

CLIFFS NATURAL RESOURCES INC.
Form DEF 14A
March 15, 2017

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 Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

CLIFFS NATURAL RESOURCES INC.

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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: _____

(5) Total fee paid: _____

Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid: _____

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

(3) Filing Party: _____

(4) Date Filed: _____

March 15, 2017

Dear Fellow Shareholder,

2016 is the year the turnaround of Cliffs Natural Resources was completed. That was done despite significant challenges in the international iron ore market and in the domestic steel industry. The strategic way implemented since August 2014 has proven itself very effective, and there is ample evidence that we are moving forward on the course we set two years ago.

Our financial progress in 2016 has enabled us to improve our competitiveness and enhance our ability to deliver value for our shareholders. Through several well-timed liability management transactions, we reduced principal debt outstanding by nearly \$640 million dollars, just by pairing our conviction in our bright future with the opportunity to buy back bonds at deep discounts. Even more important, throughout 2016 our focus on cost reduction and operating efficiencies across our operations drove great operational results for the year, and that supported all the rest. While there is still work to do, we ended the year with strong cash flow. In summary, we delivered an excellent year for Cliffs in 2016 and laid a strong foundation to take full advantage of a healthier market environment for iron ore and steel in 2017.

At this time, I would like to thank each one of the Cliffs' shareholders that stayed with us through the bad times and in to the good times. Our CLF shares appreciated 432% in 2016, which was the second highest gain among the more than 3,000 companies listed on the NYSE in 2016. CLF was also the best performing stock among all Metals and Mining companies for the year. Last but not least, we outperformed every company in the S&P 500. Overall, Cliffs' shares had their best performing year in our 56-year history on the NYSE.

2017 marks Cliffs' 170th year as a company. The significance of this milestone cannot be over-emphasized. How many U.S. companies can state that they have been instrumental in building and shaping our society since 1847? Not many. Today as a stronger company, we are well positioned to reap the benefits of our strategy implemented over the past two years.

As stewards of the company and its assets, we are 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 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.

Sincerely,

Lourenco Goncalves

Chairman, President and Chief Executive Officer

Cliffs Natural Resources Inc.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held on April 25, 2017

11:30 a.m. EDT

North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114

To the Shareholders of Cliffs Natural Resources Inc.:

The 2017 Annual Meeting of Shareholders of Cliffs Natural Resources Inc., or "Cliffs", will be held at North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114 at 11:30 a.m., EDT, on Tuesday, April 25, 2017 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 an amendment to our Third Amended Articles of Incorporation to increase the number of Cliffs' authorized common shares from 400,000,000 to 600,000,000;
3. To approve the Amended and Restated Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan;
4. To approve the Cliffs Natural Resources Inc. 2017 Executive Management Performance Incentive Plan;
5. To approve, on an advisory basis, our named executive officers' compensation;
6. To recommend, on an advisory basis, the frequency of shareholder votes on our named executive officers' compensation;
7. To ratify the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2017 fiscal year; and
8. To transact such other business, if any, as may properly come before the 2017 Annual Meeting or any adjournment thereof.

In order to vote on the matters brought before the 2017 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 24, 2017 are entitled to notice of, and to vote at, the 2017 Annual Meeting or any adjournments thereof.

By Order of the Board of Directors,

James D. Graham

Executive Vice President, Chief Legal Officer & Secretary

March 15, 2017

Cleveland, Ohio

YOUR VOTE IS IMPORTANT.

YOU MAY VOTE BY MAILING THE ENCLOSED PROXY CARD, BY TELEPHONE, BY INTERNET, OR BY BALLOT IN PERSON AT THE 2017 ANNUAL MEETING.

The proxy statement and Cliffs' 2016 Annual Report for the 2016 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." 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 2017 Annual Meeting, please bring evidence of your share ownership with you. You should be able to obtain evidence of your share ownership from the bank, broker, trustee, nominee or other shareholder of record that holds the shares on your behalf.

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PROXY SUMMARY

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

2017 ANNUAL

MEETING OF (page 5)

SHAREHOLDERS

Date and Time: Tuesday, April 25, 2017, at 11:30 a.m.
EDT

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

Record Date: February 24, 2017
Shareholders of record are entitled to vote by completing and returning the enclosed proxy card by mail; telephone at 1-800-690-6903; by Internet at www.proxyvote.com; or attending the 2017 Annual Meeting of Shareholders (the "2017 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 2016 Annual Report will be mailed on or about March 15, 2017 to our shareholders of

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record as of the
Record Date.

