

CLIFFS NATURAL RESOURCES INC.
Form PRE 14A
March 14, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

CLIFFS NATURAL RESOURCES INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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

(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

.. Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

In accordance with Rule 14a-6(d) under Regulation 14A of the Securities Exchange Act of 1934, as amended, please be advised that Cliffs Natural Resources Inc. intends to release definitive copies of the proxy statement to security holders on or about April 4, 2011.

PRELIMINARY COPY

CLIFFS NATURAL RESOURCES INC.

200 Public Square, Suite 3300, Cleveland, OH 44114

P 216.694.5700 cliffsnaturalresources.com

April , 2011

To the Shareholders of

CLIFFS NATURAL RESOURCES INC.

Our Annual Meeting of Shareholders will be held on the 3rd floor of 200 Public Square, Cleveland, Ohio 44114-2315 on Tuesday, May 17, 2011 at 11:30 A.M. (Cleveland time), which we refer to as our 2011 Annual Meeting.

At the 2011 Annual Meeting, shareholders will be asked to: (i) elect Directors; (ii) approve an amendment to our Second Amended Articles of Incorporation to increase the number of authorized common shares from 224,000,000 to 400,000,000; (iii) hold an advisory vote on named executive officer compensation; (iv) hold an advisory vote on the frequency of shareholder votes on our named executive officer compensation; (v) consider a shareholder proposal regarding majority voting in Director elections; and (vi) ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm. An explanation of each of these matters is contained in the attached proxy statement and accompanying proxy card, first being mailed or otherwise distributed to shareholders on or about April , 2011.

We urge you to exercise your voting rights by signing and dating the enclosed proxy card and returning it in the accompanying envelope to ensure that your shares will be represented whether or not you expect to be present at the 2011 Annual Meeting. In addition, record shareholders have the opportunity to appoint proxies to vote their shares over the Internet or by toll-free telephone if they wish. Instructions for appointing proxies over the Internet or by telephone are contained on your proxy card. Whichever of these methods you choose, the named proxies will vote your shares in accordance with your instructions. Please note that failure to vote surrenders voting power to those who exercise their voting right. If you attend the meeting, you will be entitled to vote in person.

Finally, Ronald C. Cambre will not be standing for re-election at the 2011 Annual Meeting pursuant to the retirement policy contained in our Corporate Governance Guidelines. Mr. Cambre has served as a Director of Cliffs Natural Resources Inc. since 1996. Mr. Cambre has made great contributions to our growth and success through his valued expertise and independent judgment. We thank Mr. Cambre for his important contributions and wish him well.

We look forward to meeting with you at the 2011 Annual Meeting.

Sincerely,

Joseph A. Carrabba

Chairman, President and

Chief Executive Officer

It is important that your shares be represented at the 2011 Annual Meeting. Whether or not you intend to be present, please sign and date the enclosed proxy card and return it in the postage-prepaid envelope provided, which requires no postage if mailed in the United States, or appoint your proxies over the Internet or by telephone as directed on your proxy card.

If your shares are not registered in your own name and you would like to attend the 2011 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 or other nominee that holds the shares on your behalf.

CLIFFS NATURAL RESOURCES INC.

200 Public Square, Suite 3300, Cleveland, OH 44114

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

April , 2011

Dear Shareholder:

Our Annual Meeting of Shareholders will be held on the 3rd floor of 200 Public Square, Cleveland, Ohio 44114-2315 on Tuesday, May 17, 2011 at 11:30 A.M. (Cleveland time), which we refer to as our 2011 Annual Meeting, for the purpose of considering and acting upon the following:

1. To elect twelve Directors to hold office until the next Annual Meeting of Shareholders or until their successors are elected;
2. To amend our Second Amended Articles of Incorporation to increase the number of authorized common shares, \$0.125 par value per share, from 224,000,000 to 400,000,000, which results in an increase in the total number of authorized shares from 231,000,000 to 407,000,000;
3. To hold an advisory vote on named executive officer compensation;
4. To hold an advisory vote on the frequency of shareholder votes on our named executive officer compensation;
5. To consider a shareholder proposal regarding majority voting in Director elections, if properly presented;
6. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm to examine our consolidated financial statements for the 2011 fiscal year; and
7. To consider such other matters as may properly come before the 2011 Annual Meeting and any adjournments or postponements thereof.

Shareholders of record at the close of business on March 25, 2011 are entitled to notice of and to vote at such meeting and any adjournments or postponements thereof.

Very truly yours,

Gina K. Gunning

General Counsel, Corporate Affairs and Secretary

It is important that your shares be represented at the 2011 Annual Meeting. Whether or not you intend to be present, please sign and date the enclosed proxy card and return it in the enclosed postage-prepaid envelope, which requires no postage if mailed in the United States, or appoint your proxies over the Internet or by telephone as directed on your proxy card.

If your shares are not registered in your own name and you would like to attend the 2011 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 or other nominee that holds the shares on your behalf.

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PROXY STATEMENT

April , 2011

SOLICITATION, USE AND REVOCATION OF PROXIES

The accompanying proxy is solicited by and on behalf of our Board of Directors, which we refer to as the Board of Directors or Cliffs Board, for use at the Annual Meeting of Shareholders to be held on May 17, 2011, which we refer to as our 2011 Annual Meeting, and any adjournments or postponements thereof. Any proxy may be revoked by a later proxy, by written notice to our Secretary or in the open meeting, without affecting any vote previously taken.

