on the matters brought before the 2016 Annual Meeting, you may complete and mail the proxy card, vote by telephone or vote via the Internet, as explained on the proxy card. Holders of record of Cliffs' common shares at the close of business on February 29, 2016 are entitled to notice of, and to vote at, the 2016 Annual Meeting or any adjournments thereof.

By Order of the Board of Directors
James D. Graham
Executive Vice President, Chief Legal Officer & Secretary

March 11, 2016
Cleveland, Ohio

YOUR VOTE IS IMPORTANT. YOU CAN VOTE BY TELEPHONE, BY INTERNET,
BY MAILING THE ENCLOSED PROXY CARD OR BY BALLOT IN PERSON AT THE 2016 ANNUAL MEETING.

The proxy statement and Cliffs’ 2015 Annual Report for the 2015 fiscal year are available at www.proxyvote.com
These materials also are available on Cliffs’ Investor Relations website at http://ir.cliffsnaturalresources.com under “Financial Information,” then “Financial Highlights" then under the heading "Latest Proxy Statement.” If your shares are not registered in your own name, please follow the voting instructions from your bank, broker, trustee, nominee or other shareholder of record to vote your shares and, if you would like to attend the 2016 Annual Meeting, please bring evidence of your share ownership with you. You should be able to obtain evidence of your share ownership from the bank, broker, trustee, nominee or other shareholder of record that holds the shares on your behalf.

PROXY STATEMENT TABLE OF CONTENTS

PROXY SUMMARY

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

2016 ANNUAL MEETING OF SHAREHOLDERS (page 5)

Date and Time:	Wednesday, April 27, 2016 at 11:30 a.m. EDT
Place:	North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114
Record Date:	February 29, 2016
Voting:	Shareholders of record are entitled to vote by Internet at www.proxyvote.com; telephone at 1-800-690-6903; completing and returning the enclosed proxy card by mail; or attending the 2016 Annual Meeting of Shareholders (the "2016 Annual Meeting") in person (beneficial holders must obtain a legal proxy from their broker, banker, trustee, nominee or other shareholder of record granting the right to vote).
Mailing:	This proxy statement, the accompanying proxy card and our 2015 Annual Report will be mailed on or about March 11, 2016 to our shareholders of record as of the Record Date.

VOTING MATTERS (page 5)	Board Vote Recommendation	Page Reference (for more detail)
Election of Directors	FOR each Director Nominee	14
Approval of the Amended and Restated 2014 Nonemployee Directors' Compensation Plan	FOR	20
Approval of, on an Advisory Basis, our Named Executive Officers' Compensation	FOR	54
Consideration of the shareholder proposal regarding majority voting in director elections	AGAINST	56
Ratification of Independent Registered Public Accounting Firm	FOR	59

DIRECTOR NOMINEES RECOMMENDED BY THE CLIFFS BOARD OF DIRECTORS (page 14)

Name	Age	Director Since	Experience/ Qualification	Independent (Yes / No)	Committee Memberships (1)	Other Current Public Directorships
John T. Baldwin	59	2014	Former Chairman of Audit Committee & CFO	Yes	• Audit*	
Robert P. Fisher, Jr.	61	2014	President & CEO	Yes	• Audit • Compensation*	
Lourenco Goncalves	58	2014	Chairman, President & CEO	No	• Strategy*	American Iron and Steel Institute
Susan M. Green	57	2007	Deputy General Counsel, U.S. Congressional Office of Compliance	Yes	• Governance	
Joseph A. Rutkowski, Jr.	61	2014	Principal & Former Executive Vice President	Yes	• Compensation • Strategy	Insteel Industries, Inc.

James S. Sawyer	59	2014	Former CFO	Yes	• Audit	
Michael D. Siegal	64	2014	Chairman & CEO	Yes	• Governance	Olympic Steel, Inc.
Gabriel Stoliar	62	2014	Managing Partner & Chairman	Yes	• Governance • Strategy • Audit	Tupy S.A.
Douglas C. Taylor	52	2014	Managing Partner	Yes	• Governance* • Compensation	

* denotes committee chair
(1) Full committee names are: Audit - Audit Committee; Compensation - Compensation and Organization Committee; Governance - Governance and Nominating Committee; Strategy - Strategy Committee.

EXECUTIVE COMPENSATION PHILOSOPHY AND CORE PRINCIPLES (page 28)

Our guiding compensation principles, as established by the Compensation and Organization Committee for 2015, were as follows:

- Align short-term and long-term incentives with results delivered to shareholders;
- Design a simple and transparent incentive plan that focuses on absolute performance objectives tied to our business plan (including profitability-related and cost control objectives), relative performance objectives tied to market conditions (including relative total shareholder return, measured by share price appreciation plus dividends, if any), and performance against other key objectives tied to our business strategy (including safety, protection of our core assets and Selling, General and Administrative cost control).
- Provide competitive fixed compensation elements over the short-term (base salary) and long-term (equity and retirement benefits) to encourage long-term retention of our key executives; and
- Continue to structure programs as in prior years to align with corporate governance best practices (for example, elimination of "gross-ups" related to change in control payments, use of "double-trigger" change in control equity vesting provisions for future equity awards, use of Share Ownership Guidelines and operation of a clawback policy related to incentive compensation for our executive officers).

2015 EXECUTIVE COMPENSATION SUMMARY (page 41)

The numbers in the following table showing the 2015 compensation of our named executive officers were determined in the same manner as the numbers in the corresponding columns in the 2015 Summary Compensation Table (provided later in this proxy statement); however, they do not include information regarding changes in pension value and non-qualified deferred compensation earnings and information regarding all other compensation, each as required to be presented in the 2015 Summary Compensation Table under the rules of the U.S. Securities and Exchange Commission (the "SEC"). As such, this table should not be viewed as a substitute for the 2015 Summary Compensation Table:

Name	Principal Position (as of December 31, 2015)	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Total (1) ($)
Lourenco Goncalves	Chairman, President & CEO	1,200,000	—	6,177,499	1,440,947	2,073,600	10,892,046
P. Kelly Tompkins	Executive Vice President & Chief Financial Officer	537,000	—	1,243,092	282,128	371,174	2,433,394
Terry G. Fedor	Executive Vice President, United States Iron Ore	402,000	—	930,587	211,211	277,862	1,821,660
Maurice D. Harapiak	Executive Vice President, Human Resources	372,000	—	861,137	195,457	257,126	1,685,720
Clifford T. Smith	Executive Vice President, Business Development	402,000	—	930,587	211,211	277,862	1,821,660
Terrance M. Paradie	Former Executive Vice President, Chief Financial Officer & Treasurer	131,746	—	681,997	272,657	—	1,086,400
David L. Webb	Former Executive Vice President, Global Coal	335,000	—	528,302	211,211	—	1,074,513

(1) The amounts for Messrs. Paradie and Webb reflect their actual length of service during 2015; however, this table does not include severance-related payments.

CEO REPORTED PAY VS. REALIZED PAY (page 41)

It is important to note that the grant date fair value of the stock and option awards (both time-based and performance-based vesting) as set forth in our 2015 Summary Compensation Table is for accounting and SEC disclosure purposes and is not realized pay for the indicated year. The table below shows the pay Mr. Goncalves realized for the past two years in contrast to the reported pay presented in the 2015 Summary Compensation Table. The difference between reported pay and realized pay reinforces the concept that a significant portion of Mr. Goncalves' compensation is at risk of forfeiture and dependent on the performance of the Company.

Name	Year of Compensation	Reported Pay ($)(1)	Realized Pay ($)(2)	Realized Pay as a Percentage of Reported Pay (%)
Lourenco Goncalves	2015	10,892,046	3,503,828	32.17%
	2014	9,383,808	1,682,308	17.93%

(1) Reported Pay includes salary, bonus, stock and option awards, and non-equity incentive compensation.

(2) Realized Pay is compensation actually received by Mr. Goncalves during the indicated fiscal year, consisting of salary, bonus, annual incentive received, net spread on stock option exercises, and market value at vesting of previously granted stock and option awards. Excludes the value of any unearned and unvested stock and option awards, including performance shares, which will not actually be received, if earned, until a future date.

SAY-ON-PAY IMPLICATIONS (page 54)

At our 2015 Annual Meeting of Shareholders, 90.7% of our voting shareholders voted in favor of our annual advisory vote on our named executive officers' compensation, commonly referred to as “Say-on-Pay”. This compared to only 56.1% of our voting shareholders voting in favor of Say-on-Pay in 2014.

SHAREHOLDER PROPOSAL REGARDING MAJORITY VOTING IN DIRECTOR ELECTIONS (page 56)

Cliffs' Board recommends a vote AGAINST Proposal No. 4 regarding majority voting in director elections. Like many other public companies, Cliffs uses a plurality voting standard in the election of directors, which is the default standard under Ohio law. Under a plurality voting standard, the director nominees who receive the most affirmative votes are elected to the Board. Ohio law provides for cumulative voting in the election of directors, which is applicable to Cliffs. We believe that majority voting in the election of directors is incompatible with cumulative voting, as have other states that allow for majority voting only when cumulative voting does not apply. Finally, Cliffs already has a director resignation policy in place for directors who fail to receive the majority of votes cast in an uncontested election when cumulative voting is not invoked.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (page 59)

As a matter of good corporate governance, we are asking our shareholders to ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2016.

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

1. What proposals are to be presented at the 2016 Annual Meeting?

The purpose of the 2016 Annual Meeting is to: (1) elect nine directors; (2) approve the Amended and Restated 2014 Nonemployee Directors' Compensation Plan; (3) approve, on an advisory basis, Cliffs' named executive officers' compensation; (4) consider the shareholder proposal regarding majority voting in director elections; (5) ratify the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2016 fiscal year; and (6) conduct such other business as may properly come before the 2016 Annual Meeting.

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

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

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

The Cliffs' Board of Directors (the "Board") unanimously recommends that you vote:

- FOR ALL of the nine individuals nominated by the Cliffs' Board for election as directors;
- FOR the approval of the Amended and Restated 2014 Nonemployee Directors' Compensation Plan;
- FOR the approval, on an advisory basis, of Cliffs' named executive officers' compensation;
- AGAINST the shareholder proposal regarding majority voting in director elections; and
- FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm to serve for the 2016 fiscal year.

4. Who is entitled to vote at the 2016 Annual Meeting?

The Record Date for the 2016 Annual Meeting is February 29, 2016. On that date, we had outstanding 180,109,771 common shares, $0.125 par value. All common shareholders are entitled to vote. In this proxy statement, we refer to our common shares as our "shares" and the holders of such shares as our "shareholders."