VOTING MATTERS (page 4)	Board Vote Recommendation FOR each Director Nominee	Page Reference (for more detail)
Election of Directors		<u>14</u>
Approval of Amendment to Third Amended Articles of Incorporation to Increase the Number of Authorized Common Shares	FOR	<u>20</u>
Approval of the Amended & Restated 2015 Equity and Incentive Compensation Plan	FOR	<u>21</u>
Approval of the 2017 Executive Management Performance Incentive Plan	FOR	<u>35</u>
Advisory Vote on our Named Executive Officers' Compensation (Say-on-Pay)	FOR	<u>66</u>
Advisory Vote on Frequency of Say-on-Pay Vote	EVERY YEAR	<u>67</u>
Ratification of Independent Registered Public Accounting Firm	FOR	<u>69</u>

DIRECTOR NOMINEES RECOMMENDED BY THE CLIFFS BOARD OF DIRECTORS						(page 14)
Name	Age	Director Since	Experience/ Qualification	Independent Committee (Yes / No)	Committee Memberships (1)	Other Current Public Directorships
John T. Baldwin	60	2014	Former Chairman of Audit Committee & CFO	Yes	• Audit*	
Robert P. Fisher, Jr.	62	2014	Former Managing Director President & CEO	Yes	• Audit • Compensation*	
Lourenco Goncalves	59	2014	Chairman, President and CEO	No	• Strategy*	American Iron and Steel Institute
Susan M. Green	57	2007	Former Deputy General Counsel, United States Congress Office of Compliance	Yes	• Governance	
Joseph A. Rutkowski, Jr.	62	2014	Principal & Former Executive Vice President	Yes	• Compensation • Strategy	Cenergy Holdings SA Insteel Industries, Inc.
Eric M. Rychel	43	2016	Executive Vice President, Chief Financial Officer and Treasurer	Yes	• Audit •	
Michael D. Siegal	64	2014	Chairman & CEO	Yes	• Audit • Governance • Compensation	Olympic Steel, Inc.
Gabriel Stoliar	62	2014	Managing Partner Chairman	Yes	• Governance • Strategy	Tupy S.A.

Douglas C. Taylor	52	2014	Former Managing Partner	Yes	<ul style="list-style-type: none">• Governance*• Compensation
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* Denotes committee chair

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

CLIFFS NATURAL RESOURCES INC. - 2017 Proxy Statement 1

EXECUTIVE COMPENSATION PHILOSOPHY AND CORE PRINCIPLES (page 40)

Our guiding compensation principles, as established by the Compensation and Organization Committee for 2016, were as follows:

- Align short-term and long-term incentives with results delivered to shareholders;
- Design an incentive plan that focuses on 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 (such as not providing "gross-ups" related to change in control payments, using "double-trigger" vesting in connection with a change in control for equity awards, using Share Ownership Guidelines and maintaining a clawback policy related to incentive compensation for our executive officers).

2016 EXECUTIVE COMPENSATION SUMMARY (page 55)

The numbers in the following table showing the 2016 compensation of our named executive officers (the "NEOs") were determined in the same manner as the numbers in the corresponding columns in the 2016 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 2016 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 2016 Summary Compensation Table:

Name	Principal Position (as of December 31, 2016)	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Total Compensation (\$)
Lourenco Goncalves	Chairman, President and Chief Executive Officer	1,200,000	—	2,184,134	—	5,520,000	8,904,134
P. Kelly Tompkins	Executive Vice President & Chief Financial Officer	537,000	—	428,990	—	1,000,618	1,966,608
Terry G. Fedor	Executive Vice President, United States Iron Ore	402,000	—	321,148	—	749,068	1,472,216
Maurice D. Harapiak	Executive Vice President, Human Resources	372,000	—	297,184	—	693,168	1,362,352
Clifford T. Smith	Executive Vice President, Business Development	402,000	—	321,148	—	749,068	1,472,216

CEO REPORTED PAY VS. REALIZED PAY (page 55)

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 2016 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 three years in contrast to the reported pay presented in the 2016 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 upon the performance of Cliffs.

