

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K/A
(Amendment No. 2)

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): August 7, 2014

Cliffs Natural Resources Inc.

(Exact name of registrant as specified in its charter)

Ohio
(State or Other Jurisdiction
of Incorporation)

1-8944
(Commission File Number)

34-1464672
(IRS Employer
Identification Number)

200 Public Square, Suite 3300
Cleveland, Ohio
(Address of Principal Executive Offices)

44114-2315
(Zip Code)

Registrant's telephone number, including area code:
(216) 694-5700

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers: Compensatory Arrangements of Certain Officers.

This Current Report on Form 8-K/A is being filed as an amendment (this "Amendment No. 2") to the Current Report on Form 8-K filed by Cliffs Natural Resources Inc. (the "Company") with the Securities and Exchange Commission on August 7, 2014 and as amended on August 12, 2014 (the "Amended Original Form 8-K"). This Amendment No. 2 updates Item 5.02 in the Amended Original Form 8-K to disclose additional information regarding the compensatory arrangements finalized between the Company and Lourenco Goncalves (the "Executive"). No other changes have been made to the Amended Original Form 8-K.

On September 11, 2014 (the "Effective Date"), in connection with the Executive's appointment as the Company's Chairman, President and Chief Executive Officer, the Company and the Executive entered into a letter agreement (the "Letter Agreement"). Under the terms of the Letter Agreement, the Executive will receive: (a) an annual base salary of \$1,200,000; (b) a retention payment of \$1,200,000 payable in cash after continuous employment from the Effective Date to the end of this year, and which is subject to a pro-rata claw-back if the Executive's employment terminates for any reason before December 31, 2017; (c) pursuant to the Company's Amended and Restated 2012 Incentive Equity Plan (the "LTI") for the performance period commencing August 7, 2014 and ending December 31, 2017 (the "Performance Period") a grant of (i) 250,000 stock options (the "Stock Options") with an exercise price equal to the volume weighted average price ("VWAP") of a share of the Company's common shares (singular a "Share" and more than one "Shares") on September 11, 2014 (the "Grant Date"), which Stock Options are eligible to vest in equal thirds on each of December 31, 2015, December 31, 2016 and December 31, 2017, contingent upon the Executive's continued employment with the Company through each such vesting date; and (ii) 400,000 performance-based restricted stock units ("PRsUs"), each of which may, or may not, convert into Shares, based upon Shares achieving and maintaining VWAP milestones above an absolute threshold for any period of ninety (90) consecutive calendar days during the Performance Period. At the conclusion of the Performance Period, accrued dividends and dividend equivalents relating to the Shares converted from the PRsUs are eligible to be settled in cash based on the applicable PRSU milestone having been achieved and the other conditions applicable to the PRsUs converting into Shares having been satisfied. The Executive must hold 25% of such converted Shares for one (1) year, during which time he must not sell, transfer, pledge, assign, or otherwise hypothecate such 25% of Shares.

Commencing in 2015, the Executive will be eligible to participate in the LTI and in the Company's 2012 Executive Management Performance Incentive Plan (the "EMPI") at a target of 200% of his base salary and maximum of 200% of target subject to performance metrics to be developed by the Compensation and Organization Committee and approved by the Board of Directors. The Executive is eligible to participate in the Company's Supplemental Executive Retirement Benefit Plan (the "SERP") and, beginning in January 2015, in the Voluntary Non-Qualified Deferred Compensation Plan. The Executive will receive up to \$10,000 in annual tax preparation and financial planning assistance, and the Company will reimburse up to \$25,000 for legal fees incurred with regard to the negotiation and drafting of the Letter Agreement.

In accordance with Company policy, the Letter Agreement provides for the "at-will" employment of the Executive, meaning that either the Company or the Executive may terminate the employment relationship at any time, for any reason or no reason, with or without cause.

If the Executive is terminated by the Company without Cause (as defined in the Change in Control Severance Agreement (discussed below)) during the Performance Period, then, upon his timely signing an effective release of claims in favor of the Company, (a) if a VWAP milestone has been attained, the Executive will receive a number of Shares equal to the number of Shares that the PRsUs would have converted into at the end of the Performance Period had employment continued until the end of the Performance Period and (b) the Executive will vest in a pro rata percentage of the stock options

that would have vested at the end of the year had he not been terminated without cause, with such percentage equal to a fraction, the numerator being the number of days from the beginning of the year to the date on which employment terminated, and the denominator being 365.

The foregoing description of the Executive's employment arrangement is qualified in its entirety by reference to the full text of the Letter Agreement, form of Stock Option Agreement and form of Performance Unit Award Agreement, which are filed as Exhibits 10.1, 10.2 and 10.3, respectively, to this Amendment No. 2 and are incorporated by reference herein.

On September 11, 2014, the Executive also entered into the Company's Form of Change in Control Severance Agreement (for newly hired officers), which provides for (i) a lump sum severance payment in an amount equal to three times the sum of (A) base salary (at the highest rate in effect during the five-year period prior to the termination date), plus (B) annual incentive pay at target level for the year of termination or prior year, whichever is greater; (ii) continuation of welfare benefits for three years following the termination date (the "Continuation Period"); (iii) a lump sum payment in an amount equal to the sum of the additional future pension benefits that the officer would have been entitled to receive for three years following the termination date under the SERP; and (iv) outplacement services in an amount up to 15% of the officer's base salary (collectively, the "Change in Control Severance Benefits"). Following the end of the Continuation Period, the officer is entitled under the Change in Control Severance Agreement to post-retirement medical, hospital, surgical and prescription drug coverage for the officer's lifetime, for the officer, the officer's spouse and any eligible dependents. Under the Change in Control Severance Agreement, the officer will be eligible to receive the Change in Control Severance Benefits in the event the officer is terminated by the Company without "cause" or resigns for "good reason" (each as defined in the Change in Control Severance Agreement) during the two-year period following a "change in control" (as defined in the Change in Control Severance Agreement), provided the officer timely executes an effective release of claims in favor of the Company. The Change in Control Severance Agreement imposes non-competition and non-solicitation obligations on the officer that are effective for three years following a qualifying termination of employment.

The foregoing description of the Form of Change in Control Severance Agreement (for newly hired officers) is qualified in its entirety by reference to the full text of the Form of Change in Control Severance Agreement (for newly hired officers), which is filed as Exhibit 10.4 to this Amendment No. 2 and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Letter Agreement, by and between Lourenco Goncalves and Cliffs Natural Resources Inc., signed as of September 11, 2014
10.2	Form of Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan Non-Qualified Stock Option Award Memorandum and Stock Option Award Agreement
10.3	Form of Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan Performance Unit Award Memorandum and Performance Unit Award Agreement
10.4	Form of Change In Control Severance Agreement (covering newly hired officers)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Cliffs Natural Resources Inc.

Date: September 16, 2014

By: /s/ James D. Graham

Name: James D. Graham

Title: Vice President, Chief Legal Officer & Secretary

EXHIBIT INDEX

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CLIFFS NATURAL RESOURCES INC.
200 Public Square, Suite 3300, Cleveland, OH 44114-2315
P 216.694.5700 cliffsnaturalresources.com

For Execution

September 9, 2014

C. Lourenco Goncalves
2716 Aqua Vista
Ft. Lauderdale, FL 33301

Dear Lourenco:

This letter ("Letter Agreement") sets forth the terms of your service as the Chairman, President and Chief Executive Officer of Cliffs Natural Resources Inc., ("Cliffs") reporting to the Board of Directors (the "Board") effective August 7, 2014 (the "Start Date"). The date that you and Cliffs have both executed this Letter Agreement shall be the "Effective Date".

Base Salary

Your annual base salary ("Salary") shall be \$1,200,000, paid at the rate of \$100,000 per month, payable in accordance with Cliffs' payroll policies, plans and practices, and annualized for any partial year of employment.

Executive Management Performance Incentive Plan

You will not participate in Cliffs' Executive Management Performance Incentive Plan ("EMPI") for 2014.

Upon your continuous employment from the Effective Date to the end of this year, you will receive a retention payment (the "Retention Payment") of \$1,200,000. If your employment terminates for any reason before December 31, 2017, you shall within 90 days of your termination, return a pro-rata portion of the Retention Payment, expressed as the product of \$1,200,000 multiplied by a fraction, the numerator being the number of days from your last day of employment until December 31, 2017, and the denominator being the number of days from the Effective Date until December 31, 2017.

Commencing in 2015, you will be eligible to participate in the EMPI, subject to performance objectives to be determined by the Compensation and Organization Committee of the Board of Directors (the "Committee") within the first ninety (90) days of the fiscal year. The annual EMPI bonus is expressed as a percentage of your Salary. Your target annual EMPI bonus is 200% of your Salary. The actual amount of your annual EMPI bonus, which can range from 0 to 200% of target, is determined based on achievement of (i) annual corporate performance objectives as determined by the Committee, and (ii) your individual performance as ratified by the Board. Your annual EMPI bonus will be prorated for any year in which you are eligible but during which you are employed for less than the full year.