5. How do I vote?

You may vote using any of the following methods:

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

- Over the Internet. After reading the proxy materials and with your proxy card in front of you, you may use a computer to access the website www.proxyvote.com. You will be prompted to enter your control number from your proxy card. This number will identify you as a shareholder of record. Follow the simple instructions that will be given to you to record your vote.
- By telephone. After reading the proxy materials and with your proxy card in front of you, you may call the toll-free number appearing on the proxy card, using a touch-tone telephone. You will be prompted to enter your control number from your proxy card. This number will identify you as a shareholder of record. Follow the simple instructions that will be given to you to record your vote.
- By mail. If you received a paper copy of the proxy card by mail, after reading the proxy materials, you may mark, sign and date your proxy card and return it in the prepaid and addressed envelope provided.

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

Shares Held by Bank or Broker. If your shares are held by a bank, broker, depositary, trustee or some other nominee, that entity will provide separate voting instructions. All nominee share interests may view the proxy materials using the link www.proxyvote.com.

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

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

You may revoke your proxy at any time before the vote by (i) executing and submitting a revised proxy bearing a later date; (ii) providing a written revocation to the Secretary of Cliffs; or (iii) voting in person at the 2016 Annual Meeting. If you do not hold your shares directly, you should follow the instructions provided by your broker, bank or nominee to revoke your previously voted proxy.

7. What vote is required to approve each proposal?

With respect to Proposal 1, the nominees receiving a plurality vote of the shares will be elected. However, under our majority voting policy (adopted by the Board) in an uncontested election, any director-nominee that is elected by a plurality vote but fails to receive a majority of votes cast (which excludes abstentions and broker non-votes) is expected to tender his or her resignation, which resignation will be considered by the Governance and Nominating Committee and our Board.

With respect to Proposal 2, the approval of the Amended and Restated 2014 Nonemployee Directors' Compensation Plan will pass with the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2016 Annual Meeting and entitled to vote on the proposal.

With respect to Proposal 3, approval, on an advisory basis, of our named executive officers' compensation requires the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2016 Annual Meeting and entitled to vote on the proposal.

With respect to Proposal 4, the shareholder proposal regarding majority voting in director elections will pass with the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2016 Annual Meeting and entitled to vote on the proposal.

With respect to Proposal 5, the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the 2016 fiscal year will pass with the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2016 Annual Meeting and entitled to vote on the proposal.

MEETING INFORMATION

The accompanying proxy is solicited by the Board of Directors of Cliffs Natural Resources Inc. ("Cliffs" or the "Company"), for use at the Annual Meeting of Shareholders to be held on April 27, 2016, (the "2016 Annual Meeting"), and any adjournments or postponements thereof. This proxy statement, the accompanying proxy card and our 2015 Annual Report will be mailed on or about March 11, 2016 to our shareholders of record as of the Record Date.

PROXY MATERIALS

Notice of Internet Availability of Proxy Materials

In accordance with rules adopted by the SEC, we are using the Internet as our primary means of furnishing proxy materials to our shareholders. Accordingly, most shareholders will not receive paper copies of our proxy materials. We will instead send our shareholders a Notice of Internet Availability of Proxy Materials with instructions for accessing the proxy materials and voting electronically over the Internet or by telephone, also known as Notice and Access. The notice also provides information on how shareholders may request paper copies of our proxy materials. We believe electronic delivery of our proxy materials will help us reduce the environmental impact and costs of printing and distributing paper copies and improve the speed and efficiency by which our shareholders can access these materials.

On or about March 11, 2016, the Company will mail to each shareholder (other than those shareholders who previously had requested paper delivery of proxy materials) a Notice of Internet Availability of Proxy Materials containing instructions on how to access and review the proxy materials, including the Company’s 2016 Proxy Statement and the 2015 Annual Report on Form 10-K filed with the SEC, on the Internet and how to access a proxy card to vote via the Internet or by telephone.

The close of business on February 29, 2016 has been fixed as the record date of the 2016 Annual Meeting, and only shareholders of record at that time will be entitled to vote.

The Notice of Internet Availability will contain a 16-digit control number that recipients will need to access the proxy materials, to request paper or email copies of the proxy materials, and to vote their shares via the Internet or by telephone.

MEETING INFORMATION

Householding

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

Proxy Solicitation

Cliffs will bear the cost of solicitation of proxies. We have engaged Okapi Partners LLC to assist in the solicitation of proxies for fees and disbursements not expected to exceed $13,000 in the aggregate. In addition, employees and representatives of the Company may solicit proxies, and we will request that banks and brokers or other similar agents or fiduciaries transmit the proxy materials to beneficial owners for their voting instructions and we will reimburse them for their expenses in so doing.

Voting Rights

Shareholders of record on the Record Date are entitled to vote at the 2016 Annual Meeting. On the Record Date, there were outstanding 180,109,771 common shares entitled to vote at the 2016 Annual Meeting. A majority of the common shares entitled to vote must be represented at the 2016 Annual Meeting, in person or by proxy, to constitute a quorum and to transact business. Each outstanding share is entitled to one vote in connection with each item to be acted upon at the 2016 Annual Meeting. You may submit a proxy by electronic transmission via the Internet, by telephone or by mail, as explained on your proxy card.

Voting of Proxies

The common shares represented by properly authorized proxies will be voted as specified. It is intended that the shares represented by proxies on which no specification has been made will be voted: FOR ALL of the nine nominees for director named herein or such substitute nominees as the Board may designate; FOR the Amended and Restated 2014 Nonemployee Directors' Compensation Plan; FOR the approval, on an advisory basis, of our named executive officers' compensation; AGAINST the shareholder proposal regarding majority voting in director elections; FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm to serve for the 2016 fiscal year; and, at the discretion of the persons named as proxies, on all other matters that may properly come before the 2016 Annual Meeting.

Cumulative Voting for Election of Directors

If notice in writing shall be given by any shareholder to the President, an Executive Vice President or the Secretary of the Company, not less than 48 hours before the time fixed for the holding of the 2016 Annual Meeting, that such shareholder desires that the voting for the election of directors shall be cumulative, and if an announcement of the giving of such notice is made upon the convening of the 2016 Annual Meeting by the Chairman or Secretary or by or on behalf of the shareholder giving such notice, each shareholder shall have the right to cumulate such voting power as he or she possesses at such election. Under cumulative voting, a shareholder may cast for any one nominee as many votes as shall equal the number of directors to be elected, multiplied by the number of his or her shares. All such votes may be cast for a single nominee or may be distributed among any two or more nominees as he or she may desire. If cumulative voting is invoked, and unless contrary instructions are given by a shareholder who signs a proxy, all votes represented by such proxy will be cast in such manner and in accordance with the discretion of the person acting as proxy as will result in the election of as many of Cliffs' Board's nominees as is possible.

Counting Votes

The results of shareholder voting will be tabulated by the inspector of elections appointed for the 2016 Annual Meeting. We intend to treat properly authorized proxies as “present” for purposes of determining whether a quorum has been achieved at the 2016 Annual Meeting.

Abstentions and broker non-votes will have no effect with respect to the election of directors. Abstentions will have the effect of votes against, and broker non-votes will have no effect, with respect to the advisory vote regarding the compensation of our named executive officers and with respect to the proposal to approve the Amended and Restated 2014 Nonemployee Directors' Compensation Plan. Abstentions will have the effect of votes against with respect to the ratification of Deloitte & Touche LLP as our independent registered public accounting firm.

CORPORATE GOVERNANCE

BOARD LEADERSHIP STRUCTURE

The Chairman of our Board is Lourenco Goncalves, who is also our Chief Executive Officer ("CEO"), and President. Pursuant to our Corporate Governance Guidelines, when the positions of Chairman and CEO are held by one individual or if the Chairman is a Cliffs' executive, then the Governance and Nominating Committee (the "Governance Committee") recommends to the Board a Lead Director. Douglas C. Taylor currently serves as our Lead Director. The Board believes that this leadership structure is the optimal structure to guide our Company and to maintain the focus to achieve our business goals and represents our shareholders' interests.

Under this leadership structure, Mr. Goncalves, as Chairman, is responsible for overseeing and facilitating communications between our management and the Board, for setting the meeting schedules and agendas, and leading Board discussions during Board meetings. In his combined role, Mr. Goncalves has the benefit of Cliffs' personnel to help with extensive meeting preparation, responsibility for the process of recordkeeping of all Board deliberations, and the benefit of direct daily contact with management and the internal audit department. The Chairman works closely with the Lead Director in setting meeting agendas and in ensuring that essential information is communicated effectively to the Board.

The Lead Director's responsibilities include: chairing executive session meetings of the independent directors; leading the Board's processes for evaluating the CEO; presiding at all meetings of the Board at which the Chairman is not present; serving as a liaison between the Chairman and the independent directors; and meeting separately at least annually with each director.

This leadership structure provides our Chairman with the readily available resources to manage the affairs of the Board while allowing our Lead Director to provide effective and timely advice and guidance. Our governance process is based on our Corporate Governance Guidelines, which are available on our website at http://www.cliffsnaturalresources.com.

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

BOARD'S ROLE IN RISK OVERSIGHT

The Board as a whole oversees our enterprise risk management ("ERM") process. The Board executes its risk oversight role in a variety of manners. The full Board regularly discusses the key strategic risks facing Cliffs, and the Board has an annual meeting devoted to strategic planning, including discussion of Cliffs' principal strategic risks.

In addition, the Board delegates oversight responsibility for certain areas of risk to its committees. Generally, each committee oversees risks that are associated with the purpose of and responsibilities delegated to that committee. For example, the Audit Committee oversees risks related to accounting and financial reporting. In addition, pursuant to its charter, the Audit Committee periodically reviews our ERM process. The Compensation Committee monitors risks related to development and succession planning for executive officers, and compensation and related policies and programs for executive and non-executive officers and management. The Governance Committee handles risks with respect to board organization, membership and structure, director succession planning and corporate governance matters. As appropriate, the respective committees' Chairpersons provide reports to the full Board.

Through the ERM process, management is responsible for the day-to-day management of Cliffs' risks. The ERM process includes the involvement of management in the identification, assessment, mitigation and monitoring of a wide array of potential risks from strategic to operational to compliance related risks throughout the Company. Executive management regularly reports to the Board or relevant committees regarding Cliffs' key risks and the actions being taken to manage these risks.

The Company believes that its leadership structure supports the risk oversight function of the Board. Except for the Strategy Committee, independent directors chair our committees, which are each involved with risk oversight, and all directors actively participate in the Board's risk oversight function.

BOARD MEETINGS AND COMMITTEES

Our directors discharge their responsibilities in a variety of ways, including reviewing reports to directors, visiting our facilities, corresponding with the Chairman, President and CEO, and conducting telephone conferences with the

Chairman, President and CEO and directors regarding matters of interest and concern to Cliffs. In addition, directors have regular access to senior management of Cliffs. All committees regularly report their activities, actions and recommendations to the Cliffs Board.

CORPORATE GOVERNANCE

During 2015, our Board held 7 in person meetings and 4 telephonic meetings. Each director attended, either in person or by telephone conference, at least 99% of the Board and committee meetings held while serving as a director or committee member in 2015. Pursuant to Board policy, all serving directors are expected to attend all Board and committee meetings, as well as our annual meetings of shareholders. All of our directors who were standing for re-election and were incumbent directors at the time of the 2015 Annual Meeting attended the meeting.