OUTSTANDING SHARES AND VOTING RIGHTS

As of March 25, 2011, the record date for the determination of persons entitled to vote at the 2011 Annual Meeting, there were [] common shares, par value \$0.125 per share, of Cliffs Natural Resources Inc. (we, Cliffs or the Company) outstanding, which we refer to as Common Shares. Each Common Share is entitled to one vote in connection with each item to be acted upon at the 2011 Annual Meeting. This proxy statement and accompanying proxy card are being first mailed or otherwise distributed to shareholders on or about April , 2011.

Registered Holders. 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 by telephone, over the Internet or by mail.

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.

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 mail. After reading the proxy materials, you may mark, sign and date your proxy card and return it in the enclosed prepaid and addressed envelope.

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.

Nominee Shares. If your shares are held by a bank, broker, 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.

ELECTION OF DIRECTORS

(Proposal No. 1)

It is intended that proxies received will be voted, unless contrary instructions are given, to elect the twelve nominees named in the following table to serve until the next Annual Meeting of Shareholders or until their successors shall be elected. All of the nominees were elected by the shareholders at the Annual Meeting of Shareholders held on May 11, 2010, except for Messrs. Gluski and Ross. Messrs. Gluski and Ross were nominated by the Governance and Nominating Committee and were appointed as Directors by unanimous action of Cliffs Board on January 11, 2011. The Governance and Nominating Committee engaged a third-party search firm to assist it in identifying candidates to be appointed. The third-party firm conducted a comprehensive search and identified various candidates that it recommended to the Governance and Nominating Committees, who then screened the resumes of several candidates before interviewing and nominating Messrs. Gluski and Ross.

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

We do not have a formal policy regarding Director attendance at our Annual Meeting of Shareholders; however, it is expected that all Directors will attend the 2011 Annual Meeting unless there are extenuating circumstances for nonattendance. Ten of twelve Directors currently standing for re-election attended the 2010 Annual Meeting. Messrs. Gluski and Ross were not Directors or nominees at the time of our 2010 Annual Meeting and, accordingly, did not attend the 2010 Annual Meeting.

INFORMATION CONCERNING DIRECTOR NOMINEES

Based upon information received from the respective Director nominees as of March 25, 2011, the following information is furnished with respect to each person nominated for election as a Director.

**Name, Age, Principal Occupation and Employment, and Experience During Past Five Years,
Specific Qualifications to Serve as a Director and Committee Member**

First Became Director

JOSEPH A. CARRABBA, 58, Chairman, President and Chief Executive Officer since May 2007 of Cliffs. Mr. Carrabba served as our President and Chief Executive Officer from September 2006 through May 2007 and as our President and Chief Operating Officer from May 2005 to September 2006. Mr. Carrabba has served as a Director of KeyCorp since November 2009 and Newmont Mining Corporation since June 2007, as well as a Director of Great Lakes Science Center, and University Hospitals in Cleveland.

2006

Mr. Carrabba is an experienced mining executive who came to Cliffs with over 20 years experience with Rio Tinto plc, a global mining company. While with Rio Tinto, he served in a variety of capacities in mining operations internationally, including locations in Asia, Australia, Canada and Europe. He brings a global mining and exploration perspective with experience in a variety of minerals, including bauxite, coal, and diamonds to the Board.

SUSAN M. CUNNINGHAM, 55, Senior Vice President of Exploration of Noble Energy Inc., an international oil and gas exploration and production company, since May 2007. Ms. Cunningham served as Senior Vice President of Exploration and Corporate Reserves from 2005 to May 2007 of Noble Energy Inc.

2005

**Name, Age, Principal Occupation and Employment, and Experience During Past Five Years,
Specific Qualifications to Serve as a Director and Committee Member**

First Became Director

Ms. Cunningham brings to the Board years of global exploration, geology and energy experience from her various roles with Noble Energy Inc. As we have grown internationally and expanded into mineral exploration and mining acquisitions (metallurgical coal and chromite, as examples), her guidance has been a valuable asset to our Board in assessing the value of acquisition projects as well as providing guidance when we address energy usage and carbon-related issues.

Committee Assignments:

Governance and Nominating Committee and Strategy and Operations Committee

Ms. Cunningham's leadership skills developed as a senior executive of an international company is an asset to our Governance and Nominating Committee. Ms. Cunningham's global exploration experiences and knowledge and understanding of global mining and exploration industries and reserve calculations strengthen our Strategy and Operations Committee.

BARRY J. ELDRIDGE, 65, Currently retired. Mr. Eldridge previously served as the Managing Director and Chief Executive Officer of Portman Limited, an international iron ore mining company in Australia, from October 2002 through April 2005. Mr. Eldridge formerly served as Chairman of Vulcan Resources Ltd., Chairman of Millennium Mining Pty. Ltd. and as a Director of Wedgetail Mining Limited through 2008, and is Chairman of Mundo Minerals Limited. In addition, he serves as director of Sundance Resources Ltd. All of the companies are or were companies listed on the Australian Stock Exchange.