Long-Term Equity Incentive Plan

The Committee has been appointed to administer this Letter Agreement in accordance with the Cliffs Amended and Restated 2012 Incentive Equity Plan. As soon as practical after the Effective Date, you will receive a grant under Cliffs' Long Term Incentive Plan ("LTI") (such date being the "Grant Date") for the performance period commencing August 7, 2014 and ending December 31, 2017 (the "Performance Period"), of:

- 250,000 stock options ("Stock Options") with an exercise price equal to the volume weighted average price ("VWAP") of a share of Cliffs common stock (singular, a "Share" more than one, "Shares") on the Grant Date (the "Original Price"). Equal thirds of the Stock Options are eligible to vest on each of December 31, 2015, December 31, 2016 and December 31, 2017, subject to your continued employment through each such vesting date, and
- 400,000 performance-based restricted stock units ("PRsUs"), each of which may convert into Shares based upon Shares achieving and maintaining certain VWAP's (Threshold VWAP, Target VWAP, or Maximum VWAP, each, a "Milestone") for any period of ninety (90) consecutive calendar days during the Performance Period as follows:

During the Performance Period, attaining VWAP 25% greater than the Original Price ("Threshold VWAP") for any ninety (90) consecutive calendar day period makes you eligible to convert your PRsUs into 300,000 Shares.

During the Performance Period, attaining VWAP 50% greater than the Original Price ("Target VWAP") for any ninety (90) consecutive calendar day period makes you eligible to convert your PRsUs into 400,000 Shares.

During the Performance Period, attaining VWAP 100% greater than the Original Price ("Maximum VWAP") for any ninety (90) consecutive calendar day period makes you eligible to convert your PRsUs into 500,000 Shares.

If Threshold VWAP has been exceeded during the Performance Period, the number of Shares earned shall be determined with straight line pro ration between each of the Milestones. The payment of Shares earned shall be made in the form of Shares (or cash, or a combination of Shares and cash, as decided by the Committee in its sole discretion), and shall be paid to you after the determination and certification by the Committee of the level of attainment of performance objectives. Payment will be no earlier than the end of the Performance Period (December 31, 2017), but in any event no later than two and one-half (2½) months after the end of the Performance Period (unless the date of payment is deferred by you pursuant to, and in compliance with, the terms of the Cliffs' Voluntary Deferred Compensation Plan).

If Cliffs transfers for value any subsidiary, other business unit or all or substantially all of the assets of a subsidiary or business unit, the gross revenues of which subsidiary or business unit equal or exceed 10% of Cliffs' consolidated gross revenues (as calculated based on the prior fiscal year's reported financials), the Committee will equitably adjust the Original Price for purposes of

determining the Milestones to preserve (but not increase) the level of incentives provided by the PRSU award.

In order for all or any portion of the PRSUs to convert to Shares, you must be continuously employed by Cliffs (or any of its Subsidiaries or Affiliates) during the entire Performance Period (except in the event of a Change in Control). Serving as a Director shall qualify for continuous employment. Nothing in this Agreement shall confer upon you any right to continue in the employ or service of Cliffs, or interfere in any way with Cliffs' rights to terminate your employment or service at any time, subject to the terms of this Letter Agreement.

If you provide written notice ("Notice") to the Board and the Secretary of Cliffs that you are resigning in 90 days because Cliffs materially breached this Letter Agreement (the "Cure Period"), and Cliffs does not have Cause ("Cause" is defined in the attachments to this Letter Agreement) to terminate your employment, and your Notice provides enough detail that the Company is able to identify and cure the breach, but does not substantially cure the breach in the Cure Period, then your resignation on or within the 60 days immediately following the Cure Period shall be deemed a termination without Cause.

If, during the Performance Period, your employment is terminated without Cause, then, within 30 days of your signing and not revoking a general release in a form acceptable to Cliffs (a "Release"), (1) if you have attained a Milestone, you will receive a number of Shares equal to the number of Shares that the PRSUs would have converted into at the end of the Performance Period had your employment continued until the end of the Performance Period, and (2) you will also vest in a pro rata percentage of the Stock Options that would have vested at the end of the year had you not been terminated without Cause, said percentage equal to a fraction, the numerator being the number of days from the beginning of the year to the date on which your employment terminated, and the denominator being 365.

Your PRSUs will convert into Shares in accordance with the conditions of this Letter Agreement. Until they convert into Shares, the PRSUs shall be subject to cancellation and forfeiture in accordance with this Letter Agreement and Cliffs Amended and Restated 2012 Equity Incentive Plan. Until converted into Shares, you may not sell, transfer, pledge, assign or otherwise alienate or hypothecate the PRSUs. Once converted into Shares, you must hold 25% of such Shares for one (1) year, during which time you may not sell, transfer, pledge, assign or otherwise alienate or hypothecate such 25% of Shares.

Commencing in 2015, you will be eligible to participate in LTI on the same basis as other members of management.

Dividends

During the Performance Period, as of each record date on which a cash dividend is to be paid for Shares, you will be credited with an amount of cash that is equivalent to the cash dividend that would have been paid on account of your PRSUs if they had been Shares. If dividends are paid in the form of Shares or PRSUs rather than cash, you will not receive as dividends such Shares or additional PRSUs, but you will instead be credited with the amount of cash that would have been paid on account of your PRSUs if they had been Shares. At the conclusion of the Performance Period, you shall receive such cash as has been credited to you as dividends and dividend equivalents, adjusted to reflect the actual number of Shares resulting from the conversion of

PRSUs after the determination and certification by the Committee of the level of attainment of performance objectives. Payment shall be no earlier than the end of the Performance Period (December 31, 2017), but in any event no later than two and one-half (2½) months after the end of the Performance Period (unless the date of payment is deferred by you pursuant to, and in compliance with, the terms of the Cliffs' Voluntary Deferred Compensation Plan).

Under Cliffs' Share Ownership Guidelines you will be required to achieve a Share ownership of six times your Salary within five years of your commencing and continuing employment with Cliffs.

Change in Control Agreement

The definition of "Change in Control" and the benefits available to you in the event of the termination of your employment under certain circumstances (including your termination without Cause, as Cause is defined in this Letter Agreement and attachments) within a designated period prior to or following a "change in control" transaction are set forth in an attachment to this Letter Agreement.

Supplemental Executive Retirement Plan (SERP)

You will be eligible to participate in a non-qualified retirement plan for key employees, which is meant to provide retirement benefits above the Cliffs Defined Benefit Pension Plan maximums as defined annually by the IRS.

Voluntary Non-Qualified Deferred Compensation (VNQDC)

You will be eligible to participate in Cliffs VNQDC plan beginning in January 2015, pursuant to which you will be able to elect to defer payment and taxation on up to 50% of your salary, and up to 100% of your EMPI bonus award.

Indemnification

Cliffs will indemnify you to the fullest extent permitted by law and its bylaws (including advancement of legal fees) for any action or inaction by you while serving as an officer or director of Cliffs. Cliffs will cover you under its directors and officers liability insurance and its defamation policies both during and, while potential liability exists, after termination of your employment. These indemnification and liability provisions shall survive the termination of your employment with Cliffs.

Tax Preparation and Financial Planning Assistance

Cliffs will provide up to \$10,000 in annual tax preparation and financial planning assistance from a firm recommended by Cliffs or a firm of your choosing.

Legal Fees

Cliffs will reimburse you up to \$25,000 for your legal fees incurred with regard to the negotiation and drafting of this agreement.

Retirement Programs

You will be eligible to participate in the Cliffs Defined Benefit Pension Plan and 401(k) Savings Plan based upon the terms of the Plans.

Benefits Choice

The Benefits Choice Program provides coverage options for medical, dental, vision, long term disability, life insurance and voluntary accidental death & dismemberment insurance. In addition,

you will have the option to purchase group universal life insurance coverage, long term care coverage and other group insurance products.

Medical/Dependent Day Care Reimbursement Accounts

You may elect to contribute on a pre-tax basis out of your salary, up to a maximum of \$416.50 per month, to a Medical Reimbursement Account to cover medical, dental, vision or other medical expenses that are not otherwise covered through any other insurance plan or policy. A similar contribution may be made to a Dependent Day Care Reimbursement Account to cover day care expenses not covered through another plan or policy. Please note, any unused funds remaining in these accounts at year end are forfeited, as this is a “use it or lose it” plan.

Short-Term Disability Benefits

Short-term disability benefits are currently 100% employer paid and provide a benefit of 60% of your base salary up to a maximum of \$15,000 per month. New employees are eligible for a maximum of six months of short-term disability benefits.

Wellness Program

Cliffs provides a wellness program aimed at adding quality to the lives of Cliffs’ employees and family members. A range of programs are being offered, from health fairs and health assessments to fitness and weight management activities.

Paid Time Off

Vacation Benefits

You will be eligible for four (4) weeks of vacation each calendar year.

Holidays

Eleven holidays are currently observed in a calendar year.

New Year’s Day	Thanksgiving Day
Good Friday	Thanksgiving Friday
Memorial Day	Christmas Eve
Independence Day	Christmas Day
Labor Day	2 Floating Holidays

Cliffs periodically reviews all employee benefit plans to endeavor to provide employees with competitive benefits. Accordingly, from time to time, changes may be made to meet the future needs of our employees or to conform to industry trends and practices.

Copies of the plans described above and/or summary plan descriptions, as applicable, will be provided to you, and the terms of those documents will govern your participation in those plans.

This offer is contingent on your execution of the attached Employee Invention and Secrecy Agreement and Change in Control Severance Agreement.

In accordance with Cliffs policy, this offer is for "at-will" employment with Cliffs, meaning that either Cliffs or you may terminate the employment relationship at any time, for any reason or no reason, with or without notice or Cause.

This offer letter shall be governed by the laws of the State of Ohio, without regard to the provisions thereof, or the laws of any other jurisdiction, relating to conflicts of laws which would cause the law of any jurisdiction other than the State of Ohio to apply.