The Board of Directors currently has four standing committees: an Audit Committee, a Compensation and Organization Committee (the "Compensation Committee"), a Governance Committee and a Strategy Committee. The Audit Committee, Compensation Committee and Governance Committee each have a charter that can be found on our website at http://ir.cliffsnaturalresources.com under “Corporate Governance” then “Committees”. A biographical overview of the members of our committees can be found beginning on page 15.

Board Committees

AUDIT COMMITTEE	Members: 4 Independent: 4 Audit Committee Financial Experts: 2 2015 Meetings: 10 Responsibilities: Reviews with our management, the internal auditors and the independent registered public accounting firm, the adequacy and effectiveness of our system of internal control over financial reporting Reviews significant accounting matters Reviews quarterly unaudited financial information prior to public release Approves the audited financial statements prior to public distribution Approves our assertions related to internal controls prior to public distribution Reviews any significant changes in our accounting principles or financial reporting practices; reviews, approves and retains the services performed by our independent registered public accounting firm Has the authority and responsibility to evaluate our independent registered public accounting firm; discusses with the independent registered public accounting firm their independence and considers the compatibility of non-audit services with such independence Annually selects and retains our independent registered public accounting firm to examine our financial statements Approves management’s appointment, termination or replacement of the head of Internal Audit Conducts a legal compliance review at least annually
Chairman: John T. Baldwin	Members: Robert P. Fisher, Jr., James S. Sawyer and Gabriel Stoliar
COMPENSATION & ORGANIZATION COMMITTEE	Members: 3 Independent: 3 2015 Meetings: 7

Responsibilities:

Oversees development and implementation of Cliffs' compensation policies and programs for executive officers

Ensures that criteria for awards under incentive plans relate to Cliffs' strategic plan and operating performance objectives and approves equity-based awards

Reviews and evaluates CEO and executive officer performance and approves compensation (with the CEO's compensation being subject to ratification by the independent members of the Board)

Recommends to the Cliffs' Board the election and compensation of officers

Assists with management development and succession planning

Reviews employment and severance plans and oversees regulatory compliance of compensation matters and related party transactions

Obtains the advice of outside experts with regard to compensation matters

May, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee

Chairman: Robert P. Fisher, Jr.	Members: Joseph A. Rutkowski, Jr. and Douglas C. Taylor

CORPORATE GOVERNANCE

GOVERNANCE & NOMINATING COMMITTEE	Members: 4 Independent: 4 2015 Meetings: 4 Responsibilities: Oversees annual review of our Corporate Governance Guidelines and our Guidelines for Selection of Nonemployee Directors and periodic review of external developments in corporate governance matters generally Periodically reviews and makes recommendations regarding the CEO's authorized levels for corporate expenditures Establish and maintains, with the Audit Committee, procedures for review of related party transactions Monitors the Board governance process and provides counsel to the CEO on Board governance and other matters Recommends changes in membership and responsibility of Board committees Acts as the Board's Nominating Committee and Proxy Committee in the election of directors Annually reviews and administers our director compensation plans and benefits, and makes recommendations to the Board with respect to compensation plans and equity-based plans for directors Other responsibilities include oversight of annual evaluation of the Board and CEO and monitoring risks associated with Board organization, membership, structure and succession planning
Chairman: Douglas C. Taylor	Members: Susan M. Green, Michael D. Siegal and Gabriel Stoliar
STRATEGY COMMITTEE	Members: 3 Independent: 2 2015 Meetings: 3 Responsibilities: Oversees Cliffs' strategic plan, annual management objectives and operations and to oversee and monitor risks relevant to its strategy Provides advice and assistance with developing our current and future strategy Provides follow up oversight with respect to the comparison of actual results with estimates for major projects and post-deal integration Ensures that Cliffs has appropriate strategies for managing exposures to economic and hazard risks

	Assesses Cliffs’ overall capital structure and its capital allocation priorities
	Assists management in determining the resources necessary to implement Cliffs’ strategic and financial plans; monitors the progress and implementation of Cliffs' strategy
Chairman: Lourenco Goncalves	Members: Joseph A. Rutkowski, Jr. and Gabriel Stoliar

CORPORATE GOVERNANCE

IDENTIFICATION AND EVALUATION OF DIRECTOR CANDIDATES

Shareholder Nominees

The policy of the Governance Committee is to consider properly submitted shareholder nominations for candidates for membership on the Board as described below under "Identifying and Evaluating Nominees for Directors." In evaluating nominations, the Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Cliffs Board and to address the membership criteria set forth below under "Board Diversity and Director Qualifications." Any shareholder nominations proposed for consideration by the Governance Committee should include: (i) complete information as to the identity and qualifications of the proposed nominee, including name, address, present and prior business and/or professional affiliations, education and experience, and particular fields of expertise; (ii) an indication of the nominee's consent to serve as a director if elected; and (iii) the reasons why, in the opinion of the recommending shareholder, the proposed nominee is qualified and suited to be a director. Shareholder nominations should be addressed to Cliffs Natural Resources Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114-2315, Attention: Secretary. Our Regulations provide that at any meeting of shareholders at which directors are to be elected, only persons nominated as candidates will be eligible for election.

Board Diversity and Director Qualifications

Although there is no specific board diversity policy in place presently, the Governance Committee does consider such factors as it deems appropriate and consistent with our Corporate Governance Guidelines, the charter of the Governance Committee and other criteria established by the Cliffs Board, which includes diversity. The Governance Committee's goal in selecting directors for nomination to the Cliffs Board generally is to seek to create a well-balanced team that combines diverse experience, skill and intellect of seasoned directors in order to enable us to pursue our strategic objectives. The Governance Committee has not reduced the qualifications for service on the Cliffs Board to a checklist of specific standards or minimum qualifications, skills or qualities. Rather, the Governance Committee seeks, consistent with the vacancies existing on the Cliffs Board at any particular time and the interplay of a particular candidate's experience with the experience of other directors, to select individuals whose business experience, knowledge, skills, diversity and integrity would be considered a desirable addition to our Board and any committees thereof. In addition, the Governance Committee annually conducts a review of incumbent directors in order to determine whether a director should be nominated for re-election to the Cliffs Board.

Identifying and Evaluating Nominees for Directors

The Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Governance Committee regularly reviews the appropriate size of the Cliffs Board and whether any vacancies on the Cliffs Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Governance Committee considers various potential candidates for director. Applicable considerations include: whether the current composition of the Cliffs Board is consistent with the criteria described in our Corporate Governance Guidelines; whether the candidate submitted possesses the qualifications that generally are the basis for selection of candidates to the Cliffs Board; and whether the candidate would be considered independent under the rules of the NYSE and our standards with respect to director independence. Candidates may come to the attention of the Governance Committee through current Board members, professional search firms, shareholders or other persons. As described above, the Governance Committee considers properly submitted nominations for candidates for the Cliffs Board. Following verification of the recommending shareholder's status, recommendations are considered by the Governance Committee at its next regularly scheduled meeting. Final approval of any candidate is determined by the full Cliffs Board.

COMMUNICATIONS WITH DIRECTORS

Shareholders and interested parties may communicate with the Lead Director, our non-management directors as a group or the Cliffs Board by writing to the Lead Director at Cliffs Natural Resources Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114-2315. As set forth in the Corporate Governance Guidelines, the Lead Director will report to the full Board any communications that are directed at all members of the Cliffs Board. The Secretary routinely filters communications that are solicitations or complaints, unrelated to Cliffs or Cliffs' business or determined to pose a possible security risk to the addressee.

BUSINESS ETHICS POLICY

We have adopted a Code of Business Conduct and Ethics (the "Ethics Code"), which applies to all of our directors, officers and employees. The Ethics Code is available on our website at http://cliffsnaturalresources.com in the Corporate Governance section under "Investors." We intend to post amendments to or waivers from our Ethics Code (to the extent applicable to our principal executive officer, principal financial officer or principal accounting officer) on our website. Reference to our website and the contents thereof do not constitute incorporation by reference of the information contained on our website, and such information is not part of this proxy statement.

CORPORATE GOVERNANCE

INDEPENDENCE AND RELATED PARTY TRANSACTIONS

Our Board has determined that each of the current directors standing for re-election, other than Mr. Goncalves, and all of the current members of the Audit, Governance , and Compensation Committees, have no material relationship with us (either directly or as a partner, shareholder or officer of an organization that has a relationship with us) and is independent within the NYSE director independence standards. Mr. Goncalves is our Chairman, President & CEO, and, as such, is not considered independent.

Since January 1, 2015, there have been no transactions or currently proposed transactions, in which Cliffs was or is to be a participant and the amount exceeds $120,000, and in which any related person had or will have a direct or material interest. We recognize that transactions between us and any of our directors or executive officers can present potential or actual conflicts of interest and create the appearance that our decisions are based on considerations other than the best interests of our shareholders.

We have a written Related Party Transactions Policy, pursuant to which we only will enter into related party transactions if our CEO and Chief Legal Officer determine that the transaction is comparable to those that could be obtained in arm’s length dealings with an unrelated third party. If the transaction is approved by our CEO and Chief Legal Officer, then the transaction also must be approved by the disinterested members of our Audit Committee. For purposes of our policy, we define a related person as any person who is a director, executive officer, nominee for director or an immediate family member of a director, an executive officer or a nominee for director. We define a related party transaction as a transaction, agreement or relationship in which Cliffs was, is or will be a participant, the amount of the transaction exceeds $120,000, and a related person has or will have a direct or indirect material interest. However, compensation paid by Cliffs for service as a director or executive officer of the Company is not deemed to be a related party transaction, even if the aggregate amount involved exceeds $120,000. Under our policy, any related party transactions are reviewed by the Audit Committee at each quarterly committee meeting.

We have entered into indemnification agreements with each current member of the Board. The form and execution of the indemnification agreements were approved by our shareholders at the Annual Meeting convened on April 29, 1987. The indemnification agreements essentially provide that, to the extent permitted by Ohio law, we will indemnify the indemnitee against all expenses, costs, liabilities and losses (including attorneys’ fees, judgments, fines or settlements) incurred or suffered by the indemnitee in connection with any suit in which the indemnitee is a party or otherwise involved as a result of his or her service as a member of the Board. In connection with the indemnification agreements, we have a trust agreement with KeyBank National Association pursuant to which the parties to the indemnification agreements may be reimbursed with respect to enforcing their respective rights under the indemnification agreements.

In 2004, we reached an agreement with the United Steelworkers, or USW pursuant to which the USW may designate a member to the Board provided that the individual is acceptable to the Chairman, is recommended by the Board Affairs Committee (now known as the Governance and Nominating Committee), and is then approved by the full Board to be considered a director nominee. In 2007, Susan Green was first proposed by the USW, elected to the Board by Cliffs’ shareholders in July 2007, and re-elected in each of the years 2008 through 2013. As a result of the proxy contest in 2014, Ms. Green was not re-elected but was asked by the reconstituted Board to re-join the Board and was subsequently appointed on October 15, 2014 and re-elected in 2015.