2005

As a former executive of an international mining company and former and acting Chairman of various Australian mining companies, Mr. Eldridge brings to the Board a wealth of international management experience as well as business perspectives specific to the Australian coal and iron mining industry, which is one of the strategic focuses of Cliffs.

Committee Assignments:

Strategy and Operations Committee and Compensation and Organization Committee

Mr. Eldridge's extensive international mining and exploration expertise is an asset to our Strategy and Operations Committee, as Chairman, when evaluating new strategic opportunities. His management experience both on boards of other companies and as a former executive strengthens the Compensation and Organization Committee through his understanding of compensation strategies necessary to retain and attract international exploration and mining talent.

ANDRÉS R. GLUSKI, 53, Executive Vice President and Chief Operating Officer of The AES Corporation, or AES, one of the world's largest independent power producers with operations in 27 countries. Mr. Gluski served as Chief Executive Officer of AES Gener (Chile) from 2000 to 2001, Senior Vice President, Caribbean and Central America from 2003 to 2006, and Executive Vice President & Regional President, Latin America from 2006 to 2007 of AES. Mr. Gluski is also currently Chairman for AES Gener S. A. and AES Brasiliana.

2011

Mr. Gluski's years of experience with AES and other public and private initiatives throughout the Americas in a number of executive capacities provides the Board with valuable international business experience and knowledge, which is particularly relevant to Cliffs' Board in light of Cliffs' growing international operations. Mr. Gluski's executive experience is also a valuable resource for Cliffs' Board in its dealings with senior management.

**Name, Age, Principal Occupation and Employment, and Experience During Past Five Years,
Specific Qualifications to Serve as a Director and Committee Member**

First Became Director

Committee Assignments:

Audit Committee and Strategy and Operations Committee (currently sits as an observer on both committees and will become a member of each effective July 1, 2011)

Mr. Gluski's background in international finance and economics along with his knowledge of the power industry will be extremely invaluable to both committees.

SUSAN M. GREEN, 51, Deputy General Counsel, U.S. Congressional Office of Compliance since November 2007. Ms. Green served as Aide to Council member Nancy Floreen, Montgomery County, Maryland from December 2002 to August 2005. Ms. Green was originally proposed as a nominee for the Board by the United Steelworkers, or USW, pursuant to the terms of our 2004 labor agreement.

2007

Ms. Green has served as both a labor organizer and as an attorney representing organized labor. She also has worked in government both as a member of former Massachusetts Senator Edward M. Kennedy's staff and as a member of the U.S. Department of Labor during the Clinton administration. She brings her diverse experiences as a labor attorney and an alternative point of view to our Board. As someone who has represented organized labor, she is able to advocate the views of the majority of our North American workforce.

Committee Assignments:

Audit Committee and Governance and Nominating Committee

Ms. Green's labor and governmental background brings practical experience to both committees.

JANICE K. HENRY, 59, Currently retired. Ms. Henry previously served as Senior Vice President from 1998 through June 2006, Chief Financial Officer from 1994 to June 2005 and Treasurer from 2002 to March 2006 of Martin Marietta Materials, Inc., or Martin Marietta, a producer of construction aggregates serving the public infrastructure, commercial and residential construction markets in the United States. Ms. Henry served in a consulting capacity for Martin Marietta from July 2006 through June 2009. Ms. Henry was a director of Inco Limited from June 2004 through October 2006. Ms. Henry also served as a director of North American Galvanizing & Coatings, Inc. from February 2008 through August 2010. Since October 2009, Ms. Henry has been a member of the corporation of The Charles Stark Draper Laboratory, Inc., a nonprofit corporation, which engages in activities that contribute to the support and advancement of scientific research, technology and development.

2009

Ms. Henry's background with Martin Marietta brings significant accounting, financial, SEC reporting, risk analysis, and audit experiences to our Board. As a former director on the boards of Inco Limited and North American Galvanizing & Coatings, Inc., Ms. Henry contributes her board level experience and background in mining and basic materials.

Committee Assignments:

Audit Committee and Compensation and Organization Committee

Ms. Henry's extensive financial reporting and accounting background provides the additional expertise required of audit committees of public companies. Cliffs' Board has determined that she is one of the two audit committee financial experts (as that term is defined in SEC regulations) on the Audit Committee.

**Name, Age, Principal Occupation and Employment, and Experience During Past Five Years,
Specific Qualifications to Serve as a Director and Committee Member**

**First Became Director
2010**

JAMES F. KIRSCH, 53, Chairman, President and Chief Executive Officer of Ferro Corporation, or Ferro, a global supplier of technology-based materials for a broad range of manufacturers. Mr. Kirsch was elected Chairman of Ferro's Board of Directors in December 2006 and appointed Chief Executive Officer and a director of Ferro in November 2005. Mr. Kirsch joined Ferro in October 2004 as its President and Chief Operating Officer. Prior to joining Ferro, Mr. Kirsch served as President of Premix Inc. and Quantum Composites, Inc., manufacturers of thermoset molding compounds, parts and subassemblies for the automotive, aerospace, electrical and HVAC industries. Prior to that, from 2002 through 2004, he served as President of Quantum Composites, Inc. From 2000 through 2002, he served as President and director of Ballard Generation Systems, a company engaged in the design, development, manufacture and sale of clean energy fuel cell products, and Vice President for Ballard Power Systems in Burnaby, British Columbia, Canada. Mr. Kirsch started his career with The Dow Chemical Company, a world-wide diverse company of specialty chemical, advanced materials, agrosociences and plastics businesses, where he spent 19 years and held various positions of increasing responsibility, including global business director of Propylene Oxide and Derivatives and Global Vice President of Electrochemicals.