We are very excited to have you join the Cliffs team. Please confirm in writing your acceptance of this offer and return it to Maurice Harapiak along with a signed Employee Invention and Secrecy Agreement, a signed Change in Control Agreement, and with your signatures witnessed.

If you have any questions or need additional information regarding the terms of this offer, please contact Maurice Harapiak at 216-694-5431.

Regards,

/s/ Douglas Taylor
Douglas Taylor
Chairman, Compensation and Organization Committee

Enclosures (Invention and Secrecy Agreement, Change in Control Severance Agreement, Change in Control Severance Compensation and Change in Control Form of Release)

Acceptance of Offer

I have read, understand and accept all the terms of the offer of employment as set forth in the foregoing letter. I have not relied on any agreements or representations, expressed or implied that are not set forth expressly in the foregoing letter.

/s/ C. Lourenco Goncalves
C. Lourenco Goncalves

9/11/2014
Date

/s/ James D. Graham
Witness

9/11/2014
Date

EMPLOYEE INVENTION AND SECRECY AGREEMENT

For Employees of Cliffs Natural Resources Inc. and Associated Companies

CLIFFS NATURAL RESOURCES INC., (the "Company") and C. Lourenco Goncalves (the "Employee") enter into this Agreement this 11th day of September, 2014.

The Employee is about to be, employed by the Company and in connection with such employment may from time to time (i) make inventions which relate to or are useful in connection with the Company's business, and/or (ii) have imparted to him by or through the Company confidential or secret information pertaining to the Company's business or the business of its clients; and in consideration of said employment and the compensation paid to Employee from time to time thereunder, it is hereby agreed as follows:

1. Inventions Assigned to the Company. All the right, title and interest of the Employee in and to any and all discoveries, inventions and improvements, whether discovered alone or jointly with others, whether patentable or unpatentable, which relate to, or are useful in connection with, any aspect of the business of the Company as carried on at the time such invention is made by the Employee, and which are made either during his employment with the Company or within a one (1) year period immediately thereafter, (hereinafter called "Inventions"), shall be and hereby are assigned to the Company or such nominee of the Company as the Company may from time to time designate.

2. Disclosure of Inventions and Assistance in Obtaining and Maintaining Patents. Promptly upon discovery of any Invention described in paragraph 1 above, the Employee shall make a full written disclosure thereof to the Company. At any time and from time to time thereafter (regardless of whether the Employee is then working for the Company), always at the expense of the Company, the Employee shall, whenever requested, assist the Company as required by it in obtaining, maintaining and enforcing United States and foreign patents covering such Invention; for example, the Employee, upon request of the Company, will assist in the preparation of patent specifications and drawings pertaining to such Invention, execute patent applications, assignments and affidavits, give testimony, advise counsel and otherwise assist in the prosecution of patent applications and the enforcement of any patents which may ultimately issue thereon.

3. Obligation Not to Disclose Confidential Information. Except as provided in paragraph 4, the Employee agrees that at all times, both during and after his employment with the Company, he will hold in confidence with respect to those who are not employees of the Company any and all processes, formulas, inventions, economic information, engineering data, technical and manufacturing information and know-how, sales plans and programs and other confidential information or trade secrets concerning the business of the Company or of other firms with which the Company does business, which have been or are hereafter disclosed to him by or through the Company, whether the same relate to business then being carried out or contemplated by the Company or to business then being carried out or contemplated by another firm with which the Company is doing business.

4. Matters Which Need Not Be Kept Confidential. The Employee shall not be obligated to hold in confidence any information described in paragraph 3 above, which:

- (a) Shall, through no fault of the Employee, be in or become part of the Public Domain;
or
- (b) Shall have been known by the Employee prior to his employment by the Company as evidenced by written documents.

The Company may authorize the Employee from time to time to disclose such confidential information to specific persons and at specific times. The Company may also from time to time restrict disclosure of confidential information to certain co-employees; and in such event, the Employee shall only be entitled to disclose to and discuss confidential information with such co-employees.

5. Documents and Records. The Employee agrees that upon termination of his employment, he will return to the Company and will not take with him any drawings, specifications, formulas or other documents containing confidential information of the Company or of other firms with which the Company does business or any reproduction thereof.

6. Inventions To Be Excluded from This Agreement. The Employee has at the time of execution of this Agreement made no invention, patented or unpatented, except those heretofore specifically assigned to the Company and those identified as follows:*

IF NO INVENTIONS ARE TO BE LISTED IN THE ABOVE SPACE, WRITE "NONE".

7. Heirs and Assigns. This Agreement shall have application from the date of employment of the Employee with the Company, is binding upon the Employee, his heirs, executors, administrators and assigns, and shall inure to the benefit of the Company, its successors and assigns IN WITNESS WHEREOF, the parties have caused this Agreement to be executed below.

Executed in the presence of:

/s/ James D. Graham
Witness for C. Lourenco Goncalves

/s/ C. Lourenco Goncalves
C. Lourenco Goncalves

CLIFFS NATURAL RESOURCES INC.

By: /s/ Maurice Harapiak
Title: EVP HR

**CLIFFS NATURAL RESOURCES INC.
AMENDED AND RESTATED 2012 INCENTIVE EQUITY PLAN
NON-QUALIFIED STOCK OPTION AWARD MEMORANDUM**

Employee:	XXXX
Date of Grant:	XXXX
Number of Stock Option Shares Subject to Award:	XXXX
Exercise Price per Share:	XXXX
Term/Expiration Date:	XXXX
<u>Number of Stock Options Vesting</u>	<u>Vesting Date</u>
XXXX	XXXX

Additional terms and conditions of your Award are included in the Stock Option Award Agreement. As a condition to your receipt of Options, you must accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time, this Award may be forfeited and immediately terminate.

Note: Article 2.1 of the Stock Option Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

Date of Grant: XXXX

**CLIFFS NATURAL RESOURCES INC.
AMENDED AND RESTATED 2012 INCENTIVE EQUITY PLAN**

Stock Option Award Agreement

This Stock Option Award Agreement (the "Agreement") is between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and you, the person named in the Stock Option Award Memorandum (the "Award Memorandum") who is an employee of the Company or Subsidiary of the Company (the "Participant"). For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Stock Options representing the opportunity to purchase a number of the Company's common shares, \$.125 par value per share (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

**ARTICLE 1.
Grant and Terms of Stock Options**

1.1 Grant of Stock Options. Pursuant to the Plan, the Company has granted to Participant the number of Non-Qualified Stock Options as specified in the Award Memorandum ("Stock Options"), effective as of the Date of Grant.

1.2 Exercise of Stock Options. The Stock Options are exercisable as follows:

(a) The Stock Options will be exercisable cumulatively according to the vesting schedule specified in the Award Memorandum. For purposes of this Agreement, except as provided in Sections 1.2(b) and 1.5, the Shares subject to the Stock Options will vest based on the Participant's continued status as an employee of the Company. Stock Options may not be exercised for a fraction of a Share.

(b) In the event of the Participant's death, Disability or other termination of employment, the exercisability of the Stock Options will be governed by Section 12.1

Date of Grant: XXXX

of the Plan; provided, however, if Participant's employment is terminated without Cause, then, within thirty (30) days of Participant's signing and not revoking a general release in a form acceptable to the Company (a "Release"), Participant will vest in a pro rata percentage of the Stock Options that would have vested at the end of the year had Participant not been terminated without Cause, said percentage equal to a fraction, the numerator being the number of days from the beginning of the year to the date on which Participant's employment terminated, and the denominator being 365.

(c) In the event the exercise of Stock Options following the termination of Participant's employment would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Exchange Act, then the Options will terminate on the earlier of (i) the Term/Expiration Date of the Stock Options as set forth in the Award Memorandum or (ii) the expiration of a period of three (3) months after the termination of Participant's employment during which the exercise of the Stock Options would not be in violation of such registration requirements.

(d) In no event may the Stock Options be exercised after the Term/Expiration Date of the Stock Options as set forth in the Award Memorandum.

(e) Vested portions of any Stock Option may be exercised in whole or in part at any time during the term of the Stock Option by giving written notice of exercise to the Company specifying the number of Shares to be purchased. The notice must be given by or on behalf of a person entitled to exercise the Stock Option, accompanied by payment in full of the Exercise Price, along with any required tax withholding pursuant to Section 18.3 of the Plan.

1.3 Payment of Exercise Price. Subject to the approval of the Committee, the Exercise Price may be paid:

(a) in cash in any manner satisfactory to the Committee;

(b) by tendering (either by actual delivery of Shares or by attestation) previously owned Shares having an aggregate Fair Market Value on the date of exercise equal to the Exercise Price applicable to such Stock Option exercise, and, with respect to the exercise of NQSOs, including Restricted Shares;

(c) by a combination of cash and Shares;

(d) to the extent permitted by applicable law, from the proceeds of sale through a bank or a broker on the date of exercise of some or all of the Shares to which the exercise relates in whole or in part by delivery (on a form prescribed by the Committee) of an irrevocable direction to a securities broker to sell Shares and delivery of all or a part of the sales proceeds to the Company in payment of the Exercise Price and, if applicable, the amount necessary to satisfy the Company's withholding obligations at the minimum statutory withholding rates, including but not limited to, U.S. federal and state income taxes, payroll taxes and foreign taxes, if applicable; or

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(e) by another method permitted by law that assures full and immediate payment of the Exercise Price.