DIRECTOR COMPENSATION

Our 2014 Nonemployee Directors' Compensation Plan (the "Directors' Plan"), which is further described below, provides for a combination of cash and equity compensation for our nonemployee directors.

Cash Compensation

Under the Directors' Plan, each nonemployee director is entitled to receive the following cash payments, paid in equal quarterly amounts, for his or her Board retainer and committee assignments.

Board Form of Cash Compensation	2015 ($)
Annual Retainer	100,000
Lead Director Annual Retainer	40,000
Audit Committee Chair Annual Retainer	20,000
Compensation and Organization Committee Chair Annual Retainer	12,500
Annual Retainers for Chairs of Governance and Nominating Committee and the former Strategy and Sustainability Committee	10,000

In addition, customary expenses for attending Board and committee meetings are reimbursed. Employee directors receive no additional compensation for their service as directors. The Company does not fund any type of retirement or pension plan for nonemployee directors.

Retainer Share Election Program

Starting in July, 2015, the Governance Committee recommended and the Board adopted a Nonemployee Director Retainer Share Election Program pursuant to which nonemployee directors may elect to receive all or certain portions of their annual retainer and any other fees earned in cash in Cliffs' common shares. Election is voluntary and irrevocable for the applicable election period and shares issued under this program must be held for six months from the issuance date. The number of shares received each quarter are calculated by dividing the value of the quarterly cash retainer amount by the closing market price of the date of payment. Three of our eight nonemployee directors participated in this program during the 2015 election period.

Equity Grants

During 2015 our nonemployee directors were entitled to receive restricted share awards under the Directors’ Plan. For 2015, nonemployee directors were granted a number of restricted shares, with a value equal to $85,000, based on the closing price of the Company’s common shares on the NYSE, on May 19, 2015, the date of the Company’s annual meeting of shareholders in 2015, subject to any deferral election and pursuant to the terms of the Directors’ Plan and an award agreement, effective on May 19, 2015.

Directors receive dividends, if any, on their restricted share awards and may elect that all cash dividends with respect to restricted shares be deferred and reinvested in additional common shares. Those additional common shares are subject to the same restrictions as the underlying award. Cash dividends not subject to a deferral election will be paid to the director without restriction.

Share Ownership Guidelines

We have established Director Share Ownership Guidelines and assess each director’s compliance with the guidelines in December of each year. The Director Share Ownership Guidelines provide that each director hold or acquire common shares having a market value of at least $250,000 within five years of becoming a director. As of December 31, 2015, Messrs. Stoliar and Taylor were the only directors who were in compliance with the guidelines, but we note that all directors are within the applicable timeframe to reach compliance.

Deferrals

The Directors’ Plan gives nonemployee directors the opportunity to defer all or a portion of their awards that are denominated or payable solely in shares. Deferred share accounts earn dividend equivalents at the end of each quarter based on any cash dividends we pay during the quarter, which dividend equivalents are credited to the accounts in the form of additional deferred shares. The amounts in the director’s deferral account together with any deferred dividends, will be paid to the director in the form elected after such director’s termination of service, death, or a change in control of Cliffs.

Cliffs has a trust agreement with KeyBank National Association relating to the Directors’ Plan in order to fund and pay our deferred compensation obligations under the Directors' Plan.

DIRECTOR COMPENSATION

DIRECTOR COMPENSATION FOR 2015

The following table, supported by the accompanying footnotes and the narrative above, sets forth for fiscal year 2015 all compensation earned by the individuals who served as our nonemployee directors at any time during 2015.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	All Other Compensation ($)	Total ($)
J. T. Baldwin	120,000	85,000	—	205,000
R.P. Fisher, Jr.	112,500	85,000	—	197,500
S. M. Green	100,000	85,000	—	185,000
J.A. Rutkowski, Jr.	100,000	85,000	—	185,000
J. S. Sawyer	100,000	85,000	—	185,000
M. D. Siegal	100,000	85,000	—	185,000
G. Stoliar	100,000	85,000	—	185,000
D. C. Taylor	150,000	85,000	—	235,000

(1) The amounts listed in this column reflect the aggregate cash dollar value of all earnings in 2015 for annual retainer fees and chair retainers.

(2) The amounts reported in this column reflect the aggregate grant date fair value computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 for the nonemployee directors' restricted share awards granted during 2015, which awards are further described above, and whether or not deferred by the director. The grant date fair value of the nonemployee directors' restricted share award on May 19, 2015 was $5.05 per share ($85,000). Messrs. Sawyer and Siegal elected to defer all or a portion of their restricted share award under the Directors' Plan. As of December 31, 2015, the aggregate number of restricted shares subject to forfeiture held by each nonemployee director was as follows: Mr. Baldwin - 25,638; Mr. Fisher - 26,514; Ms. Green - 24,657; Mr. Rutkowski - 26,514; Mr. Sawyer - 9,682; Mr. Siegal - 17,010; Mr. Stoliar - 26,514; and Mr. Taylor - 26,514. As of December 31, 2015, the aggregate number of unvested deferred shares allocated to the deferred share accounts of Messrs. Sawyer and Siegal under the Directors' Plan were 16,832 and 8,416, respectively.

PROPOSAL 1 ELECTION OF DIRECTORS

The Board has nominated John T. Baldwin, Robert P. Fisher, Jr., Lourenco Goncalves, Susan M. Green, Joseph A. Rutkowski, Jr., James S. Sawyer, Michael D. Siegal, Gabriel Stoliar and Douglas C. Taylor to serve until the next Annual Meeting of Shareholders or until their successors shall be elected. All of the nominees are independent under the NYSE corporate governance rules, except for Mr. Goncalves. All of the nominees were elected by the shareholders at the Annual Meeting of Shareholders held on May 19, 2015.

Each of the director nominees has consented to his or her name being submitted by Cliffs as a nominee for election as a member of the Cliffs Board. Each such nominee has further consented to serve as a member of the Cliffs Board if elected. Should any nominee decline or be unable to accept such nomination to serve as a director, an event that we currently do not anticipate, the persons named as proxies reserve the right, in their discretion, to vote for a lesser number of nominees or for substitute nominees designated by the directors, to the extent consistent with our Regulations.

The members and nominees for the Cliffs Board have diversified professional experience in general management, steel manufacturing and processing, mining, metallurgical engineering, operations, finance, investment banking, labor, law and other fields. There is no family relationship among any of our nominees and executive officers. The average age of the nominees currently serving on the Cliffs Board is 59, ranging from ages 52 to 64. The average years of service of the nominees currently serving on the Cliffs Board is 2.3 years, ranging from less than 2 years to over 9 years of service.

In the election of directors, the nominees receiving a plurality vote of the shares will be elected. However, under our current majority voting policy, any director-nominee that is elected in an uncontested election but fails to receive a majority of votes cast (which excludes abstentions and broker non-votes) is expected to tender his or her resignation, which resignation will be considered by the Governance Committee and our Board.

Under Ohio law, shareholders have the right to exercise cumulative voting in the election of directors as described under “Cumulative Voting” on page 6. If cumulative voting rights are in effect for the election of directors, which we currently do not anticipate to be the case, you may allocate among the director nominees, as you see fit, the total number of votes equal to the number of director positions to be filled multiplied by the number of shares you hold.

The Board recommends a vote FOR each of the nominees listed on the following pages.

PROPOSAL 1 ELECTION OF DIRECTORS

INFORMATION CONCERNING DIRECTOR NOMINEES

JOHN T. BALDWIN

Director Since: 2014

Age: 59

Former director and chairman of the Audit Committee of Metals USA, a provider of a wide range of products and services in the heavy carbon steel, flat-rolled steel, specialty metals, and building products markets, from January 2006 to April 2013; senior vice president and chief financial officer of Graphic Packaging Corporation, 2003 to 2005.

Qualifications: Mr. Baldwin's experience as a former Audit Committee Chairman and retired Chief Financial Officer with over twenty-five years of increasing financial responsibility. Mr. Baldwin holds a Bachelor of Science degree from the University of Houston and J.D. from the University of Texas School of Law. Mr. Baldwin has worked abroad for several years and has a broad range of experience structuring and negotiating complicated financial and M&A transactions.

Other Current Public Directorships: None

Former Directorships:

Metals USA Holdings Corp. (2006 - 2013)

The Genlyte Group Incorporated (2003 - 2008)

ROBERT P. FISHER, JR.

Director Since: 2014

Age: 61

President and chief executive officer of George F. Fisher, Inc., a private investment company that manages a portfolio of public and private investments, since 2002. Mr. Fisher served in various positions with Goldman, Sachs & Co., an American multinational investment banking firm, from 1982 until 2001, eventually serving as Managing Director and head of its Canadian Corporate Finance and Canadian Investment Banking units for eight years and then as head of Goldman Sachs Investment Banking Mining Group.

Qualifications: During Mr. Fisher's tenure at Goldman, Sachs & Co., he worked extensively with many of the leading North American metals and minings companies, and also served as the head of Goldman's Investment Banking Mining Group. Mr. Fisher has vast experience in the investment and finance industries which included advising the boards of numerous public companies. Mr. Fisher has served on the Audit Committee, the Nominating and Corporate Governance Committee and as chair of the Human Resources Committee of CML Healthcare, Inc. Mr. Fisher holds a Bachelor of Arts degree from Dartmouth College and a Master of Arts degree in Law and Diplomacy from Tufts University.

Other Current Public Directorships: None

Former Directorships:

CML Healthcare, Inc. (2010 - 2013)

LOURENCO GONCALVES

Director Since: 2014
Age: 58

Chairman of the Board, President and Chief Executive Officer of the Company since August 2014; chairman, president and chief executive officer of Metals USA Holdings Corp., an American manufacturer and processor of steel and other metals from May 2006 through April 2013; president, chief executive officer and a director of Metals USA Inc. from February 2003 through April 2006. Prior to Metals USA, Mr. Goncalves served as president and chief executive officer of California Steel Industries, Inc. from March 1998 to February 2003.

Qualifications: Mr. Goncalves brings more than 30 years of experience in the metals and mining industries, as well as extensive board experience, in the United States and abroad. Mr. Goncalves earned a Masters of Science degree in Metallurgical Engineering from the Federal University of Minas Gerais in Belo Horizonte, Brazil and a Bachelor's degree in Metallurgical Engineering from the Military Institute of Engineering in Rio de Janeiro, Brazil

Other Current Public Directorships:
American Iron and Steel Institute (2014)

Former Directorships:
Ascometal SAS (2011 - 2014)
Metals USA Holdings Corp. (2006 - 2013)
Metals USA Inc. (2003 - 2006)

PROPOSAL 1 ELECTION OF DIRECTORS

SUSAN M. GREEN

Director Since: 2007

Age: 56

Served as Deputy General Counsel, U.S. Congress Office of Compliance, which enforces the labor and employment laws for the Legislative Branch, from November 2007 through September 2013. Prior to that position, Ms. Green held several appointments in the U.S. Department of Labor during the Administration of President Bill Clinton (1999-2001), and served as Chief Labor Counsel for then-Senator Edward M. Kennedy (1996-1999).