Mr. Kirsch brings a wealth of senior management experience with major organizations with international operations. As a Chairman, President and Chief Executive Officer of a New York Stock Exchange, or NYSE, listed company, he brings additional chairmanship and CEO experience to Cliffs' Board and the committees on which he serves.

Committee Assignments:

Audit Committee and Governance and Nominating Committee

Mr. Kirsch, as Chairman and Chief Executive Officer of a public company, is experienced in the annual, quarterly, and periodic filing obligations of the SEC. As an executive officer of a public company and Chairman of its board, Mr. Kirsch is well versed in the mechanics of board compensation matters and corporate governance issues.

FRANCIS R. McALLISTER, 68, Chairman and Chief Executive Officer of Stillwater Mining Company, a palladium and platinum producer, since February 2001. Mr. McAllister has served as a Director of Stillwater Mining Company since January 2001.

1996

As a sitting chief executive officer and chairman of a North American mining company for ten years, Mr. McAllister brings mining and leadership expertise to the Board. As a sitting Chairman, Mr. McAllister's experience in fostering good communication between Directors and management is invaluable in his capacity as Lead Director.

Committee Assignments:

Strategy and Operations Committee and Compensation and Organization Committee

A strong mining background provides Mr. McAllister with special insight into mineral exploration and reserve strategies to help direct our Strategy and Operations Committee towards new diverse steel industry related mineral opportunities. Mr. McAllister's leadership experience and perspective helps the Compensation and Organization Committee, as Chairman, define what qualities our current and future management talent should possess.

**Name, Age, Principal Occupation and Employment, and Experience During Past Five Years,
Specific Qualifications to Serve as a Director and Committee Member**

First Became Director

ROGER PHILLIPS, 71, Currently retired. Mr. Phillips previously served as President and Chief Executive Officer of IPSCO Inc., a North American steel producing company, from 1982 through 2002. Mr. Phillips served as Director of Inco Limited from April 2003 through October 2006, as Director of Imperial Oil Limited from May 2002 to April 2009, and as director of Toronto Dominion Bank from February 1994 to March 2010. Mr. Phillips is currently a director of Canadian Pacific Railway Company and Canadian Pacific Railway Limited.

2002

As a former chief executive officer of a North American steel producer, Mr. Phillips brings not only his management experience but knowledge of the North American steel market to our Board. His perspective is invaluable given the importance of the North American iron ore segment to our company. With experience as a director in a number of diverse industries, Mr. Phillips brings extensive board experience and leadership skills as well as a working knowledge of transportation, banking, and energy businesses, rounding out our Board's knowledge base.

Committee Assignments:

Governance and Nominating Committee and Compensation and Organization Committee

Service on diverse boards of various industries provides Mr. Phillips with a strong understanding and knowledge of today's corporate governance procedures and business ethics issues. Our Governance and Nominating Committee relies on his knowledge and guidance as Chairman of the committee. Mr. Phillips' long history working in executive management and his understanding of the importance of developing talent for our future success is integral to our Compensation and Organization Committee's success.

RICHARD K. RIEDERER, 67, Chief Executive Officer of RKR Asset Management, a consulting organization, since June 2006. Mr. Riederer served as President and Chief Executive Officer from January 1996 through February 2001 of Weirton Steel Corporation, a steel producing company. Mr. Riederer has been a Director of First American Funds since September 2001, the Boler Company, NFS International, and Chairman and Director of Idea Foundry. He also serves on the Board of Trustees of Franciscan University of Steubenville.

2002

Mr. Riederer's long career in the steel industry as well as his experience as Chief Executive Officer and Chief Financial Officer of Weirton Steel Corporation, a North American steel producer, brings executive management, accounting and finance and financial reporting expertise to Cliffs' Board as well as an in depth knowledge of the North American steel industry. His insight as past Chairman of North American Iron & Steel Institute is invaluable.

Committee Assignments:

Audit Committee and Strategy and Operations Committee

Mr. Riederer is one of two audit committee financial experts (as that term is defined in SEC regulations) based on years of financial and accounting experience and leadership as a member, as well as Chairman, of the Audit Committee. Mr. Riederer's strong sense of leadership and ethical behavior supports the purpose of our Strategy and Operations Committee.

**Name, Age, Principal Occupation and Employment, and Experience During Past Five Years,
Specific Qualifications to Serve as a Director and Committee Member**

First Became Director
2011

RICHARD ROSS, 53, Currently retired. Mr. Ross previously served as Chairman and Chief Executive Officer of Inmet Mining Corporation, a Canadian-based global mining company. Mr. Ross was President and Chief Executive Officer of Inmet Mining Corporation from 2000 to 2005, Chairman and Chief Executive Officer from 2005 to 2009 and Chairman of the Board in 2009 of Inmet Mining Corporation.