(f) The Committee may withhold its approval for any method of payment for any reason, in its sole discretion, including but not limited to concerns that the proposed method of payment will result in adverse financial accounting treatment or adverse tax treatment for the Company. If the Exercise Price of a Stock Option is paid by tendering Restricted Shares, then the portion of the Shares received upon the exercise equal in number to the number of tendered Restricted Shares will contain identical restrictions as the Restricted Shares so tendered. Except as otherwise provided by law and in the Committee's sole discretion, required tax withholding may be paid only by cash or through a same day sale transaction.

1.4 Issuance of Shares. The Company will issue or cause to be issued such Shares promptly upon exercise of Stock Options without any restrictions other than those described in Section 1.3 above and Section 17.2 of the Plan. No Shares will be issued until full payment has been made. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the share certificate evidencing such Shares, no right to vote or receive dividends or any other rights as a Shareholder will exist with respect to the Shares, notwithstanding the exercise of the Option.

1.5 Change in Control Vesting.

(a) If the Participant remains in the continuous employ of the Company or Subsidiary throughout the period beginning on XXXX and ending on the date of a Change in Control, the Participant will become 100% Vested in all the Stock Options subject to the Award upon the Change in Control, except to the extent that an award meeting the requirements of Section 1.5(d) (a "Replacement Award") is provided to the Participant in accordance with Section 1.5(d) to replace, adjust or continue the award of Stock Options covered by this Agreement (the "Replaced Award"). If a Replacement Award is provided, references to Stock Options in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

(b) If, upon or after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or Subsidiary of the Company (or any of their successors) (as applicable, the "Successor") by reason of the Participant terminating employment for Good Reason or the Successor terminating Participant's employment other than for Cause, in each case within a period of two years after the Change in Control and during the Vesting Period, the Participant shall become 100% Vested in the Replacement Award upon such termination.

(c) For purposes of this Agreement, a "Change in Control" means:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange"))

Date of Grant: XXXX

Act”) (a “Person”) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (x) the then-outstanding Shares (the “Outstanding Company Common Stock”) or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section 1.5(c)(i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or (D) any acquisition pursuant to a transaction that complies with Sections 1.5(c)(iii)(A) or 1.5(c)(iii)(B) below;

(ii) individuals who, as of XXXX, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to XXXX whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, and (B) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination; or

(iv) approval by the Shareholders of a complete liquidation or dissolution of the Company.

Date of Grant: XXXX

(d) For purposes of this Agreement, a "Replacement Award" means an award: (i) of the same type (e.g., time-based non-qualified stock options) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 1.5(d) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(e) The terms "Cause" and "Good Reason" shall have the meanings set forth in Participant's employment letter agreement with the Company dated XXXX.

ARTICLE 2.

Other Terms and Conditions

2.1 Non-Compete and Confidentiality.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to the Stock Options and require the Participant to reimburse the Company for the taxable income received on the exercise of Stock Options within the 90-day period preceding the Participant's termination of employment.

Date of Grant: XXXX

ARTICLE 3.
Acknowledgements

3.1 Acknowledgments. In accepting the Award, Participant acknowledges, understands and agrees to the following:

- (a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) The grant of the Stock Options is voluntary and occasional and does not create any contractual or other right to receive future grants of Stock Options, or benefits in lieu of Stock Options, even if Stock Options have been granted in the past;
- (c) All decisions with respect to future Stock Options or other grants, if any, will be at the sole discretion of the Company;
- (d) The Participant's participation in the Plan is voluntary;
- (e) The Stock Option Award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);
- (f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Stock Options resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Stock Options to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (h) Neither the Plan nor the Stock Options shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

Date of Grant: XXXX

(i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Stock Options;

(j) The Stock Options and the Shares underlying the Stock Options, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

(k) The Company reserves the right to impose other requirements on participation in the Stock Options and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

ARTICLE 4. **General Provisions**

4.1 Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

4.2 Withholding Taxes. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Stock Options, unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or exercise of the Stock Options or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability. The Participant acknowledges that the Company's obligation to issue or deliver Shares shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Committee, withholding obligations shall be satisfied by having the Company or one of its Subsidiaries withhold all or a portion

Date of Grant: XXXX

of any Shares that otherwise would be issued to the Participant upon exercise of the vested Stock Options provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the Fair Market Value as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant's wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

4.3 Continuous Employment. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries, service solely as a director of the Company or any Subsidiary or an approved leave of absence, unless otherwise indicated in the Plan or if required to comply with Section 409A of the Code.

4.4 Relation to Other Benefits. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

4.5 These Terms and Conditions Subject to Plan. The Stock Options covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

4.6 Transferability. Except as otherwise provided in the Plan, the Stock Options are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Stock Options shall be null and void.

4.7 Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Stock Option award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of or directorships in the Company that are held, details of all Stock Options or any other entitlement to Shares

Date of Grant: XXXX

awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time, view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Stock Options or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

4.8 Amendments. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

4.9 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

4.10 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Stock Options by electronic means. By accepting

Date of Grant: XXXX

this Award of Stock Options, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

4.11 Appendix to Agreement. Notwithstanding any provisions of this Agreement to the contrary, the Stock Options shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Stock Options to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Stock Options and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

4.12 Headings. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

4.13 Governing Law. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

4.14 Code Section 409A. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Participant). The terms "termination of employment," "terminates employment," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h).

[Acceptance Page Contained in Exhibit A]

Date of Grant: XXXX

Exhibit A
Acceptance by Participant

Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF I FAIL TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

Participant

Date

Participant's Signature

Date of Grant: XXXX

CLIFFS NATURAL RESOURCES INC.
AMENDED AND RESTATED 2012 INCENTIVE EQUITY PLAN

PERFORMANCE UNIT AWARD MEMORANDUM

Employee:	XXXX
Date of Grant:	XXXX
Target Number of Shares Subject to Award:	XXXX
Performance Period:	XXXX
Performance Vesting Conditions:	As set forth in the Performance Unit Award Agreement

Additional terms and conditions of your Award are included in the Performance Unit Award Agreement. As a condition to your receipt of Shares, you must accept the terms and conditions of this Award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this Award within such time, this Award may be forfeited and immediately terminate.

Note: Article 3.1 of the Performance Unit Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this Award, you agree to be bound by these restrictions.

Date of Grant: XXXX

**CLIFFS NATURAL RESOURCES INC.
AMENDED AND RESTATED 2012 INCENTIVE EQUITY PLAN**

Performance Unit Award Agreement

This Performance Unit Award Agreement (the "Agreement") is between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and you, the person named in the Performance Unit Award Memorandum (the "Award Memorandum") who is an employee of the Company or Subsidiary of the Company (the "Participant"). For purposes of this Agreement, "Employer" means the entity (the Company or Subsidiary) that employs Participant on the applicable date. This Agreement is effective as of the Date of Grant set forth in the Award Memorandum.

The Company wishes to award to Participant Performance Units representing the opportunity to earn a number of the Company's common shares, \$.125 par value per share (the "Shares"), subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan (the "Plan"). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Article 1 of the Plan for a list of defined terms.

In the event of a conflict between the terms of this Agreement, the Award Memorandum and the terms of the Plan, the terms of the Plan shall govern. In the event of a conflict between the terms of this Agreement and the Award Memorandum, the terms of this Agreement shall govern.

ARTICLE 1

Definitions

All terms used herein with initial capital letters shall have the meanings assigned to them in the Plan, and the following additional terms, when used herein with initial capital letters, shall have the following meanings:

1.1 "Maximum VWAP" shall mean attaining a VWAP that is one hundred percent (100%) greater than the Original Price for any ninety (90) consecutive calendar-day period during the Performance Period.

1.2 "Milestones" shall mean the Maximum VWAP, Target VWAP and Threshold VWAP.

1.3 "Original Price" shall mean the VWAP of a Share on the Date of Grant, which was \$XX.XX.

Date of Grant: XXXX

1.4 "Performance Period" shall be the time period as set forth in the Award Memorandum.

1.5 "Performance Units Earned" shall mean the number of Performance Units of the Company earned by a Participant, as determined under Section 2.3.

1.6 "Target VWAP" shall mean attaining a VWAP that is fifty percent (50%) greater than the Original Price for any ninety (90) consecutive calendar-day period during the Performance Period.

1.7 "Threshold VWAP" shall mean attaining a VWAP that is twenty-five percent (25%) greater than the Original Price for any ninety (90) consecutive calendar-day period during the Performance Period.

1.8 "VWAP" or "Volume Weighted Average Price" shall mean a measure of the price at which the majority of a given day's trading in Shares took place on the New York Stock Exchange ("NYSE"), calculated by dividing the dollar value of all trades in Shares for a given day, by the total trading volume in Shares for that day on the NYSE. Calculation starts when trading opens on the NYSE, and ends when trading closes on the NYSE. The Company's VWAP is displayed under the heading "Bloomberg VWAP on Bloomberge page CLF <Equity> AQR (or its equivalent successor if such page is not available). The Company and Participant may rely on the Company's VWAP as displayed on Bloomberg.

ARTICLE 2.

Grant and Terms of Performance Units

2.1 Grant of Performance Units. Pursuant to the Plan, the Company has granted to Participant an Award covering the number of Performance Units as specified in the Award Memorandum, with dividend equivalents ("Performance Units"), effective as of the Date of Grant.