Qualifications: Ms. Green was originally proposed as a nominee for the Board by the USW pursuant to the terms of our 2004 labor agreement. Ms. Green has served as both a labor organizer and as an attorney representing organized labor. Ms. Green brings her diverse experiences as labor attorney and an alternative point of view to our Board. Ms. Green received her J.D. from Yale Law School and an A.B. from Harvard College.

Other Current Public Directorships: None

Former Directorships: Cliffs Natural Resources Inc.

JOSEPH A. RUTKOWSKI, JR.

Director Since: 2014

Age: 61

Principal of Winyah Advisors LLC, a management consulting firm, since 2010; former executive vice president of Nucor Corporation ("Nucor"), the largest steel producer in the United States, from 1998 to 2010; various previous capacities at Nucor that included: manager of melting and casting at the Nucor steel division from 1991 to 1992; general manager from 1992 to 1998; vice president from 1993 to 1998.

Qualifications: Mr. Rutkowski has over 30 years of experience in the steel industry, including 12 years of service as executive vice president of Nucor. Mr. Rutkowski holds a Bachelor's of Science in Mechanics and Materials Science from Johns Hopkins University.

Other Current Public Directorships: Insteel Industries, Inc. (2015)

Former Directorships: None

JAMES S. SAWYER

Director Since: 2014

Age: 59

Former chief financial officer of Praxair Inc., the largest industrial gases company in North and South America, from 2000 to 2013; executive vice president of Praxair Inc., from November 2006 to December 2013.

Qualifications: Mr. Sawyer was listed as one of the 25 best Chief Financial Officers of 2012 by the Wall Street Journal; he was also named Senior Financial Officer of the year by Chemical Week magazine in 2003 and received the Institutional Investor Chief Financial Officer of the Year award in 2004. Mr. Sawyer holds an undergraduate degree from Wesleyan University and a master's degree from the Sloan School of Management at the Massachusetts Institute of Technology.

Other Current Public Directorships: None

Former Directorships: None

PROPOSAL 1 ELECTION OF DIRECTORS

MICHAEL D. SIEGAL

Chairman and chief executive officer of Olympic Steel, Inc., a publicly traded company since 1994, focused on the value-added processing of flat rolled and tubing metal products, since 1984.

Qualifications: Under Mr. Siegal’s leadership, Olympic Steel Inc. experienced consistent growth and has been transformed from a family-owned steel distributor to a publicly traded fully integrated, value added processor and supply chain manager serving the outsourcing needs of America’s largest manufacturers. Olympic Steel, Inc. has grown from $35 million to more than $1 billion in revenues. Mr. Siegal received his Bachelor of Science degree from Miami University.

Director Since: 2014
Age: 63

Other Current Public Directorships:
Olympic Steel, Inc. (1994)
Former Directorships: None

GABRIEL STOLIAR

Managing partner of Studio Investimentos, an asset management firm focused on Brazilian equities, since 2009; chairman of the board of directors of Tupy S.A., a foundry and casting companies, since 2009; board of directors of Knijnik Engenharia Integrada, an engineering company, since 2013; board of directors of LogZ Logistica Brasil S.A., a ports logistic company, since 2011; chief financial officer and head of investor relations and subsequently as Executive Director of Planning and Business Development at Vale S.A., a Brazilian multinational diversified metals and mining company, from 1997 to 2008.

Qualifications: Mr. Stoliar brings to the Board his vast experience in and relating to the metals and mining industries along with his extensive experience serving on various boards of directors. Mr. Stoliar holds a Bachelor’s of Science in Industrial Engineering from the Universdade Federal do Rio de Janeiro, a post graduate degree in Production Engineering with focus in Industrial Projects and Transportation from the Universdade Federal do Rio de Janeiro and an Executive MBA from PDG-SDE/RJ.

Director Since: 2014
Age: 61

Other Current Public Directorships:
Tupy S.A. (2009)
Former Directorships: None

DOUGLAS C. TAYLOR

Lead Director of the Board since August, 2014. Managing Partner of Casablanca Capital LP, a hedge fund, since 2010; managing director at Lazard Freres, a leading financial advisory and asset management firm, from 2002 to 2010; chief financial officer and director at Sapphire Industrials Corp., from 2008 to 2010.

Qualifications: Mr. Taylor's extensive financial and strategic advisory investment experience, including advising public companies, is invaluable to Cliffs. Mr. Taylor holds a Bachelor of Arts degree in Economics from McGill University and a Master of Arts degree in International Affairs from Columbia University School of International and Public Affairs.

Director Since: 2014

Age: 51	Other Current Public Directorships: None Former Public Directorships: Sapphire Industrials Corp. (2008 - 2010)

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our directors and officers and persons who own more than 10% of a registered class of our equity securities to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the SEC. Directors, officers and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all Forms 3, 4 and 5 they file.

Based solely on our review of the copies of such forms we have received, and written representations by such persons, we believe that, except as otherwise noted below, all of our directors, officers and greater than 10% shareholders complied with all filing requirements applicable to them with respect to transactions in our equity securities during the fiscal year ended December 31, 2015: on January 4, 2016, one Form 4 for P. Kelly Tompkins reporting one transaction related to the surrender of shares in payment of tax liability for restricted shares that vested on November 11, 2015 was filed late due to an administrative oversight.

OWNERSHIP OF EQUITY SECURITIES OF THE COMPANY

The following table sets forth the amount and percent of common shares that, as of February 29, 2016 (except as otherwise indicated), are deemed under the rules of the SEC to be “beneficially owned” by each director named in this proxy statement, by our CEO, CFO and the other named executive officers as identified in the 2015 Summary Compensation Table below by such persons, individually and collectively by the directors named in this proxy statement and the other executive officers as a group, and by any person or “group” (as the term is used in the Exchange Act) known to us as of that date to be a “beneficial owner” of more than five percent or more of the outstanding common shares. None of the the shares owned by our directors, director nominees or executive officers are pledged as security.

	Amount and Nature of “Beneficial Ownership” (1)					
Name of Beneficial Owner	Beneficial Ownership	Investment Power		Voting Power		Percent of Class (2)
		Sole	Shared	Sole	Shared	
Directors						
John T. Baldwin	38,438	38,438	—	38,438	—	—
Robert P. Fisher, Jr.	32,514	32,514	—	32,514	—	—
Susan M. Green	36,338	36,338	—	36,338	—	—
Joseph A. Rutkowski, Jr.	42,514	42,514	—	42,514	—	—
James S. Sawyer	34,682	34,682	—	34,682		—
Michael D. Siegal	42,577	42,577	—	42,577	—	—
Gabriel Stoliar	67,266	67,266	—	67,266	—	—
Douglas C. Taylor	7,292,246	60,726	7,231,520 (3)	—	7,231,520 (3)	4.05
Named Executive Officers						
Lourenco Goncalves	409,780	409,780	—	409,780	—	—
P. Kelly Tompkins	48,362	48,362	—	48,362	—	—
Terry G. Fedor	20,587	20,587	—	20,587	—	—
Maurice D. Harapiak	5,682	5,682	—	5,682	—	—
Clifford T. Smith	43,988	43,988	—	43,988	—	—
Terrance M. Paradie	26,033	26,033	—	26,033	—	—
David L. Webb	11,601	11,601	—	11,601	—	—
All Current Directors and Executive Officers as a group (16 Persons)	8,144,775	913,255	7,231,520 (4)	852,529	7,231,520 (4)	4.52
Other Persons						
George W. Connell (5)						
Three Radnor Corporate Center, #450	14,300,000	14,300,000	—	14,300,000	—	7.94
Radnor, PA 19087						
BlackRock Inc. (6)						
40 East 52nd Street	9,615,708	9,054,623	—	9,615,708	—	5.34
New York, NY 10022						
The Vanguard Group, Inc. (7)						
100 Vanguard Blvd.	9,200,749	9,023,468	177,281	187,781	—	5.11
Malvern, PA 19355						

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

securities may be deemed “beneficially owned” by two or more persons shown in the table. Information with respect to “beneficial ownership” shown in the table above is based upon information supplied by our directors, nominees and executive officers and filings made with the SEC or furnished to us by any shareholder.

(2) Less than one percent, except as otherwise indicated.

(3) Casablanca Capital LP serves as investment advisor to certain investment funds or managed accounts (collectively, the "Accounts"), and may be deemed to have beneficial ownership over the common shares held for such Accounts. Mr. Taylor, as a co-managing member of Casablanca GP, is in a position to indirectly determine the voting and investment decisions regarding 7,231,520 common shares held by the Accounts and may be deemed to “beneficially own” such common shares.

(4) Casablanca Capital LP serves as investment advisor to the Accounts, and may be deemed to have beneficial ownership over the common shares held for such Accounts. Mr. Taylor, as a co-managing member of Casablanca GP, is in a position to indirectly determine the voting and investment decisions regarding 7,231,520 common shares held by the Accounts and may be deemed to “beneficially own” such common shares.

(5) George W. Connell reported his ownership on Amendment No. 1 to Schedule 13G filed with the SEC on January 29, 2016.

(6) BlackRock Inc. reported its ownership on Amendment No. 6 to Schedule 13G filed with the SEC on February 10, 2016.

(7) The Vanguard Group, Inc. reported its ownership on Amendment No. 4 to Schedule 13G filed with the SEC on February 11, 2016.

PROPOSAL 2 APPROVAL OF AMENDED & RESTATED 2014 NONEMPLOYEE DIRECTORS' COMPENSATION PLAN

On February 10, 2016, upon the recommendation of the Governance Committee, the Cliffs Board unanimously approved and adopted the Amended and Restated 2014 Nonemployee Directors’ Compensation Plan (the "Amended Director Plan") subject to the approval of our shareholders at the 2016 Annual Meeting. If approved by our shareholders, the Amended Director Plan will replace our existing 2014 Nonemployee Directors’ Compensation Plan (which we refer to as the "Current Director Plan").

The Amended Director Plan amends and restates in its entirety the Current Director Plan. If the Amended Director Plan is approved by our shareholders, it will be effective as of April 27, 2016. Outstanding awards under the Current Director Plan will continue in effect in accordance with their terms. If the Amended Director Plan is not approved by our shareholders, no awards will be made under the Amended Director Plan.

Our principal reason for amending and restating the Current Director Plan is to increase the number of common shares available for issuance. The Amended Director Plan will increase the maximum number of shares available for awards from 300,000 to 1,050,000, an increase of 750,000 common shares (or 0.58% of our outstanding common shares as of February 29, 2016).