Committee Assignments:

Audit Committee and Governance and Nominating Committee (currently sits as an observer on both committees and will become a member of each effective July 1, 2011)

Mr. Ross' executive leadership experience and knowledge of Canadian mining companies will bring valuable skills to the committees on which he will serve.

ALAN SCHWARTZ, 71, Professor of Law at the Yale Law School and Professor at the Yale School of Management since 1987. Mr. Schwartz has served as a Director of Furniture Brands International since 2008.

1991

Mr. Schwartz is an expert in corporate governance and compliance. Mr. Schwartz's distinguished tenure as an academic brings a unique perspective to our Board.

Committee Assignments:

Audit Committee and Governance and Nominating Committee

As an educator at both the Yale Law School and the School of Management, Mr. Schwartz is knowledgeable as to current market and business trends, and corporate governance standards. This provides a useful perspective on current legal and business trends to both our Audit and Governance and Nominating Committees. In addition, as the longest-tenured Board member, he serves as a valuable resource of institutional knowledge.

In accordance with the retirement policy contained in our Corporate Governance Guidelines, Mr. Ronald C. Cambre is not standing for re-election at the 2011 Annual Meeting.

In the election of Directors, the nominees receiving a plurality vote of the Common Shares will be elected. However, under our majority voting policy, any Director-nominee that is elected, 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.

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

DIRECTOR INDEPENDENCE

Our Board of Directors has determined that each of the current Directors standing for re-election, other than Mr. Carrabba, which includes all of the current members of the Audit, Governance and Nominating, and the Compensation and Organization Committees, has 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 our director independence standards, which reflect exactly the New York Stock Exchange, or NYSE, director independence standards. James D. Ireland III served as a Director during 2010 until the 2010 annual meeting. The Board of Directors also determined that Mr. Ireland met these independent standards. Mr. Carrabba is our Chairman, President and Chief Executive Officer, or CEO, and as such, is not considered independent. He does not serve as a member of any of Cliffs' Board committees.

Since January 1, 2010, there have been no transactions between Cliffs and any of its independent Directors other than compensation for service as a director as disclosed below.

BOARD LEADERSHIP STRUCTURE AND BOARD COMMITTEES

The members and nominees for Cliffs' Board have diversified professional experience in general management, steel manufacturing, construction aggregates, mining, finance, labor, law, education, natural resource exploration, power generation and distribution, and other fields. There is no family relationship among any of our nominees and executive officers. Eleven of the twelve nominees have no present or former employment relationship with Cliffs. The average age of the nominees currently serving on Cliffs' Board is 61, ranging from ages 51 to 71. The average years of service of the nominees currently serving on Cliffs' Board is six years, ranging from less than one year to 20 years of service.

Board Leadership Structure. The Chairman of our Board is Joseph A. Carrabba, who is also our CEO and President. Pursuant to our Corporate Governance Guidelines, when the positions of Chairman and CEO are held by one individual, then the Chairman of our Compensation and Organization Committee is designated as our Lead Director. Accordingly, Francis R. McAllister, the Chairman of our Compensation and Organization Committee, serves as our Lead Director. The Board has determined that this leadership structure is appropriate for our Company.

Under this leadership structure, Mr. Carrabba 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. Carrabba 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 internal audit departments. The Chairman works closely with the Lead Director in setting meeting agendas and in ensuring that essential information is effectively communicated to the Board. 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.

Corporate Governance Guidelines. Our governance process is based on our Corporate Governance Guidelines, which are available on our website at <http://www.cliffsnaturalresources.com>. The Corporate Governance Guidelines were amended in November 2010 in order to, among other things, more clearly delineate the role and responsibility of the Lead Director.

Meetings; Committees. During 2010, eight meetings of Cliffs' Board and 35 meetings of Cliffs' Board committees were held. Our independent Directors held eight meetings in executive session without the presence of Mr. Carrabba in 2010. Mr. McAllister has served as Lead Director since May 2004. He chaired all of the executive session meetings in 2010. Directors also discharge their

responsibilities by reviewing reports to Directors, visiting our facilities, corresponding with the CEO, and conducting telephone conferences with the CEO and Directors regarding matters of interest and concern to Cliffs. In addition, Directors have regular access to senior management of Cliffs. The Directors have meetings of Audit, Governance and Nominating, Compensation and Organization, and Strategy and Operations Committees as well as ad hoc committee meetings when needed. In 2010 the Board reviewed its committee structure and determined that it was prudent to rename the former Board Affairs Committee to the Governance and Nominating Committee and to rename the former Strategy Committee to the Strategy and Operations Committee.

All committees regularly report their activities, actions, and recommendations to Cliffs Board. During 2010, one independent Director attended at least 84 percent of all meetings, while the remaining independent Directors attended at least 93 percent of the aggregate total of Cliffs Board and committee meetings. No Director attended less than 75 percent of Cliffs Board or committee meetings of which they were members.