2.2 Issuance of Shares. The Performance Units covered by this Agreement and these terms and conditions shall only result in the issuance of Shares (or cash or a combination of Shares and cash, as decided by the Committee in its sole discretion), to the extent such Performance Units have become Performance Units Earned, as provided in Section 2.3, on the date the Performance Units Earned are to be paid as specified in Section 2.4.

2.3 Performance Units Earned.

(a) Achievement of Company Performance Objective(s). Subject to Sections 2.3(b), 2.3(c), and 2.3(d), the number of Performance Units Earned, if any, shall be based upon the degree of achievement of the Milestone(s), all as more particularly set forth in Exhibit A, with actual Performance Units Earned interpolated between the performance levels shown on Exhibit A, as determined and certified by the Committee.

Date of Grant: XXXX

The percentage level of achievement determined for the Company Performance Objective(s) shall be multiplied by the target number of Performance Units to determine the actual number of Performance Units Earned, rounded down to the nearest whole Performance Unit. The calculation as to whether the Company has met or exceeded the Milestone(s) shall be determined and certified by the Committee in accordance with the Award and these terms and conditions. Notwithstanding any provision to the contrary, in no event shall any Performance Units become Performance Units Earned with respect to achievement by the Company in excess of the allowable maximum as established under the Milestone(s), and except as provided in Sections 2.3(b), 2.3(c), and 2.3(d), no Performance Units will become Performance Units Earned unless the Participant remains in the continuous employment of the Company or Subsidiary during the entire Performance Period.

(b) Death or Disability. If the Participant experiences a termination of employment because of the Participant's death or Disability during the Performance Period, 100% of the Performance Units shall become Performance Units Earned at target upon such termination, regardless of the actual degree of achievement otherwise calculated in accordance with Section 2.3(a).

(c) Termination without Cause. If, during the Performance Period, the Participant's employment is terminated without Cause, then, within thirty (30) days of the Participant signing and not revoking a general release in a form acceptable to the Company (a "Release"), if a Milestone has been attained, Participant will receive a number of Shares equal to the number of Shares that the Performance Units would have converted into at the end of the Performance Period had Participant's employment continued until the end of the Performance Period.

(d) Change in Control. In the event of a Change in Control (as defined in Section 2.5) during the Performance Period, the Participant's Performance Units will become Performance Units Earned only to the extent provided in Section 2.5.

In the event the Participant otherwise terminates employment prior to becoming entitled to Performance Units Earned or the Participant's employment is terminated by the Company for Cause, the Participant shall forfeit all rights to any Performance Units that were granted under the Agreement.

2.4 Settlement of Performance Units Earned

(a) Settlement After Performance Period. The Performance Units Earned shall be settled and paid in the form of Shares after the end of the Performance Period and after the determination and certification by the Committee of the level of attainment of the Milestone(s), but in any event no later than 2-½ months after the end of the Performance Period to the extent not previously paid to the Participant.

(b) Change in Control. Notwithstanding Section 2.4(a), to the extent there are any Performance Units Earned as of a Change in Control, such Performance Units

Earned will be settled and paid within ten (10) days of the Change in Control provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.4.

(c) Payment Following a Change in Control. Notwithstanding Section 2.4(a), if, during the two-year period following a Change in Control, the Participant experiences a termination of employment by the Company without Cause or as a result of Participant's resignation for Good Reason, the Performance Units Earned as of the date of such termination of employment shall be settled and paid within ten (10) days of the termination of employment to the extent they have not been previously paid to the Participant; provided, however, that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.4. Notwithstanding the foregoing to the contrary, to the extent payment is due within ten (10) days of the termination of employment, if the Participant on the date of termination of employment is a "specified employee" (within the meaning of Section 409A of the Code determined using the identification methodology selected by the Company from time to time) and the payment is subject to Section 409A of the Code, payment for the Performance Units Earned will be made on the first payroll date that occurs after the date that is six months following the Participant's termination of employment or, if earlier, the date of the Participant's death.

(d) General. The Committee, in its sole discretion, may settle the Performance Units Earned in cash or a combination of Shares and cash, in lieu of issuing only Shares. In the event that all or any portion of the Performance Units Earned are paid in cash, the cash equivalent of one Performance Unit Earned shall be equal to the VWAP of one Share on the last trading day of the Performance Period or, if earlier, the trading day immediately prior to the payment date. Notwithstanding the foregoing, no Performance Units granted hereunder may be paid in cash in lieu of Shares to any Participant who is subject to the Share Ownership Guidelines unless and until such Participant is either in compliance with, or no longer subject to, such Share Ownership Guidelines; provided, however, that the Committee may withhold Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 5.3. In addition, the Committee may restrict fifty percent (50%) of the Shares to be issued in satisfaction of the total Performance Units Earned, before income tax withholding, so that they cannot be sold by Participant unless immediately after such sale the Participant is in compliance with the Share Ownership Guidelines that are applicable to the Participant at the time of sale. Notwithstanding anything herein to the contrary, Participant must hold not less than twenty-five percent (25%) of the Shares issued in settlement of Performance Units Earned ("Held Shares") for a period of one (1) year following delivery of such Shares, during which time Participant shall not sell, transfer, pledge, assign or otherwise alienate or hypothecate such Held Shares.

Date of Grant: XXXX

(e) Payments After Death. Any settlement of Performance Units Earned to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(f) Payment Obligation. Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Performance Units Earned to the Participant. The Performance Units covered by this Agreement that have not yet been earned as Performance Units Earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 2.4(e).

2.5 Change in Control Vesting

(a) If the Participant remains in the continuous employ of the Company or Subsidiary throughout the period beginning on August 7, 2014 and ending on the date of the Change in Control, upon the Change in Control, a number of the Performance Units equal to the greater of the target number of Performance Units and, if a Milestone is attained on or prior to the Change in Control, the number of Performance Units based upon the degree of the achievement of the Milestone shall become Performance Units Earned, except to the extent that an award meeting the requirements of Section 2.5(e) (a "Replacement Award") is provided to the Participant in accordance with Section 2.5(e) to replace, adjust, or continue the Award of Performance Units covered by this Agreement (the "Replaced Award"). If a Replacement Award is provided, references to Performance Units in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

(b) If, upon or after receiving a Replacement Award, the Participant experiences a termination of employment with the Company or Subsidiary of the Company (or any of their successors) (as applicable, the "Successor") by reason of the Participant terminating employment for Good Reason or the Successor terminating Participant's employment other than for Cause within a period of two years after the Change in Control and during the Incentive Period, 100% of the Replacement Award will become earned and nonforfeitable upon such termination.

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Performance Units that at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Performance Units Earned at the time of such Change in Control and will be paid as provided for in Section 2.4(b).

(d) For purposes of this Agreement, a "Change in Control" means:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (x) the then-outstanding

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Shares (the “Outstanding Company Common Stock”) or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that, for purposes of this Section 2.5(d)(i), the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate or (D) any acquisition pursuant to a transaction that complies with Sections 2.5(d)(iii)(A) and 2.5(d)(iii)(B) below;

(ii) individuals who, as of XXXX, constitute the Board of Directors (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to XXXX whose election, or nomination for election by the Shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, and (B) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board of Directors providing for such Business Combination; or

(iv) approval by the Shareholders of a complete liquidation or dissolution of the Company.

(e) For purposes of this Agreement, a “Replacement Award” means an award (i) of the same type *e.g.*, performance units) as the Replaced Award, (ii) that has a value at least equal to the value of the Replaced Award, (iii) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity

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that is affiliated with the Company or its successor following the Change in Control, (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award, and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 2.5(e) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(f) The terms "Cause" and "Good Reason" shall have the meanings set forth in Participant's employment letter agreement with the Company dated XXXX ("Letter Agreement").

ARTICLE 3.

Other Terms and Conditions

3.1 Non-Compete and Confidentiality.

(a) A Participant shall not render services for any organization or engage directly or indirectly in any business that is a competitor of the Company or any Affiliate of the Company, or which organization or business is or plans to become prejudicial to or in conflict with the business interests of the Company or any Affiliate of the Company or distribute any secret or confidential information belonging to the Company or any Affiliate of the Company.

(b) Failure to comply with subsection (a) above will cause a Participant to forfeit the right to Performance Units and require the Participant to reimburse the Company for the taxable income received on Performance Units that become payable to the Participant.

ARTICLE 4.

Acknowledgements

4.1 Acknowledgments. In accepting the Award, Participant acknowledges, understands and agrees to the following:

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- (a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;
- (b) The grant of the Performance Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Units, or benefits in lieu of Performance Units, even if Performance Units have been granted in the past;
- (c) All decisions with respect to future Performance Units or other grants, if any, will be at the sole discretion of the Company;
- (d) The Participant's participation in the Plan is voluntary;
- (e) The Performance Unit award and Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);
- (f) The future value of the underlying Shares is unknown, indeterminable and cannot be predicted with certainty;
- (g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Performance Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where Participant is employed or the terms of Participant's employment agreement, if any), and in consideration of the grant of the Performance Units to which Participant is otherwise not entitled, Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;
- (h) Neither the Plan nor the Performance Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;
- (i) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the

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Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Performance Units;

- (j) The Performance Units and the Shares subject to the Performance Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments;
- (k) The Company reserves the right to impose other requirements on participation in the Performance Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing; and
- (l) The Performance Units and any related benefit or compensation under this Agreement is subject to the Company's Clawback Policy (or any other applicable recoupment, recapture, clawback or recovery policy of the Company as adopted by the Board or the Committee and in effect from time to time), a copy of which is available upon request.

ARTICLE 5.