Name	Year of Compensation	Reported Pay (\$)(1)	Realized Pay (\$)(2)	Realized Pay as a Percentage of Reported Pay (%)
Lourenco	2016	8,904,134	7,244,607	81.36%
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. It excludes the value of any unearned and unvested stock and option awards, including performance shares, that will not actually be received, if earned, until a future date.

INCREASE NUMBER OF AUTHORIZED COMMON SHARES (page [20](#))

We are seeking an amendment to our Articles of Incorporation in order to increase the number of authorized common shares from 400,000,000 to 600,000,000, which will result in an increase in the total number of authorized shares from 407,000,000 to 607,000,000. We are seeking this increase to enhance our flexibility for possible future actions, such as financings, corporate mergers, acquisitions, stock splits, stock dividends, equity compensation awards or other general corporate purposes.

AMENDED & RESTATED 2015 EQUITY AND INCENTIVE COMPENSATION PLAN (page [21](#))

We are seeking your approval of the Amended and Restated Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan (the "A&R 2015 Equity Plan"), principally to add 15,000,000 common shares authorized for issuance under the A&R 2015 Equity Plan. Your approval is also being sought to constitute approval of the material terms for "qualified performance-based compensation" for purposes of Section 162 (m) of the Internal Revenue Code of 1986, as amended. The A&R 2015 Equity Plan authorizes the Compensation Committee to provide equity-based compensation in the form of stock options, appreciation rights, restricted shares, restricted stock units, cash incentive awards, performance shares, performance units, 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 for the purpose of providing our officers and other key employees, and those of our subsidiaries incentives and rewards for service or performance.

2017 EXECUTIVE MANAGEMENT PERFORMANCE INCENTIVE PLAN (page [35](#))

We are submitting the 2017 EMPI Plan to our shareholders for approval to enable us to continue to provide annual incentive compensation to selected executives in a manner that may allow such incentive compensation to be deductible by us for federal income tax purposes under Section 162(m).

SHAREHOLDER ENGAGEMENT (page [42](#))

SAY-ON-PAY IMPLICATIONS (page [66](#))

As a result of the decline in support for our 2016 Say-on-Pay vote, we engaged in a robust process to solicit feedback to better understand our shareholders' concerns. We engaged with 25 institutional shareholders representing approximately 52% of our common shares. While shareholders had varying perspectives, a few common themes emerged from the discussions. Shareholders asked that we improve our communication, including providing more information about the Compensation Committee's reasoning for compensation decisions. See the section entitled "2016 Say-on-Pay Vote and Shareholder Engagement" in the Compensation Discussion And Analysis for more detail of what we heard and how we responded.

FREQUENCY ON SAY-ON-PAY IMPLICATIONS (page [67](#))

We are required to hold Say-on-Pay frequency votes at least once every six years. We first held a frequency on Say-on-Pay vote at our 2011 Annual Meeting of Shareholders. We are

proposing to continue advisory Say-on-Pay votes on an annual basis.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (page [69](#))

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 2017.

CLIFFS NATURAL RESOURCES INC. - 2017 Proxy Statement 3

QUESTIONS & ANSWERS

QUESTIONS AND ANSWERS ABOUT THE MEETING AND VOTING

1. What proposals are to be presented at the 2017 Annual Meeting?

The purpose of the 2017 Annual Meeting is to: (1) elect nine directors; (2) approve an amendment to Cliffs' Third Amended Articles of Incorporation to increase the number of authorized common shares; (3) approve the Amended and Restated Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan; (4) approve the Cliffs Natural Resources Inc. 2017 Executive Management Performance Incentive Plan; (5) approve, on an advisory basis, Cliffs' NEOs' compensation; (6) recommend, on an advisory basis, the frequency of shareholder votes on our NEOs' compensation; (7) ratify the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2017 fiscal year; and (8) conduct such other business as may properly come before the 2017 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 an amendment to Cliffs' Third Amended Articles of Incorporation to increase the number of authorized common shares;

FOR the approval of the Amended and Restated Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan;

FOR the approval of the Cliffs Natural Resources Inc. 2017 Executive Management Performance Incentive Plan;

FOR the approval, on an advisory basis, of Cliffs NEOs' compensation;

EVERY YEAR for the recommendation, on an advisory basis, the frequency of shareholder votes on Cliffs NEOs' compensation; and

FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm to serve for the 2017 fiscal year.

4. Who is entitled to vote at the 2017 Annual Meeting?

The Record Date for the 2017 Annual Meeting is February 24, 2017. On that date, we had outstanding 296,398,149 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.