Audit Committee. The members of the Audit Committee from January 1, 2010 through June 30, 2010 consisted of Messrs. Riederer (Chairman), and Schwartz, and Mses. Cunningham, Green and Henry. Since July 1, 2010, the Audit Committee membership has consisted of Messrs. Riederer (Chairman), Kirsch and Schwartz, and Mses. Green and Henry. Messrs. Gluski and Ross will become members of the Audit Committee effective July 1, 2011, at which time Mr. Kirsch will cease to be a member of such committee.

The Audit Committee reviews with our management, the internal auditors and the independent registered public accounting firm, the adequacy and effectiveness of our system of internal control over financial reporting; reviews significant accounting matters; reviews quarterly unaudited financial information prior to public release; approves the audited financial statements prior to public distribution; approves our assertions related to internal controls prior to public distribution; reviews any significant changes in our accounting principles or financial reporting practices; reviews, approves and retains the services performed by our independent registered public accounting firm; has the authority and responsibility to evaluate our independent registered public accounting firm; discusses with the independent registered public accounting firm their independence and considers the compatibility of non-audit services with such independence; annually selects and retains our independent registered accounting firm to examine our financial statements; approves management's appointment, termination, or replacement of the Chief Risk Officer; and conducts a legal compliance review. The members of the Audit Committee are independent under applicable SEC rules and the NYSE listing standards. Cliffs Board identified Mr. Riederer and Ms. Henry as audit committee financial experts (as defined in Item 407(d)(5)(ii) of Regulation S-K). No member of the Audit Committee serves on the audit committees of more than three public companies. The Audit Committee held ten meetings during 2010. The charter of the Audit Committee is available at <http://www.cliffsnaturalresources.com>.

Governance and Nominating Committee (formerly known as the Board Affairs Committee). From January 1, 2010 through June 30, 2010, the members of the Governance and Nominating Committee consisted of Messrs. Phillips (Chairman), Riederer and Schwartz, and Ms. Green. Since July 1, 2010, the members of the Governance and Nominating Committee have consisted of Messrs. Phillips (Chairman), Kirsch and Schwartz, and Mses. Cunningham and Green. Mr. Ross will become a member of the Governance and Nominating Committee effective July 1, 2011. The Governance and Nominating Committee reviews and administers our compensation plans for Directors; monitors the Board governance process and provides counsel to the CEO on Board governance and other matters; recommends changes in membership and responsibility of Board committees; and acts as the Board's Nominating Committee and Proxy Committee in the election of Directors. The Governance and Nominating Committee held seven meetings during 2010. The charter of the Governance and Nominating Committee is available at <http://www.cliffsnaturalresources.com>.

As noted above, the Governance and Nominating Committee is involved in determining compensation for our Directors. The Governance and Nominating Committee reviews and administers our Directors' compensation plans, including approval of grants of equity or equity-based awards, and makes recommendations to the Board with respect to compensation plans and equity-based plans for Directors. The Governance and Nominating Committee annually reviews Director compensation in relation to comparable companies and other relevant factors. Any change in Director compensation must be approved by Cliffs' Board. Other than Mr. Carrabba's capacity as a Director, no executive officers participate in setting Director compensation. From time to time, the Governance and Nominating Committee or Cliffs' Board may engage the services of a compensation consultant to provide information regarding Director compensation at comparable companies.

Compensation and Organization Committee. The Compensation and Organization Committee, which we refer to as the Compensation Committee, consisted of Messrs. McAllister (Chairman), Cambre, Eldridge, Ireland and Phillips from January 1, 2010 through June 30, 2010. Mr. Ireland was a member of the Compensation and Organization Committee from January 1, 2010 to May 10, 2010. Since July 1, 2010, the Compensation Committee members have been Messrs. McAllister (Chairman), Cambre, Eldridge and Phillips and Ms. Henry. Mr. Kirsch will become a member of the Compensation Committee effective July 1, 2011. The Compensation Committee recommends to Cliffs' Board the election and compensation of officers; administers our compensation plans for officers; reviews organization and management development; evaluates the performance of the CEO and the other executive officers; and obtains the advice of outside experts with regard to compensation matters. The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee.

The Compensation Committee obtains analysis and advice from an external compensation consultant to assist with the performance of its duties under its charter. Farient Advisors, or Farient, was retained by the Compensation Committee for 2010. The Senior Vice President of Farient who assisted the Compensation Committee became a principal of Semler Brossy Consulting Group, LLC, or Semler Brossy, and was retained by the Compensation Committee as of August 2010. Farient and Semler Brossy were retained directly by the Compensation Committee and have helped the Compensation Committee develop an appropriate agenda for performing the Compensation Committee's responsibilities. In this regard, both Farient and Semler Brossy advised and assisted the Compensation Committee in determining the appropriate objectives and goals of our executive compensation programs; in designing compensation programs that fulfill those objectives and goals; ensuring that compensation programs align executives with shareholder interests; in monitoring the external and internal equity of our executive officers' total compensation and the primary components of that compensation; in evaluating the effectiveness of our compensation programs; in identifying appropriate pay positioning strategies and pay levels in our executive compensation programs; in selecting performance peers and setting performance targets used to evaluate performance for incentive compensation plans; and in identifying mining industry, general industry and Cleveland area pay practices and identifying compensation surveys for the Compensation Committee to use to benchmark the appropriateness and competitiveness of our executive compensation program.