General Provisions

5.1 Compliance with Law. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of the Agreement and these terms and conditions, the Company shall not be obligated to issue any Shares pursuant to the Agreement and these terms and conditions if the issuance or payment thereof would result in a violation of any such law; provided further, however, that the Shares will be issued at the earliest date at which the Company reasonably anticipates that the issuance of the Shares will not cause such violation.

5.2 Dividend Equivalents. During the period beginning on the Date of Grant and ending on the date that Performance Units Earned are paid in accordance with Section 2.4, the Participant will be entitled to dividend equivalents on Performance Units Earned equal to the cash dividend or distribution that would have been paid on the Performance Units Earned had the Performance Units Earned been issued and outstanding Shares on the record date for the dividend or distribution; if dividends are paid in the form of Shares

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or Performance Units rather than cash, the Participant will not receive as dividends such Shares or additional Performance Units, but will instead be credited with the amount of cash that would have been paid on account of the Performance Units if they had been Shares. Such accrued dividend equivalents (a) will be adjusted to reflect the actual number of Shares resulting from the conversion of Performance Units Earned after the determination and certification by the Committee of the level of attainment of Milestones and become payable upon the same terms and at the same time of settlement as the Performance Units to which they relate, and (b) will be denominated and payable solely in cash no earlier than the time the Performance Units Earned are paid pursuant to Section 2.4 (but in no event later than two and one-half (2½) months after the end of the Performance Period, unless the date of payment is deferred by Participant pursuant to, and in compliance with, the terms of the Company's Voluntary Deferred Compensation Plan).

5.3 Withholding Taxes. The provisions of Article 18.3 of the Plan shall apply to the extent that the Company or Subsidiary is required to withhold income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items related to Participant's participation in the Plan in connection with the Participant's Performance Units (or dividend equivalents, if any), unless as otherwise specified in the Appendix to this Agreement, including, without limitation, any tax liability associated with the grant or vesting of the Performance Units or sale of the underlying Shares (the "Tax Liability"). These requirements may change from time to time as laws or interpretations change. Regardless of the Company or Subsidiaries' actions in this regard, the Participant hereby acknowledges and agrees that the Tax Liability shall be the Participant's sole responsibility and liability. The Participant acknowledges that the Company's obligation to issue or deliver Shares or pay cash shall be subject to satisfaction of the Tax Liability. Unless otherwise determined by the Committee, withholding obligations shall be satisfied by having the Company or one of its Subsidiaries withhold all or a portion of any Shares that otherwise would be issued or cash payable to the Participant upon settlement of the vested Performance Units; provided that amounts withheld shall not exceed the amount necessary to satisfy the Company's tax withholding obligations. Such withheld Shares shall be valued based on the VWAP of a Share as of the date the withholding obligations are satisfied. The Company or one of its Subsidiaries may also satisfy the Tax Liability by deduction from the Participant's wages or other cash compensation paid to the Participant. If the Company does not elect to have withholding obligations satisfied by either withholding Shares, from the cash payable, or by deduction from the Participant's wages or other compensation paid to the Participant, the Participant agrees to pay the Company or Subsidiary the amount of the Tax Liability in cash (or by check) as directed by the Company or Subsidiary.

5.4 Continuous Employment. For purposes of this Agreement, the continuous employment of the Participant with the Company shall not be deemed to have been interrupted, and the Participant shall not be deemed to have separated from service with the Company, by reason of the transfer of his employment among the Company or Subsidiaries, service solely as a director of the Company or any Subsidiary or an approved leave of absence, unless otherwise indicated in the Plan or required to comply with Section 409A of the Code.

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5.5 Relation to Other Benefits. Any economic or other benefit to the Participant under the Agreement and these terms and conditions or the Plan shall not be taken into account in determining any benefits to which the Participant may be entitled under any profit-sharing, retirement or other benefit or compensation plan maintained by the Company or a Subsidiary and shall not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or Subsidiary.

5.6 These Terms and Conditions Subject to Plan. The Performance Units covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

5.7 Transferability. Except as otherwise provided in the Plan, the Performance Units are non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any Performance Units shall be null and void.

5.8 Data Privacy. Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of Participant's personal data as described in this Agreement and any other Performance Unit award materials by and among, as applicable, the Company or Subsidiaries for the exclusive purpose of implementing, administering and managing Participant's participation in the Plan.

Participant understands that the Company or Subsidiary may hold certain personal information about Participant, including, but not limited to, Participant's name, home address and telephone number, date of birth, social security number or other identification number, salary, nationality, job title, any Shares of or directorships in the Company that are held, details of all Performance Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in Participant's favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

Participant understands that Data will be transferred to the Company's broker, or such other stock plan service provider as may be selected by the Company in the future, which is assisting the Company with the implementation, administration and management of the Plan. Participant understands that the recipients' use of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than Participant's country. Participant understands that if he or she resides outside the United States, he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. Participant authorizes the Company, the Company's broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participants' participation in the Plan. Participant understands that Data will be held only as long as is necessary to implement, administer and manage Participant's participation in the Plan. Participant understands if he or she resides outside the United States, he or she may, at any time,

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view their respective Data, request additional information about the storage and processing of their Data, require any necessary amendments to their Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing his or her local human resources representative. Further, Participant understands that he or she is providing the consents herein on a purely voluntary basis. If Participant does not consent, or if Participant later seeks to revoke his or her consent, his or her employment status or service and career with the Employer will not be adversely affected; the only adverse consequence of refusing or withdrawing Participant's consent is that the Company would not be able to grant Performance Units or other equity awards or administer or maintain such awards. Therefore, Participant understands that refusing or withdrawing his or her consent may affect Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, Participant understands that he or she may contact his or her local human resources representative.

5.9 Amendments. This Agreement can be amended at any time by the Committee. Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto. Except for amendments necessary to bring this Agreement into compliance with current law including Code Section 409A, no amendment to this Agreement shall materially and adversely affect the rights of the Participant without the Participant's written consent.

5.10 Severability. The provisions of this Agreement are severable and if any one or more provisions are determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions shall nevertheless be binding and enforceable.

5.11 Electronic Delivery. The Company may, in its sole discretion, decide to deliver any documents related to the Performance Units by electronic means. By accepting this Award of Performance Units, the Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

5.12 Appendix to Agreement. Notwithstanding any provisions of this Agreement to the contrary, the Performance Units shall be subject to such special terms and conditions for the Participant's country of residence (and country of employment, if different), as are set forth in the appendix to this Agreement (the "Appendix"). Further, if the Participant transfers residency and/or employment to another country, any special terms and conditions for such country will apply to the Performance Units to the extent the Company determines, in its sole discretion, that the application of such terms and conditions is necessary or advisable in order to comply with local law or to facilitate the operation and administration of the Performance Units and the Plan (or the Company may establish alternative terms and conditions as may be necessary or advisable to accommodate a transfer). In all circumstances, the Appendix shall constitute part of this Agreement.

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5.13 Headings. Headings are given to the Articles of this Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Agreement or any provision hereof.

5.14 Governing Law. This Agreement is governed by, and subject to, the laws of the State of Ohio, without regard to the conflict of law provisions, as provided in the Plan.

5.15 Code Section 409A. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Participant). The terms "termination of employment," "terminates employment," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h).

[Acceptance Page Contained in Exhibit B]

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EXHIBITS

Exhibit A Milestones
Exhibit B Acceptance

Date of Grant: XXXX

Exhibit A

PERFORMANCE PERIOD MILESTONES

The XXXX target Performance Units may convert into Shares based upon Shares achieving and maintaining a Milestone VWAP for any period of ninety (90) consecutive calendar days during the Performance Period as follows:

Achievement and Maintenance of Threshold VWAP = XXXX Shares

Achievement and Maintenance of Target VWAP = XXXX Shares

Achievement and Maintenance of Maximum VWAP = XXXX Shares

If Threshold VWAP has been exceeded during the Performance Period, the number of Shares earned shall be determined with straight line pro ration between each of the Milestones. The VWAP for a period of ninety (90) consecutive calendar days during the Performance Period is determined by taking the sum of the VWAPs for each trading day occurring during that ninety (90) consecutive calendar-day period, and dividing that sum by the number of trading days that occurred within those ninety (90) calendar days. All ninety (90) consecutive calendar days must be within the Performance Period.

If the Company transfers for value any subsidiary, other business unit or all or substantially all of the assets of a subsidiary or business unit, the gross revenues of which subsidiary or business unit equal or exceed 10% of the Company's consolidated gross revenues (as calculated based on the prior fiscal year's reported financials), the Committee will equitably adjust the Original Price for purposes of determining the Milestones to preserve (but not increase) the level of incentives provided by the Performance Unit Award.

The payment of Shares earned shall be made in the form of Shares (or cash, or a combination of Shares and cash, as decided by the Committee in its sole discretion), and shall be paid to Participant after the determination and certification by the Committee of the level of attainment of performance objectives. Except as may be provided under Section 2.4, payment will be no earlier than the end of the Performance Period (XXXX), but in any event no later than two and one-half (2½) months after the end of the Performance Period (unless the date of payment is deferred by Participant pursuant to, and in compliance with, the terms of the Company's Voluntary Deferred Compensation Plan).

If Participant provides written notice ("Notice") to the Board and the Secretary of the Company that he is resigning in 90 days because the Company materially breached the Letter Agreement (the "Cure Period"), and the Company does not have Cause to terminate Participant's employment, and the Notice provides enough detail that the Company is able to identify and cure the breach, but does not substantially cure the breach in the Cure Period, then Participant's resignation on or within the sixty (60) days immediately following the Cure Period shall be deemed a termination without Cause.