Other than the increase in the aggregate number of common shares available for issuance, the Amended Director Plan does not include any substantive changes to the terms of the Current Director Plan.

The actual text of the Amended Director Plan is attached to this proxy statement as Annex A. The following description of the Amended Director Plan is only a summary of its principal terms and provisions and is qualified by reference to the actual text as set forth in Annex A.

Why We Recommend That You Vote for Proposal 2

The Amended Director Plan authorizes the Governance Committee to provide equity-based compensation in the form of restricted shares, restricted stock units, deferred shares, dividend equivalents and certain other awards denominated or payable in, or otherwise based on Cliffs common shares or factors that may influence the value of our shares. The purpose of the Amended Director Plan is to allow for payment to Cliffs' nonemployee directors of a portion of the compensation earned by them for services as directors in common shares or other share-based awards in order to further align the interests of such directors with Cliffs' shareholders and thereby promote our long-term success and growth. In addition, the Amended Director Plan is intended to provide directors with opportunities to defer receipt of any or all of such compensation.

We believe our future success depends in part on our ability to attract, motivate and retain highly qualified nonemployee directors. The ability to provide equity-based awards under the Amended Director Plan is a critical component to achieving this success. We would be at a distinct competitive disadvantage if we could not use equity-based awards to recruit, motivate and retain nonemployee directors.

We also believe that equity compensation motivates nonemployee directors to appropriately focus on actions that enhance shareholder value because they will share in that value enhancement through improved share price performance. Our equity compensation also effectively retains our nonemployee directors and promotes a focus on sustained enhancement of shareholder value because our equity compensation awards can be subject to vesting.

As of February 29, 2016, only 91,299 common shares remained available for issuance under the Current Director Plan. If the Amended Director Plan is not approved, we may be compelled to significantly increase the cash component of our nonemployee director compensation, which may not necessarily align nonemployee director interests with the investment interests of our shareholders as well as the alignment provided by equity-based awards. Replacing equity awards with cash would also increase cash compensation expense and divert cash away from more impactful uses, such as investment in our business operations.

The following includes aggregated information regarding the potential overhang or dilution associated with the Amended Director Plan and the potential overhang or dilution that would result if the Amended Director Plan is approved. The information below is as of February 29, 2016. As of that date, there were approximately 180,109,771 of our common shares outstanding.

Under the Current Director Plan:

- Total common shares subject to outstanding awards: 208,291 common shares (0.10% of our outstanding common shares);
- Total common shares available for future awards under the Current Director Plan: 91,299 shares (0.05% of our outstanding common shares);
- The total number of common shares subject to outstanding awards under the Current Director Plan (208,291 shares), plus the total number of shares available for future awards under the Current Director Plan (91,299 shares), represents a current overhang or dilution to our shareholders of approximately 0.17%.

PROPOSAL 2 APPROVE AMENDED AND RESTATED 2014 NONEMPLOYEE DIRECTORS' COMPENSATION PLAN

Under the Amended Director Plan:

- Proposed additional common shares available for future issuance under the Amended Director Plan: 750,000 common shares (0.42% of our outstanding common shares - this percentage reflects the simple dilution of our shareholders that would occur if the Amended Director Plan is approved).

Total potential overhang or dilution under the Amended Director Plan:

- The total common shares subject to outstanding awards as of February 29, 2016 (208,291 shares), plus the total common shares available for future awards under the Current Director Plan as of that date (91,299 shares), plus the proposed additional common shares available for future issuance under the Amended Director Plan (750,000), represent a total fully-diluted overhang of 1,049,590 shares (0.58%) under the Amended Director Plan.

Based on the closing price on the NYSE for our common shares on February 29, 2016 of $2.16 per share, the aggregate market value as of February 29, 2016 of the 750,000 shares requested for issuance under the Amended Director Plan was $1,620,000.00. In 2013, we granted awards under the Nonemployee Directors' Compensation Plan, amended and restated as of December 31, 2008 (the "Predecessor Plan") covering 43,461 shares. In 2014, we granted awards under the Predecessor Plan and the Current Director Plan covering 73,635 shares. In 2015, we granted awards under the Current Director Plan covering 134,656 shares. Based on our basic weighted average common shares outstanding for those three years of 151,725,928, 153,098,005 and 153,230,072, respectively, for the three-year period 2013-2015, our average burn rate, not taking into account forfeitures, was 0.05% (our individual years' burn rates were 0.03% for 2013, 0.05% for 2014 and 0.09% for 2015).

In determining the number of shares to request for approval under the Amended Director Plan, our management team worked with the Governance Committee to evaluate a number of factors including our recent share usage and criteria expected to be utilized by institutional proxy advisory firms in evaluating our proposal for the Amended Director Plan.

If the Amended Director Plan is approved, we intend to utilize the shares authorized under the Amended Director Plan to continue our practice of incentivizing nonemployee directors through annual equity grants. We currently anticipate that the shares requested in connection with the approval of the Amended Director Plan will last for about 2 years, based on our historic grant rates and the approximate current stock price, but could last for a longer or shorter period of time if actual practice does not match historic rates or our stock price changes materially. As noted in "Amended Director Plan Highlights" and elsewhere below, our Governance Committee would retain full discretion under the Amended Director Plan to determine the number and amount of awards to be granted under the Amended Director Plan, subject to the terms of the Amended Director Plan, and future benefits that may be received by participants under the Amended Director Plan are not determinable at this time.

We believe that we have demonstrated a commitment to thoughtful and responsible equity compensation practices. We recognize that equity compensation awards dilute shareholder equity, so we have carefully managed our equity incentive compensation. Our equity compensation practices are intended to be competitive and consistent with market practices, and we believe our historical share usage has been disciplined and mindful of shareholder interests.

In evaluating this Proposal 2, shareholders should consider all of the information in this Proposal 2.

Amended Director Plan Highlights

Administration. The Amended Director Plan will be administered by the Governance Committee. The Governance Committee may delegate its authority under the Amended Director Plan to a subcommittee.

Reasonable Amended Director Plan Limits. Subject to adjustment as described in the Amended Director Plan, total awards under the Amended Director Plan are limited to 1,050,000 common shares (less one common share for every common share that was issued or transferred on or after January 1, 2014 under the Predecessor Plan), plus any common shares recycled into the Amended Director Plan as described below. These common shares may be shares of original issuance or treasury shares or a combination of the foregoing.

The Amended Director Plan also provides that no participant will be granted in any calendar year common shares or other share-based awards having an aggregate value at the date of grant(s) in excess of $1,000,000.

Limited Share Recycling Provisions. Common shares covered by an award granted under the Amended Director Plan will not be counted as used unless and until they are actually issued and delivered, but the total number of common shares available under the Amended Director Plan as of a given date will not be reduced by any common shares relating to prior awards granted under the Amended Director Plan that have expired or have been forfeited or cancelled. Upon payment in cash of the benefit provided by any award granted under the Amended Director Plan, any common shares that were covered by the applicable portion of such award will again be available for issue or transfer under the Amended Director Plan. If a participant elects to give up the right to receive compensation in exchange for common shares based on fair market value, such common shares will not count against the aggregate share limit under the Amended Director Plan.

PROPOSAL 2 APPROVE AMENDED AND RESTATED 2014 NONEMPLOYEE DIRECTORS' COMPENSATION PLAN

Change in Control Definition. The Amended Director Plan includes a definition of “change in control.” Generally, unless otherwise prescribed by the Governance Committee in an evidence of award, a change in control will be deemed to have occurred if:

- a person or group (excluding certain acquisitions directly from Cliffs, any acquisition by Cliffs, any acquisition by any employee benefit plan or related trust sponsored by Cliffs or an affiliate, or certain acquisitions that do not result in a significant change in ownership or leadership of Cliffs, as further described in the Amended Director Plan) becomes the beneficial owner of 35% or more of either our then outstanding shares of common stock or the combined voting power of our then outstanding securities entitled to vote generally in the election of directors;
- individuals who as of the effective date of the Amended Director Plan constituted the entire Cliffs Board cease to constitute at least a majority of the Cliffs Board, unless their replacements are approved as described in the Amended Director Plan;
- we consummate a reorganization, merger, statutory share exchange, consolidation or similar transaction, or a sale or other disposition of all or substantially all of our assets, or the acquisition of the assets or securities of another corporation, unless the transaction does not result in a significant change in the ownership or leadership of Cliffs, as further described in the Amended Director Plan; or
- our shareholders approve a complete liquidation or dissolution of Cliffs.

Summary of Other Material Terms of the Amended Director Plan

Shares Available Under the Amended Director Plan. Subject to adjustment as provided in the Amended Director Plan, the number of common shares that may be issued or transferred:

- as restricted shares and released from substantial risks of forfeiture,
- in payment of restricted stock units,
- as other awards as provided in the Plan,
- in settlement of deferred shares, or
- in payment of dividend equivalents

will not exceed in the aggregate 1,050,000 common shares (less one common share for every common share that was issued or transferred on or after January 1, 2014 under the Predecessor Plan), plus any common shares recycled into the Amended Director Plan as described above. These common shares may be shares of original issuance or treasury shares or a combination of the foregoing. As of February 29, 2016, the closing price for our common shares on the New York Stock Exchange was $2.16.

Eligibility. Our nonemployee directors (8 persons as of February 29, 2016) may be granted awards under the Amended Director Plan by the Governance Committee.

Restricted Shares. A grant of restricted shares involves the immediate transfer by us to a participant of ownership of a specific number of common shares in consideration of the performance of services. The participant is entitled immediately to voting, dividend and other ownership rights in such shares, but subject to a substantial risk of forfeiture and restrictions on transfer as described below. The transfer may be made without additional consideration or in consideration of a payment by the participant that is less than fair market value at the date of grant, as the Governance Committee may determine.

Restricted shares must be subject to a “substantial risk of forfeiture” within the meaning of Section 83 of the Internal Revenue Code, or the Code, for a period no shorter than one year. Each such grant or sale of restricted shares will provide that during or after the period for which such substantial risk of forfeiture is to continue, the transferability of the restricted shares will be prohibited or restricted in the manner and to the extent prescribed by the Governance Committee at the date of grant. A grant or sale of restricted shares may provide for earlier termination of the restrictions on such restricted shares, including in the event of the termination of service (as described in the Amended Director Plan), death or disability of a participant or in the event of a change in control of Cliffs.

Grants of restricted shares will be evidenced by an evidence of award containing such terms and provisions, consistent with the Amended Director Plan, as the Governance Committee may approve. For purposes of the Amended Director Plan, an “evidence of award” is an agreement, certificate, resolution or other type or form of writing or other evidence approved by the Governance Committee that sets forth the terms and conditions of an award granted under the

Amended Director Plan. An evidence of award may be in an electronic medium, may be limited to a notation on the books and records of Cliffs and, unless otherwise determined by the Governance Committee, need not be signed by a representative of Cliffs or the participant. Any grant or sale of restricted shares may require that any or all dividends or other distributions paid with respect to the restricted shares during the period of restriction be automatically deferred and reinvested in additional restricted shares, which may be subject to the same restrictions as the underlying award.