The Compensation Committee makes all decisions regarding the CEO's compensation, subject to ratification by the independent members of the Board, after consulting with its advisors in executive session where no management employees are present. For the other executive officers, the CEO is asked by the Compensation Committee to conduct and present an assessment on the achievement of specific goals established for those officers and on the performance of Cliffs taking into account external market forces and other considerations. While the CEO and Executive Vice President Finance and Administration and CFO attend Compensation Committee meetings regularly by invitation, the Compensation Committee is the final decision maker for the compensation of the executive officers. For additional information regarding the operation of the Compensation Committee, see Executive Compensation Compensation Discussion and Analysis beginning on page 19 of this proxy

statement. The Compensation Committee held nine meetings during 2010. The charter of the Compensation Committee is available at <http://www.cliffsnaturalresources.com>.

Strategy and Operations Committee (formerly known as the Strategy Committee). The Strategy and Operations Committee consisted of Messrs. Ireland (Chairman), Cambre, Eldridge and McAllister, and Ms. Cunningham from January 1, 2010 to June 30, 2010. Mr. Ireland was a member of the Strategy and Operations Committee from January 1, 2010 to May 10, 2010. Since July 1, 2010, the members of the Strategy and Operations Committee have been Messrs Eldridge (Chairman), Cambre, McAllister, and Riederer, and Ms. Cunningham. Mr. Gluski will become a member of the Strategy and Operations Committee effective July 1, 2011. On November 9, 2010, the Strategy Committee was renamed the Strategy and Operations Committee to include the oversight of our operations as well as guiding our current and future strategies. The purpose of the Strategy and Operations Committee is to oversee Cliffs' strategic plan and annual management objectives and to oversee and monitor risks relevant to its strategy, as well as operational, safety and environmental risks. The Strategy and Operations Committee provides advice and assistance with developing our Company's 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 financial, 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 the Company's strategy; and reviews the adequacy of Cliffs' insurance programs.

The Strategy and Operations Committee held eight meetings in 2010. The charter of the Strategy and Operations Committee is available at <http://www.cliffsnaturalresources.com>.

THE BOARD'S ROLE IN RISK OVERSIGHT

The Board of Directors as a whole oversees our enterprise risk management, or ERM, process. The Board executes its risk oversight role in a variety of manners. The full Board typically discusses the key strategic risks facing Cliffs. Additionally, 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, treasury, legal and compliance, and information technology. In addition, pursuant to its charter, the Audit Committee periodically reviews our ERM process. The Strategy and Operations Committee addresses strategic, operational, safety and environmental risks. The Compensation and Organization Committee monitors risks related to senior management development and succession planning, management compensation, and employment benefits and policies. The Governance and Nominating Committee handles risks with respect to board organization, membership and structure, director succession planning and corporate governance matters. As appropriate, the respective committee Chairpersons provide reports to the full Board.

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

We do not believe that the Board's role in our risk oversight has an effect on the Board's leadership structure.

CONSIDERATION OF DIRECTOR NOMINEES

Shareholder Nominees

The policy of the Governance and Nominating 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 and Nominating Committee seeks to achieve a balance of knowledge, experience and capability on 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 and Nominating 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 Code of 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 and Nominating Committee does consider such factors as it deems appropriate and consistent with our Corporate Governance Guidelines, the charter of the Governance and Nominating Committee and other criteria established by Cliffs Board, which includes diversity. The Governance and Nominating Committee's goal in selecting directors for nomination to Cliffs Board is generally 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 and Nominating Committee has not reduced the qualifications for service on Cliffs Board to a checklist of specific standards or specific, minimum qualifications, skills or qualities. Rather, we seek, consistent with the vacancies existing on 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 and Nominating Committee annually conducts a review of incumbent Directors in order to determine whether a Director should be nominated for re-election to Cliffs Board.

The Governance and Nominating Committee makes determinations as to Director selection based upon the facts and circumstances at the time of the receipt of the Director candidate recommendation. Applicable considerations include: whether the Governance and Nominating Committee is currently looking to fill a new position created by an expansion of the number of Directors, or a vacancy that may exist on Cliffs Board; whether the current composition of Cliffs Board is consistent with the criteria described in our Corporate Governance Guidelines; whether the candidate submitted possesses the qualifications that are generally the basis for selection of candidates to Cliffs Board; and whether the candidate would be considered independent under the rules of the NYSE and our standards with respect to Director independence. Final approval of any candidate will be determined by the full Cliffs Board.

Identifying and Evaluating Nominees for Directors

The Governance and Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for Director. The Governance and Nominating Committee regularly reviews the appropriate size of Cliffs Board and whether any vacancies on Cliffs Board are expected due to

retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Governance and Nominating Committee considers various potential candidates for Director. Candidates may come to the attention of the Governance and Nominating Committee through current Board members, professional search firms, shareholders or other persons. As described above, the Governance and Nominating Committee considers properly submitted nominations for candidates for Cliffs Board. Following verification of the recommending shareholder's status, recommendations are considered by the Governance and Nominating Committee at its next regularly scheduled meeting.