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If, during the Performance Period, Participant's employment is terminated without Cause, then, within thirty (30) days of Participant's signing and not revoking a general release in a form acceptable to the Company (a "Release"), if Participant attained a Milestone, Participant will receive a number of Shares equal to the number of Shares that the Performance Units would have converted into at the end of the Performance Period had employment continued until the end of the Performance Period.

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Exhibit B

ACCEPTANCE

Acceptance by Participant

The Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.

IF PARTICIPANT FAILS TO ACKNOWLEDGE ACCEPTANCE OF THE AWARD WITHIN NINETY (90) DAYS OF THE DATE OF GRANT SET FORTH IN THE AGREEMENT, THE COMPANY MAY DETERMINE THAT THIS AWARD HAS BEEN FORFEITED.

Participant Name

Date

Participant Signature

Date of Grant: XXXX

**CHANGE IN CONTROL
SEVERANCE AGREEMENT**

This CHANGE IN CONTROL SEVERANCE AGREEMENT (this "Agreement"), dated and effective as of this ____ day of _____ (the "Effective Date") is made and entered into by and between Cliffs Natural Resources Inc., an Ohio corporation (the "Company"), and _____ (the "Executive").

WITNESSETH:

WHEREAS, the Executive is a key employee of the Company or one or more of its Subsidiaries who is expected to make major contributions to the short- and long-term profitability, growth and financial strength of the Company;

WHEREAS, the Company recognizes that, as is the case for most publicly held companies, the possibility of a Change in Control (as defined below) exists;

WHEREAS, the Company desires to assure itself of both present and future continuity of management and desires to establish certain minimum severance benefits for certain of its executives, including the Executive, applicable in the event of a Change in Control;

WHEREAS, the Company wishes to ensure that its executives are not distracted from discharging their duties in respect of a proposed or actual transaction involving a Change in Control; and

WHEREAS, the Company desires to provide additional inducement for the Executive to continue to remain in the employ of the Company.

NOW, THEREFORE, the Company and the Executive agree as follows:

Section 1. **Certain Defined Terms.** In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

- (a) "Base Pay" means the Executive's annual base salary rate as in effect from time to time.
- (b) "Board" means the Board of Directors of the Company.
- (c) "Cause" means that, prior to any termination pursuant to Section 3(a) or (b), the Executive shall have committed:
 - (i) _____ and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his duties or in the course of his employment with the Company or any Subsidiary;

- (i) intentional wrongful damage to property of the Company or any Subsidiary;
- (ii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or
- (iii) intentional wrongful engagement in any Competitive Activity;

and any such act shall have been demonstrably and materially harmful to the Company or any Subsidiary. For purposes of this Agreement, no act or failure to act on the part of the Executive shall be deemed "intentional" if it was due primarily to an error in judgment or negligence, but shall be deemed "intentional" only if done or omitted to be done by the Executive not in good faith and without reasonable belief that the Executive's action or omission was in the best interest of the Company or Subsidiary, as applicable. Notwithstanding the foregoing, the Executive shall not be deemed to have been terminated for "Cause" hereunder unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the Board then in office at a meeting of the Board called and held for such purpose, after reasonable notice to the Executive and an opportunity for the Executive, together with the Executive's counsel (if the Executive chooses to have counsel present at such meeting), to be heard before the Board, finding that, in the good faith opinion of the Board, the Executive had committed an act constituting "Cause" as herein defined and specifying the particulars thereof in detail. Nothing herein will limit the right of the Executive or his beneficiaries to contest the validity or propriety of any such determination.

(d) "Change in Control" means:

(i) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (x) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this Section 1(d)(i), the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (D) any acquisition pursuant to a transaction that complies with Sections (1)(d)(iii)(A), (1)(d)(iii)(B) and (1)(d)(iii)(C), below;

(ii) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or securities of another entity by the Company or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, and (B) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, with respect to any compensation hereunder (i) that is subject to Code Section 409A and (ii) for which a Change in Control would accelerate the timing of payment thereunder, the term "Change in Control" shall mean a change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the Company, each as defined in Code Section 409A and authoritative guidance thereunder, but only to the extent inconsistent with the above definition and as determined by the Company to be necessary to avoid the incurrence of tax penalties under Code Section 409A.

(e) "Code" shall mean the Internal Revenue Code of 1986 and regulations thereunder, both as amended from time to time.

(f) "Competitive Activity" means the Executive's participation, without the written consent of an officer of the Company, in the management of any business enterprise if such enterprise engages in substantial and direct competition with the Company and such enterprise's sales of any product or service competitive with any product or service of the Company amounted to at least 10% of the Company's net sales for its most recently completed fiscal year. "Competitive Activity" will not include (i) the ownership of less than 5% of the securities in any such enterprise and/or the exercise of rights appurtenant thereto or (ii) participation in the management of any such enterprise other than in connection with the competitive operations of such enterprise.

(g) "Controlled Group" means the Company and all other persons or entities that would be considered a single employer under Code Section 414(b) and/or 414(c) provided

that in such Code Sections "50%" shall be used wherever "80%" appears, but only during the periods any such corporation, business organization or member would be so considered under Code Section 414(b) and/or 414(c).

(h) "Continuation Period" means the XXX-year period commencing on the date of the Executive's Separation from Service.

(i) "Employee Benefits" means the perquisites, benefits and service credit for benefits as provided under any and all employee retirement income, incentive compensation and/or welfare benefit policies, plans, programs or arrangements in which the Executive is entitled to participate, including without limitation any savings, pension, supplemental executive retirement, or other retirement income or welfare benefit, deferred compensation, incentive compensation, group or other life, health, medical/hospital or other insurance (whether funded by actual insurance or self-insured by the Company or a Subsidiary), disability, salary continuation, expense reimbursement and other employee benefit policies, plans, programs or arrangements that may now exist or any equivalent successor policies, plans, programs or arrangements that may be adopted hereafter by the Company or a Subsidiary, providing perquisites, benefits and service credit for benefits at least as great in value in the aggregate as are payable thereunder prior to a Change in Control.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(k) "Good Reason" means the initial occurrence, without the Executive's consent, of one or more of the following events:

(i) a material diminution in his Base Pay;

(ii) a material diminution in his authority, duties or responsibilities;

(iii) a material change in the geographic location at which he must perform services;

(iv) a material reduction in his Incentive Pay opportunity; and

(v) any other action or inaction that constitutes a material breach by his employer of the employment agreement, if any, under which he provides services;

provided, however, that "Good Reason" shall not be deemed to exist unless:

(A) the Executive has provided notice to his employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions;

(B) such condition or conditions have not been cured by his employer within 30 days after receipt of such notice, and

(C) the Executive actually terminates his employment with his employer within 60 days after his employer's receipt of such notice.

(l) "Incentive Pay" means an annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company or a Subsidiary, or any successor thereto.

(m) "Parent" shall mean the entity that owns at least 50% of the total fair market value and total voting power of the Controlled Group member that employs the Executive.

(n) "Protection Period" means the period of time commencing on the date of the first occurrence of a Change in Control and continuing until the earlier of (i) the second anniversary of the occurrence of the Change in Control, or (ii) the Executive's death.

(o) "Retirement Plans" means the Company defined benefit pension plan, supplemental executive retirement, excess benefits and retiree medical, life and similar benefit plans providing retirement prerequisites, benefits and service credit for benefits at least as great in value in the aggregate as are payable thereunder prior to a Change in Control.

(p) "Separation from Service" means the Executive's separation from service within the meaning of Code Section 409A with the Company and all members of the Controlled Group, for any reason, including without limitation, quit, discharge, or retirement, or a leave of absence (including military leave, sick leave, or other bona fide leave of absence such as temporary employment by the government if the period of such leave exceeds the greater of six months or the period for which the Executive's right to reemployment is provided either by statute or by contract). "Separation from Service" also means the permanent decrease in the Executive's service for the Company and all Controlled Group members to a level that is no more than 20% of its prior level. For this purpose, whether a Separation from Service has occurred is determined based on whether it is reasonably anticipated that no further services as an employee will be performed by the Executive after a certain date or that the level of bona fide services the Executive will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20% of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36-month period (or the full period of services if the Executive has been providing services less than 36 months).

(q) "Severance Compensation" means the severance pay and other benefits provided by Sections 4(a) and (b).

(r) "Subsidiary" means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding capital or profits interests or Voting Stock.

(s) "Supplemental Retirement Plan" or "SRP" means the Cliffs Natural Resources Inc. Supplemental Retirement Benefit Plan (as Amended and Restated as of December 1, 2006), as it may be amended prior to a Change in Control, and modified as provided in Annex A.

(t) "Term" means the period commencing as of September ____, 2014 and expiring as of the later of (i) the close of business on December 31, 2016, or (ii) the expiration of the Protection Period; provided, however, that (A) on January 1, 2015, and each January 1 thereafter, the Term will automatically be extended for one additional year unless, not later than ninety (90) days prior to the date of any such extension, the Company or the Executive shall have

given notice that it or the Executive, as the case may be, does not wish to have the Term extended and (B) subject to the last sentence of Section 10, if, prior to a Change in Control, the Executive ceases for any reason to be an Officer of the Company and any Subsidiary, thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate upon such cessation and be of no further effect.

(u) "Voting Stock" means securities of the Company entitled to vote generally in the election of directors.