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.

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.

The telephone and Internet 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.

CLIFFS NATURAL RESOURCES INC. - 2017 Proxy Statement 4

QUESTIONS & ANSWERS

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 amendment to our Third Amended Articles of Incorporation to increase the number of authorized common shares and ratification of Deloitte & Touche LLP as our registered independent public accounting firm are routine matters 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 2017 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 an amendment to our Third Amended Articles of Incorporation to increase the number of authorized common shares will pass with the affirmative vote of the holders of a majority of our outstanding common shares.

With respect to Proposal 3, approval of the Amended and Restated Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan requires the affirmative vote of a majority of the shares present in person or represented by proxy, at the 2017 Annual Meeting and entitled to vote on the proposal, provided that a majority of votes cast on this proposal are cast in favor of the proposal.

With respect to Proposal 4, approval of the Cliffs Natural Resources Inc. 2017 Executive Management Performance Incentive Plan requires the affirmative vote of a majority of the shares present in person or represented by proxy, at the 2017 Annual Meeting and entitled to vote on the proposal, provided that a majority of votes cast on this proposal are cast in favor of the proposal.

With respect to Proposal 5, approval, on an advisory basis, of our NEOs' compensation requires the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2017 Annual Meeting and entitled to vote on the proposal.

With respect to Proposal 6, recommendation, on an advisory basis, of the frequency of shareholder votes on our NEOs' compensation, the frequency receiving the greatest number of votes (every year, every two years or every three years) will be considered the frequency recommended by shareholders.

With respect to Proposal 7, the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for the 2017 fiscal year will pass with the affirmative vote of a majority of the shares present, in person or represented by proxy, at the 2017 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 25, 2017 (the "2017 Annual Meeting"), and any adjournments or postponements thereof. This proxy statement, the accompanying proxy card, and our 2016 Annual Report will be distributed on or about March 15, 2017 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

CLIFFS NATURAL RESOURCES INC. - 2017 Proxy Statement 5

MEETING INFORMATION

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 15, 2017, 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 2017 Proxy Statement and the 2016 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 24, 2017, has been fixed as the Record Date of the 2017 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.

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, may 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 approximately \$16,000 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 2017 Annual Meeting. On the Record Date, there were outstanding 296,398,149 common shares entitled to vote at the 2017 Annual Meeting. A majority of the common shares entitled to vote must be represented at the 2017 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 2017 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 an amendment to Cliffs' Third Amended Articles of Incorporation to increase the number of authorized common shares; FOR the approval of the Amended and Restated Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan; FOR the approval of the Cliffs Natural Resources Inc. 2017 Executive Management Performance Incentive Plan; FOR the approval, on an advisory basis, of Cliffs' NEOs' compensation; EVERY YEAR for the recommendation, on an advisory basis, the frequency of shareholder votes on Cliffs' NEOs' compensation; and FOR the ratification of the appointment of Deloitte & Touche LLP as our independent registered public accounting firm to serve for the 2017

fiscal year; and, at the discretion of the persons named as proxies, on all other matters that may properly come before the 2017 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 2017 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 2017 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

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MEETING INFORMATION

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 2017 Annual Meeting. We intend to treat properly authorized proxies as "present" for purposes of determining whether a quorum has been achieved at the 2017 Annual Meeting.

Abstentions and broker non-votes will have no effect with respect to the election of directors and the advisory vote regarding the frequency of the shareholder vote on Cliffs' NEOs' compensation. Abstentions will have the effect of votes against, and broker non-votes will have no effect, with respect to the advisory votes regarding the compensation of our NEOs, the vote to adopt the Amended and Restated Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan and the vote to adopt the 2017 Executive Management Performance Incentive Plan. Abstentions will have the effect of votes against with respect to the vote to adopt an amendment to our Third Amended Articles of Incorporation to increase the number of authorized common shares and the ratification of Deloitte & Touche LLP as our independent registered public accounting firm. The vote to adopt an amendment to our Third Amended Articles of Incorporation to increase the number of authorized common shares and the ratification of Deloitte & Touche LLP as our independent registered public accounting firm are routine matters and, as a result, we do not expect to have broker non-votes with respect to these proposals.

CORPORATE GOVERNANCE

BOARD LEADERSHIP STRUCTURE

The Chairman of our Board is Lourenco Goncalves, who is also our President and Chief Executive Officer ("CEO"). 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

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CORPORATE GOVERNANCE

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.