Restricted Stock Units ("RSUs"). A grant of RSUs constitutes an agreement by us to deliver common shares, cash or a combination of common shares and cash to the participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions during the restriction period as the Governance Committee may specify. During the applicable restriction period, the participant will have no right to transfer any rights under his or her award, no rights of ownership in the common shares deliverable upon payment of the RSUs, and no right to vote such shares. The Governance Committee may, at the date of grant, authorize the payment of dividend equivalents on RSUs on a current, deferred or contingent basis, either in cash or in additional common shares.

RSUs will have a restriction period of at least one year. However, a grant or sale of RSUs may provide for the earlier lapse or other modification of the restriction period, including in the event of a termination of service, death or disability of a participant, or a change in control of Cliffs.

RSUs will be evidenced by an evidence of award containing such terms and provisions, consistent with the Amended Director Plan, as the Governance Committee may approve. Each grant or sale of RSUs may be made without additional consideration or in consideration of a payment by such participant that is less than the fair market value per share of common shares at the date of grant. Each grant or sale of RSUs will also specify the time and manner of payment of the RSUs that have been earned and will specify that the amount payable with respect to such grant will be paid by us in common shares or cash, or a combination of the two.

Other Awards. The Governance Committee may, subject to limitations under applicable law, grant to any participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, common shares or factors that may influence the value of such shares, including, without limitation:

- convertible or exchangeable debt securities;
- other rights convertible or exchangeable into common shares;
- purchase rights for shares;
- awards with value and payment contingent upon any other factors designated by the Governance Committee; and
- awards valued by reference to the book value of common shares or other Cliffs securities.

The Governance Committee will determine the terms and conditions of the other awards. Shares delivered pursuant to an award in the nature of a purchase right will be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, shares, other awards, notes or other property, as the Governance Committee will determine. Cash awards, as an element of or supplement to any other award granted under the Amended Director Plan, may also be granted.

The Governance Committee may grant shares or other awards in lieu of obligations of Cliffs or any of its subsidiaries to pay cash or deliver other property under the Amended Director Plan or under other plans or compensatory arrangements, subject to terms as determined by the Governance Committee in compliance with Section 409A of the Code. Any grant of an other award may provide for the vesting of, or earlier elimination of restrictions applicable to, such award in certain circumstances, including in the event of the termination of Service, death, or disability of the participant, or a change in control of Cliffs.

Deferral Benefits. A participant may elect to defer all or a portion of his or her awards (subject to certain restrictions) by filing a deferral commitment (as described in the Amended Director Plan) with the Governance Committee. By filing such a commitment, the applicable award under the Amended Director Plan will be automatically converted into a number of deferred shares equal to the number of shares subject to the award that the participant has elected to defer, and will be credited to his or her deferred share account (as described in the Amended Director Plan) as of the date on which the award is granted. Until such shares are issued to the participant, he or she will have no voting, dividend, or other ownership rights. Each deferred share account will be credited on each calendar quarter with additional deferred shares equal in value to the amount of cash dividends paid by us during such quarter on a corresponding number of common shares, calculated in accordance with the Amended Director Plan.

A participant will vest in the deferred shares credited to his or her deferred share account, and in any dividends credited under such account that are attributable to those deferred shares, in accordance with the vesting schedule and terms and conditions set forth in the evidence of award documenting the grant of the applicable award that was deferred.

A participant (or in the event of the participant’s death, his or her beneficiary), will be entitled to receive the deferred shares credited to the participant’s deferred share account that are vested on the “settlement date” provided under the Amended Director Plan (generally, the earliest of the participant’s termination of service, the participant’s death, or a qualifying change in control of Cliffs) in a lump sum. However, a participant may elect (at the time the applicable award is initially deferred) to receive such deferred shares in up to three installments in the event that settlement is triggered by termination of service. Any deferred shares that are not vested on the settlement date will be forfeited and the participant will cease to have any rights to such forfeited amount.

At the discretion of the Governance Committee, a participant's vested deferred shares may be paid in cash in lieu of shares.

Administration. The interpretation and construction by the Governance Committee of any provision of the Amended Director Plan or of any agreement, notification or document evidencing the awards and any determination by the Governance Committee will be final and conclusive. In addition, the Governance Committee is authorized to take any action it determines in its sole discretion to be appropriate subject only to the express limitations contained in the Amended Director Plan, and no authorization in any provision of the Amended Director Plan is intended or may be deemed to constitute a limitation on the authority of the Governance Committee.

PROPOSAL 2 APPROVE AMENDED AND RESTATED 2014 NONEMPLOYEE DIRECTORS' COMPENSATION PLAN

To the extent permitted by Ohio law, the Governance Committee may delegate to one or more of its members or to one or more of our officers or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Governance Committee, the subcommittee, or any person to whom duties or powers have been delegated, may employ advisers to render advice with respect to any responsibility the Governance Committee, the subcommittee or such person may have under the Amended Director Plan.

Amendments. The Cliffs Board may at any time and from time to time amend the Amended Director Plan in whole or in part. However, if an amendment to the Amended Director Plan:

- would materially increase the benefits accruing to participants under the Amended Director Plan,
- would materially increase the number of securities which may be issued under the Amended Director Plan,
- would materially modify the requirements for participation in the Amended Director Plan, or
- must otherwise be approved by our shareholders in order to comply with applicable law or the rules of the New York Stock Exchange (or our applicable securities exchange),

then such amendment will be subject to shareholder approval and will not be effective until such approval has been obtained.

If permitted by Section 409A of the Code, but subject to the terms as described below, including in the case of termination of service as director by reason of death, disability or termination of service (as described in the Amended Director Plan), or in the event of a change in control of Cliffs, if a participant holds:

- any restricted shares as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed,
- any RSUs as to which the applicable restriction period has not been completed,
- any other awards subject to any vesting schedule or transfer restriction, or
- shares subject to any transfer restriction imposed by the Amended Director Plan,

the Governance Committee may, in its sole discretion (subject to certain exceptions), accelerate the time at which:

- such substantial risk of forfeiture or prohibition or restriction on transfer will lapse,
- such restriction period will end,
- such other award will be deemed to have been fully earned, or
- when such transfer restriction will terminate.

The Governance Committee may also waive any other limitation or requirement under any such award.

The Governance Committee may amend the terms of any awards granted under the Amended Director Plan prospectively or retroactively. Except in connection with certain corporate transactions described in the Amended Director Plan, no amendment will impair the rights of any participant without his or her consent.

The Cliffs Board may, in its discretion, terminate the Amended Director Plan at any time. Termination of the Amended Director Plan will not affect the rights of participants or their successors under any outstanding awards and not exercised in full on the date of termination.

Transferability. Except as otherwise determined by the Governance Committee, no restricted shares, RSUs or other awards granted under the Amended Director Plan, or dividend equivalents paid with respect to awards made under the Amended Director Plan, or deferred shares will be transferable by the participant except pursuant to a domestic relations order (that contains any information required by us to effectuate the transfer) or by will or the laws of descent and distribution, and in no event shall any such award granted under the Amended Director Plan be transferred for value.

The Governance Committee may provide at the date of grant additional restrictions on transfer for shares issued under certain awards under the Amended Director Plan.

Adjustments. The Governance Committee shall make or provide for such adjustments in the number of shares covered by outstanding restricted shares and RSUs granted under the Amended Director Plan and, if applicable, in the number of shares covered by other awards, the number of deferred shares, and in the kind of stock covered by such awards as the Governance Committee, in its sole discretion, exercised in good faith, may determine is equitably required to prevent dilution or enlargement of the rights of participants that otherwise would result from:

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- any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of our company;
- any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities; or
- any other corporate transaction or event having an effect similar to these events or transactions.

Such adjustment shall be conclusive and binding for all purposes with respect to the plan. Moreover, in the event of any such transaction or event or in the event of a change in control of Cliffs, the Governance Committee, in its discretion, may provide in substitution for any or all outstanding awards granted under the Amended Director Plan such alternative consideration (including cash), if any, as it, in good faith, shall determine to be equitable in the circumstances and may require the surrender of all such awards so replaced in a manner that complies with Section 409A of the Code.

The Governance Committee shall also make or provide for such adjustments in the total number of shares available under the Amended Director Plan, the per-person award limits expressed in shares and any other share limits under the Amended Director Plan as the Governance Committee, in its sole discretion, exercised in good faith, may determine is appropriate to reflect any transaction or event described above.

Effective Date and Termination. The Amended Director Plan will be effective as of the date the Amended Director Plan is approved by our shareholders. Outstanding awards granted under the Current Director Plan will continue unaffected following the effective date of the Amended Director Plan.

No grant will be made under the Amended Director Plan after July 29, 2024, which date is 10 years after the date on which our shareholders approved the Current Director Plan, but all grants made on or prior to such date will continue in effect thereafter subject to the terms of the applicable evidence of award and the terms of the Current Director Plan or the Amended Director Plan, as applicable.

Fractional Shares. We will not be required to issue any fractional shares under the Amended Director Plan. The Governance Committee can either eliminate fractional shares for no payment or settle fractional shares in cash.

New Plan Benefits

It is not possible to determine the specific amounts and types of awards that may be awarded in the future under the Amended Director Plan because the grant and actual settlement of awards under the Amended Director Plan are subject to the discretion of the plan administrator.

Federal Income Tax Consequences

The following is a brief summary of some of the federal income tax consequences of certain transactions under the Amended Director Plan based on federal income tax laws in effect. This summary, which is presented for the information of shareholders considering how to vote on this proposal and not for Amended Director Plan participants, is not intended to be complete and does not describe federal taxes other than income taxes (such as Medicare and Social Security taxes), state, local or foreign tax consequences.

Tax Consequences to Participants

Restricted Shares. The recipient of restricted shares generally will be subject to tax at ordinary income rates on the fair market value of the restricted shares (reduced by any amount paid by the participant for such restricted shares) at such time as the common shares are no longer subject to forfeiture or restrictions on transfer for purposes of Section 83 of the Code (the “Restrictions”). However, a recipient may instead elect under Section 83(b) of the Code within 30 days of the date of transfer of the common shares to have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of such common shares (determined without regard to the Restrictions) over the purchase price, if any, of such restricted shares. If a Section 83(b) election has not been made, any dividends received with respect to restricted shares that are subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the participant.

RSUs and Deferred Shares. No income generally will be recognized upon the award of RSUs or deferred shares. The recipient of an RSU or deferred share award generally will be subject to tax at ordinary income rates on the fair market value of unrestricted common shares on the date that such shares are transferred to the participant under the award (reduced by any amount paid by the participant for such RSUs or deferred shares), and the capital gains/loss holding period for such shares will also commence on such date.