MAJORITY VOTING POLICY

In 2010, the Board adopted a majority voting policy whereby, in an uncontested election, any nominee for director who fails to receive a majority of the votes cast (which excludes abstentions and broker non-votes) is expected to tender his or her resignation. In such an event, the Governance and Nominating Committee shall consider the tendered resignation and make a recommendation to the Board.

MEETINGS OF NON-MANAGEMENT DIRECTORS; COMMUNICATIONS WITH DIRECTORS

In accordance with the NYSE's corporate governance listing standards, our non-management directors meet at regularly scheduled executive sessions without management present. The Chairman of the Compensation Committee has been designated as our lead independent director. Shareholders and interested parties may communicate with the chair of the Compensation Committee, or with our non-management directors as a group or with Cliffs Board, by writing to the Lead Director at Cliffs Natural Resources Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114-2315, Attn: Lead Director. Our independent Directors have approved the process for determining which communications are forwarded to various members of Cliffs Board.

BUSINESS ETHICS POLICY

We have adopted a Code of Business Conduct and Ethics, or Code, which applies to all of our Directors, officers and employees. The Code is available on our website at <http://www.cliffsnaturalresources.com> in the Corporate Governance section under For Investors. We intend to post amendments to or waivers from our 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.

DIRECTORS COMPENSATION

Effective January 1, 2010, Cliffs Directors who are not Cliffs employees received an annual retainer fee of \$50,000 and an annual equity award of \$75,000. Employee directors receive no compensation for their service as directors. The following table reflects the changes in Directors compensation effective April 1, 2010:

Committee Function	January 1, 2010 - March 31, 2010	April 1, 2010 - Present
Board Meeting Fees	\$ 1,500/meeting	\$ 2,000/meeting
Committee Meetings Fees	\$ 1,000/meeting	\$ 1,500/meeting
Lead Director Annual Retainer	\$ 30,000	\$ 40,000
Audit Committee Annual Chair Retainer	\$ 10,000	\$ 15,000
Compensation and Organization Committee Annual Chair Retainer	\$ 5,000	\$ 10,000
Governance and Nominating, Strategy and Operations Committee Annual Chair Retainers	\$ 5,000	\$ 7,500

The Nonemployee Directors Compensation Plan (as Amended and Restated as of December 31, 2008), which we refer to as the Directors Plan, implements the annual equity grant program referenced above. Nonemployee Directors who are under age 69 on the date of the annual meeting receive an automatic annual grant of \$75,000 worth of restricted shares with a three-year vesting requirement. Nonemployee Directors who are 69 years of age or older on the date of the annual meeting receive an automatic annual grant of \$75,000 worth of Common Shares (with no restrictions). The amount of the automatic annual grant for all Nonemployee Directors will increase from \$75,000 to \$80,000 effective May 17, 2011. In May 2010, three Directors received an annual grant of Common Shares. On January 11, 2011, two new Directors, Messrs. Gluski and Ross, each received a prorated annual grant of 290 restricted shares pursuant to the Directors Plan.

Our Director Share Ownership Guidelines through December 31, 2010 provided that a Director should hold or acquire by the end of a four-year period the lesser of either (i) 4,000 or more Common Shares, or (ii) Common Shares having a market value of at least \$100,000. Effective January 1, 2011, our Director Share Ownership Guidelines were amended to state that a Director must hold or acquire Common Shares having a market value of at least \$250,000 within five years of becoming a Director. If a nonemployee Director meets these guidelines in December of each year, the Director may elect to receive all or a portion of his or her annual retainer of \$50,000 for the following year in cash. If the Director does not meet these guidelines, the Director is required to receive an equivalent value of \$20,000 in Common Shares until he or she meets the guidelines. Nonemployee Directors may elect to receive up to 100 percent of their retainer and other fees in Common Shares. In addition, the Directors Plan gives nonemployee Directors the opportunity to defer all or a portion of their annual retainer and other fees, whether payable in cash or Common Shares. Nonemployee Directors may elect to receive deferred shares in lieu of their annual equity award with the same three-year vesting requirements. A Director may also 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.

Nonemployee Directors who joined the Board before January 1, 1999 were able to participate in the Retirement Plan for Non-Employee Directors (as Amended and Restated July 1, 2005) first adopted in 1984, which we refer to as the 1984 Plan. The 1984 Plan provides that a nonemployee Director elected before July 1, 1995, with at least five years of service, receives during his or her

lifetime after retirement an amount equal to the annual retainer currently paid to a nonemployee Director. Mr. Ireland will receive benefits from the 1984 Plan upon reaching 72 years of age. Mr. Ireland has the option to elect an actuarially reduced benefit at the age of 65.

Cliffs has trust agreements with KeyBank National Association relating to the Directors Plan and the 1984 Plan in order to fund and pay our retirement obligations under these plans.

Director Compensation Table

The following table, supported by the accompanying footnotes and narrative, sets forth for fiscal year 2010 all compensation earned by the individuals who served as our nonemployee Directors at any time during 2010.

Name	Fees Earned or Paid in Cash \$(1)	Stock Awards \$(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(3)	All Other Compensation \$(4)	Total (\$)
R. C. Cambre	87,000	75,019		4,000	166,019
S. M. Cunningham	84,500	75,019			159,519
B. J. Eldridge	90,750	75,019			165,769
S. M. Green	94,500	75,019			