During 2016, our Board held 5 in person meetings and 5 telephonic meetings. Each director attended, either in person or by telephone conference, at least 87% of the Board and committee meetings held while serving as a director or committee member in 2016. 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 2016 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

Members: 5
Independent: 5
Audit

AUDIT COMMITTEE

Committee
Financial
Experts: 4
2016 Meetings:
7
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

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 and
reviews,
approves and
retains the
services
performed by
our independent
registered public
accounting firm

Approves
management's
appointment,
termination or
replacement of
the head of
Internal Audit

Conducts a legal
compliance
review at least
annually

Members:

Robert P.

Fisher, Jr., Eric

Chair: John T. Baldwin M. Rychel,

James S. Sawyer

and Michael D.

Siegal

CORPORATE GOVERNANCE

COMPENSATION & ORGANIZATION COMMITTEE

Members: 4
Independent: 4
2016 Meetings:
6
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

Members:

Joseph A.
Rutkowski, Jr.,
Gabriel Stoliar
and Douglas C.
Taylor

Chair: Robert P. Fisher, Jr.

Members: 4

GOVERNANCE & NOMINATING COMMITTEE Independent: 4

2016 Meetings: 6

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
Members: Susan M. Green, Michael D. Siegal and Gabriel Stoliar

Chair: Douglas C. Taylor

STRATEGY COMMITTEE
Members: 3
Independent: 2
2016 Meetings: 4
Responsibilities:
• Oversees Cliffs' strategic plan, annual management objectives and operations and monitors risks relevant to management's 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

Chair: Lourenco Goncalves

Members:
Joseph A.
Rutkowski, Jr.
and Gabriel

Stoliar

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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.

CODE OF BUSINESS CONDUCT AND ETHICS

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.

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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 and CEO, and, as such, is not considered independent.

Since January 1, 2016, there has been one transaction, in which Cliffs was a participant and the amount exceeds \$120,000, and in which a 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.

In September 2016, Cliffs hired Mr. Celso Goncalves, the son of our Chairman, President and CEO, as our Assistant Treasurer. Cliffs had an opening for a candidate with a strong investment banking background as well as a potential successor to our Treasurer role. Mr. Celso Goncalves has a depth of senior level investment banking experience with Deutsche Bank and Jefferies, LLC as well as other relevant experience and was an appropriate match for the role. With respect to fiscal year 2016, Mr. Celso Goncalves was paid a salary of \$58,333.31, earned incentive compensation under the Management Performance Incentive Plan of \$59,444.00 and participated in other regular and customary employee benefit plans, programs generally available to our employees. In addition, in September, 2016, Mr. Celso Goncalves was granted a Restricted Stock Unit Award of 3,000 common shares, which had a grant date value of \$16,020, received a signing bonus of \$20,000 and relocation assistance of \$203,993. The foregoing compensation arrangement is considered a Related Party Transaction under our policy. This transaction was reviewed and approved by our Audit Committee in accordance with the policy.

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 (the "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 and in 2016.

DIRECTOR COMPENSATION

DIRECTOR COMPENSATION

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

Cash Compensation

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

Board Form of Cash Compensation	2016 (\$)
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
Additional Annual Retainers for Chairs of Governance and Nominating 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 nine nonemployee directors participated in this program during the 2016 election period.

Equity Grants

During 2016, our nonemployee directors received restricted share awards under the Directors' Plan. For 2016, 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 April 27, 2016, the date of the Company's annual meeting of shareholders in 2016, subject to any deferral election and pursuant to the terms of the Directors' Plan and an award agreement, effective on April 27, 2016. Any directors who joined the Board after the 2016 Annual Meeting received a prorated award of restricted shares pursuant to the Directors' Plan.

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 on a quarterly basis. The Director Share Ownership Guidelines provide that each director hold or acquire common shares of the Company having a market value equal to at least 3.5x the current annual retainer within five years of becoming a director. As of December 31, 2016, Messrs. Sawyer, Siegal, Stoliar and Taylor 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.

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DIRECTOR COMPENSATION

DIRECTOR COMPENSATION FOR 2016

The following table, supported by the accompanying footnotes and the narrative above, sets forth for fiscal year 2016 all compensation earned by the individuals who served as our nonemployee directors at any time during 2016.

Name Fees Earned or Paid in Cash \$(1) Stock Awards \$(2)