Registration with the SEC

We intend to file a Registration Statement on Form S-8 relating to the issuance of additional shares under the Amended Director Plan with the SEC pursuant to the Securities Act as soon as practicable after approval of the Amended Director Plan by our shareholders.

The affirmative vote of the holders of a majority of the voting power of our common shares present in person or represented by proxy at the 2016 Annual Meeting and entitled to vote on the Amended Director Plan, voting together as a single class, is required to approve the Amended Director Plan.

The Board of Directors unanimously recommends a vote "FOR" Proposal 2 to approve the Amended and Restated 2014 Nonemployee Directors’ Compensation Plan.

COMPENSATION DISCUSSION AND ANALYSIS

In this section of the proxy statement, we discuss in detail our executive compensation program for 2015 for our named executive officers (the "NEOs") consisting of our principal executive officer, our chief financial officers, the next three highest paid executive officers employed as of December 31, 2015, and one other former executive officer who served during 2015 and whose compensation would have qualified him as being among the next three highest paid executive officers had he still been serving as of December 31, 2015. Our NEOs for 2015 are:

- Lourenco Goncalves, Chairman, President and Chief Executive Officer (the "CEO").
- P. Kelly Tompkins, Executive Vice President and Chief Financial Officer (the "CFO").
- Terry G. Fedor, Executive Vice President, United States Iron Ore.
- Maurice D. Harapiak, Executive Vice President, Human Resources.
- Clifford T. Smith, Executive Vice President, Business Development.
- Terrance M. Paradie, former Executive Vice President, CFO and Treasurer. Mr. Paradie resigned from Cliffs on April 1, 2015.
- David L. Webb, former Executive Vice President, Global Coal. Mr. Webb's employment with Cliffs ceased on October 31, 2015 as a result of a job elimination.

EXECUTIVE SUMMARY

Our executive compensation programs are designed to attract, motivate and retain highly talented executives who will promote the short- and long-term growth of the Company and create continuous shareholder value. We use performance-based equity awards and other mechanisms to align the long-term interests of our NEOs with those of our shareholders. By utilizing this approach, in down market conditions like we have been facing, our executives typically realize lower total compensation than in more favorable market conditions.

Our employees have been relentless in reducing costs, exiting non-strategic businesses and strengthening our balance sheet while operating our assets in a safe and environmentally responsible way. Consequently, while our annual incentive plan has paid for excellent operating results in this challenging environment, our long-term incentives are tracking below threshold. In addition, we stepped outside our normal equity grant practices in 2015 and made retention grants to a number of our executive team to ensure we retain them through this particularly difficult period.

2015 LEADERSHIP TRANSITIONS

We experienced several NEO transitions during 2015:

- Mr. Paradie resigned from his position as Executive Vice President, CFO and Treasurer of the Company to pursue an opportunity with another public company effective April 1, 2015.
- Mr. Tompkins, former Executive Vice President, Business Development, replaced Mr. Paradie as Executive Vice President and CFO effective April 1, 2015.
- Simultaneously with Mr. Tompkins' appointment as Executive Vice President and CFO, Mr. Smith, the Company's Executive Vice President, Seaborne Iron Ore, was named Executive Vice President, Business Development, and the position previously occupied by Mr. Smith was eliminated.
- Mr. Webb's employment with Cliffs as Executive Vice President, Global Coal ceased on October 31, 2015 as a result of a job elimination.

We believe that this realignment of our executive leadership structure repositions our senior team toward our most critical current and future business needs and opportunities. During extraordinary and complex times, the executive leadership team must continue to lead the Company in a progressive and sensible manner to deliver long-term growth and total shareholder return.

As a result of these transitions, our CD&A and the related compensation tables and narratives cover seven NEOs for 2015 and analyze a variety of compensation decisions and actions, some of which were made specifically with regard to these transition events. Not all of the NEOs participated in or received all of the compensation elements described in this CD&A. When discussing each compensation element in this CD&A, we will explain the degree to which each NEO participated or was eligible for the program.

The following discussion focuses primarily on compensation actions taken and decisions made during our 2015 fiscal year, but also contains information regarding compensation actions taken and decisions made both before and after the fiscal year to the extent that such information enhances the understanding of our executive compensation program. It includes a description of the principles underlying our executive compensation policies and our most important executive compensation decisions for 2015, and provides analysis of these policies and decisions. The discussion gives context for and should be read together with the data presented in the compensation tables, the footnotes and the narratives to those tables and the related disclosures appearing elsewhere in this proxy statement.

2015 BUSINESS RESULTS

Cliffs Natural Resources Inc. is a leading mining and natural resources company in the United States. Cliffs is a major supplier of iron ore pellets to the North American steel industry from our mines and pellet plants located in Michigan and Minnesota. We also operate an iron ore mining complex in Western Australia. Driven by the core values of safety, social, environmental and capital stewardship, Cliffs' employees endeavor to provide all stakeholders operating and financial transparency. We are the market leading iron ore producer in the United States, supplying differentiated iron ore pellets under long-term contracts to the largest U.S. steel producers. Pricing protections and long-term supply certainty provided by our existing contracts and our low-cost operating profile positions U.S. Iron Ore as our most stable and profitable business. We expect to continue to strengthen U.S. Iron Ore profitability through our operational expertise and disciplined capital allocation policies.

As Cliffs made the strategic shift to become a company fully focused on the U.S. iron ore business, management selected the best exit strategy for the non-core assets to fortify its financial position. An important component of Cliffs' strategy was the complete divestiture of our North America Coal business. By December 2015, we finalized a transaction to sell Pinnacle and Oak Grove mines in which the buyer assumed substantially all of the liabilities of that business, including those related to reclamation, United Mine Workers of America pensions, and various litigation matters. Cliffs continues to operate its Asia Pacific Iron Ore business, a well-recognized and reliable supplier to steelmakers in Asia. During 2015, Asia Pacific Iron Ore achieved a record year in production and cost reduction. As we approach the end of life of this mine, we are focused on limiting capital expenditures while continuing to endeavor to meet environmental, safety and permission-to-operate requirements. With the deterioration of the seaborne price levels, Cliffs will continue to monitor market conditions with this business.

Within Canada, we initiated formal restructuring proceedings under the Companies' Creditors Arrangement Act (Canada) (the "CCAA") for the Bloom Lake and the Wabush mines. Substantial progress was made with these proceedings and, by year-end, an interested party entered into an asset purchase agreement to acquire the Bloom Lake Mine, some mineral claims and related rail assets. In January 2016, the CCAA Court approved the sale of the Bloom Lake Mine, some mineral claims and related rail assets. Under CCAA, we also completed the sale of our Chromite assets in Northern Ontario. We also completed the sale of the Decar Nickel project in British Columbia and the remaining portfolio of exploration projects. These transactions represent very important and final steps in the implementation of our U.S. iron ore pellet-centric strategy.

Within our U.S. Iron Ore business, the demand for pellets from our domestic steel producers was down in 2015. In addition, the price of steel in the U.S. was significantly impacted by record levels of unfairly traded imports into the market, which also has an impact on our realized pricing. Despite these headwinds, we continued to reduce costs quarter-over-quarter and year-over-year for this segment.

During 2015, we developed a highly disciplined corporate and capital expenditure plan with a focus on improving our cost profile and increasing long-term profitability. We reduced our corporate support functions to align the Company's strategic direction and smaller footprint. We decreased year-over-year selling, general & administrative ("SG&A"), to $110 million from $155 million in 2015. Throughout 2015, the focus was on cost reduction, operating efficiencies and optimizing cash flow drove solid results, despite depressed iron and steel prices. At the operating level, Cliffs achieved improved cost rates across all segments. Our operating teams delivered lower production costs and good operating margins across operations. Full-year capital expenditures and SG&A spending were reduced to levels not seen in many years at Cliffs. Capital expenditures during 2015 were $81 million, down from $284 million in 2014. Most important, the discipline and cost focus of our operating teams did not come at the expense of safety and environmental stewardship.

Despite these intense headwinds from deteriorating pricing in the global iron and steel markets, Cliffs reported adjusted EBITDA of $293 million. This was primarily attributable to the U.S. Iron Ore segment, which reported

adjusted EBITDA of $352 million. See Annex B for reconciliation to GAAP of our non-GAAP financial measures.
For the full year, we recorded a net loss to Cliffs' common shareholders of $788 million, or $5.13 per diluted share, compared with a net loss to Cliffs’ common shareholders of $7.3 billion, or $40.36 per diluted share, in 2014. Our full-year 2015 adjusted net loss from continuing operations attributed to Cliffs' common shareholders was $124 million, or $0.81per diluted share, compared with an adjusted net income of $623 million, or $3.77 per diluted share, in 2014.
Our market capitalization at December 31, 2015 was approximately $242.7 million and our total shareholder return ("TSR"), was negative 78 percent on a year-over-year basis. The main factor contributing to our lower year-over-year share price was the 40 percent decline in the benchmark iron ore price, which opened the year at $72 per ton and ended the year at $43 per ton. This significant price decline was driven by the combination of increased low-cost supply of the commodity as well as softening demand from Chinese steel manufacturers. As a result of our previous strategy, many investors still associate this benchmark as a proxy for the value of the company. With Cliffs’ strategy of focusing on strengthening our U.S. Iron Ore operations, the Company’s profitability is significantly less tied to the benchmark iron ore pricing. As we continue to execute on this strategy, we believe our value will decouple from the value of seaborne iron ore.

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE COMPENSATION PHILOSOPHY AND CORE PRINCIPLES

The Compensation Committee designed our executive compensation program to help attract, motivate, reward and retain high-performing executives. The goal was to align pay with Cliffs’ performance in the short-term through variable cash compensation based on measures of financial performance and operational and strategic excellence, and over the long-term through stock-based incentives. Our compensation philosophy was to place a significant portion of compensation at risk based on our performance, and increase the portion of compensation that is at risk as the responsibility level of the individual increases, consistent with market practices. The Compensation Committee also sought to balance this performance focus with sufficient retention incentives, including a competitive fixed salary and the use of time-based restricted share units in our long-term incentive program.

Our guiding compensation principles as established by the Compensation Committee for 2015 were as follows:

- Align short-term and long-term incentives with results delivered to shareholders.
- Design a simple and transparent incentive plan that focuses on absolute performance objectives tied to our business plan (including profitability-related and cost control objectives), relative performance objectives tied to market conditions (including relative TSR, measured by share price appreciation plus dividends, if any), and performance against other key objectives tied to our business strategy (including safety, protection of our core assets and SG&A cost control).
- Provide competitive fixed compensation elements over the short-term (base salary) and long-term (equity and retirement benefits) to encourage long-term retention of our key executives.
- Continue to structure programs as in prior years to align with corporate governance best practices (for example, such practices include elimination of "gross-ups" related to change in control payments, use of "double-trigger" change in control equity provisions vesting for future equity awards, use of Share Ownership Guidelines and operation of a clawback policy related to incentive compensation for our executive officers).

Relationship between Our Performance and CEO Compensation