Section 2. **Operation of Agreement.** This Agreement will be effective and binding immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, this Agreement will not be operative unless and until a Change in Control occurs. Upon the occurrence of a Change in Control at any time during the course of the Term, without further action, this Agreement shall become immediately operative, including without limitation, under the circumstances described in the last sentence of Section 10, notwithstanding that the Term may have theretofore terminated.

Section 3. **Termination Following a Change in Control.** (a) In the event of the occurrence of a Change in Control, the Executive's employment may be terminated by the Company or a Subsidiary during the Protection Period and the Executive shall be entitled to the benefits provided by Section 4 unless such termination is the result of the occurrence of one or more of the following events:

(i) The Executive's death;

(ii) If the Executive becomes permanently disabled within the meaning of, and begins actually to receive disability benefits pursuant to, the long-term disability plan in effect for, or applicable to, the Executive immediately prior to the Change in Control; or

(iii) Cause.

If, during the Protection Period, the Executive's employment is terminated by the Company or any Subsidiary other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), the Executive will be entitled to the benefits provided by Section 4 hereof.

(b) The Executive may terminate employment with the Company and any Subsidiary for Good Reason during the Protection Period with the right to Severance Compensation as provided in Section 4.

(c) A termination by the Company pursuant to Section 3(a) or by the Executive pursuant to Section 3(b) will not affect any rights that the Executive may have pursuant to any agreement, policy, plan, program or arrangement of the Company or Subsidiary providing Employee Benefits, which rights shall be governed by the terms thereof, except for any rights to severance compensation to which the Executive may be entitled upon Separation from Service under any severance pay policy, plan, program or arrangement of the Company, which rights shall, during the Protection Period, be superseded by this Agreement.

Section 4. **Severance Compensation.** (a) If, following the occurrence of a Change in Control, the Company or Subsidiary terminates the Executive's employment during the Protection Period other than pursuant to Section 3(a)(i), 3(a)(ii) or 3(a)(iii), or if the Executive terminates his employment during the Protection Period pursuant to Section 3(b), the Company will pay to the Executive the amounts described in Annex A at the times and in the manner described therein.

(b) Without limiting the rights of the Executive at law or in equity, if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, the Company will pay interest on the amount or value thereof at an annualized rate of interest equal to the so-called composite "prime rate" as quoted from time to time during the relevant period in the Midwest Edition of *The Wall Street Journal*, plus 2%. Such interest will be payable as it accrues on demand, but in all cases shall be paid within 2-1/2 months after the end of the Executive's taxable year in which it accrues. Any change in such prime rate will be effective on and as of the date of such change.

(c) Notwithstanding any provision of this Agreement to the contrary, the parties' respective rights and obligations under this Section 4 and under Sections 5, 6, 7, 8, the last sentence of Section 9, 10, 11 and Annex A, and any other provision of this Agreement that by its terms applies following any termination or expiration of this Agreement or the Executive's Separation from Service following a Change in Control, will survive any termination or expiration of this Agreement or the Executive's Separation from Service following a Change in Control for any reason whatsoever.

(d) **No Mitigation Obligation.** The Company hereby acknowledges that it will be difficult and may be impossible for the Executive to find reasonably comparable employment following his Separation from Service and that the non-competition covenant contained in Section 7 will further limit the employment opportunities for the Executive. In addition, the Company acknowledges that its severance pay plans applicable in general to its salaried employees do not provide for mitigation, offset or reduction of any severance payment received thereunder. Accordingly, the payment of the Severance Compensation by the Company to the Executive in accordance with the terms of this Agreement is hereby acknowledged by the Company to be reasonable, and the Executive will not be required to mitigate the amount of any payment provided for in this Agreement by seeking other employment or otherwise, nor will any profits, income, earnings or other benefits from any source whatsoever create any mitigation, offset, reduction or any other obligation on the part of the Executive hereunder or otherwise, except as expressly provided in Paragraphs (2) and (3) of Annex A.

Section 5. **Payments not Considered for Other Benefits, etc.** Payments made pursuant to Paragraphs (1) and (6) of Annex A will be counted for purposes of determining benefits under the SRP, but will not be counted for purposes of any other employee benefit plan. All other payments under this Agreement, including the legal fee and expense reimbursement provided under Section 6 and reimbursements for outplacement counseling provided under Paragraph (9) of Annex A will not be counted for any purpose under any employee benefit plan of the Company. Such payments and payments of severance pay will not be made from any benefit plan funds, and shall constitute an unfunded unsecured obligation of the Company.

Section 6. **Legal Fees and Expenses.** (a) It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the

interpretation, enforcement or defense of the Executive's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of the Executive's choice, at the expense of the Company as hereafter provided, to advise and represent the Executive in connection with any such interpretation, enforcement or defense, including without limitation the initiation or defense of any litigation or other legal action, whether by or against the Company or any Director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship shall exist between the Executive and such counsel. Without respect to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing, which fees shall be paid within five days of the day the Executive submits to the Company an invoice from such counsel for the fees and expenses, which invoice shall be submitted no later than five days prior to the end of the taxable year of the Executive following the year in which the expenses were incurred.

(b) To ensure that the provisions of this Agreement can be enforced by the Executive, certain trust arrangements ("Trusts") have been established between Key-Bank National Association, as Trustee ("Trustee"), and the Company. Each of Trust Agreement No. 1 (Amended and Restated Effective June 1, 1997, as amended) ("Trust Agreement No. 1"), Amended and Restated Trust Agreement No. 2 (Effective October 15, 2002, as amended) ("Trust Agreement No. 2"), and Trust Agreement No. 7 dated April 9, 1991, as amended ("Trust Agreement No. 7"), as it may be subsequently amended and/or restated, between the Trustee and the Company, sets forth the terms and conditions relating to payment from Trust Agreement No. 1 of compensation, pension benefits and other benefits pursuant to the Agreement owed by the Company, payment from Trust Agreement No. 2 for attorneys' fees and related fees and expenses pursuant to Section 6(a) hereof owed by the Company, and payment from Trust Agreement No. 7 of pension benefits owed by the Company. The Executive shall make demand on the Company for any payments due the Executive pursuant to Section 6(a) hereof prior to making demand therefor on the Trustee under Trust Agreement No. 2.

(c) Upon the earlier to occur of (i) a Change in Control or (ii) a declaration by the Board that a Change in Control is imminent, the Company shall promptly to the extent it has not previously done so, and in any event within five (5) business days:

(A) transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 1 a sum equal to (I) the present value on the date of the Change in Control (or on such fifth business day if the Board has declared a Change in Control to be imminent) of the payments to be made to the Executive under the provisions of Annex A, such present value to be computed using the assumptions set forth in Annex A hereof less (II) the balance in the Executive's accounts provided

for in Trust Agreement No. 1 as of the most recent completed valuation thereof, as certified by the Trustee under Trust Agreement No. 1 less (III) the balance in the Executive's accounts provided for in Trust Agreement No. 7 as of the most recently completed valuation thereof, as certified by the Trustee under Trust Agreement No. 7; provided, however, that if the Trustee under Trust Agreement No. 1 and/or Trust Agreement No. 7 does not so certify by the end of the fourth (4th) business day after the earlier of such Change in Control or declaration, then the balance of such respective account shall be deemed to be zero. Any payments of compensation, pension or other benefits by the Trustee pursuant to Trust Agreement No. 1 or Trust Agreement No. 7 shall, to the extent thereof, correspondingly discharge the Company's obligation to pay compensation, pension and other benefits hereunder; and

(B) transfer to the Trustee to be added to the principal of the Trust under Trust Agreement No. 2 the sum of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000) less any principal in such Trust on such fifth business day. Any payments of the Executive's attorneys' and related fees and expenses by the Trustee pursuant to Trust Agreement No. 2 shall, to the extent thereof, correspondingly discharge the Company's obligation hereunder. The Executive understands and acknowledges that the entire corpus of the Trust under Trust Agreement No. 2 will be \$250,000 and that said amount will be available to discharge not only the obligations of the Company to the Executive under Section 6(a) hereof, but also similar obligations of the Company to other executives and employees under similar provisions of other agreements and plans.

Section 7. **Competitive Activity; Confidentiality; Non-solicitation.** (a) During the Term and for the duration of the Continuation Period, if the Executive shall have received or shall be receiving benefits under Section 4, the Executive shall not, without the prior written consent of the Company, engage in any Competitive Activity.

(b) During the Term, the Company agrees that it will disclose to the Executive its confidential or proprietary information (as defined in this Section 7(b)) to the extent necessary for the Executive to carry out his obligations to the Company. The Executive hereby covenants and agrees that he will not, without the prior written consent of the Company, during the Term or thereafter disclose to any person not employed by the Company, or use in connection with engaging in competition with the Company, any confidential or proprietary information of the Company. For purposes of this Agreement, the term "confidential or proprietary information" will include all information of any nature and in any form that is owned by the Company and that is not publicly available (other than by the Executive's breach of this Section 7(b)) or generally known to persons engaged in businesses similar or related to those of the Company. Confidential or proprietary information will include, without limitation, the Company's financial matters, customers, employees, industry contracts, strategic business plans, product development (or other proprietary product data), marketing plans, and all other secrets and all other information of a confidential or proprietary nature. For purposes of the preceding two sentences, the term "Company" will also include any Subsidiary (collectively, the "Restricted Group"). The foregoing obligations imposed by this Section 7(b) will not apply (i) during the Term, in the course of the business of and for the benefit of the Company, (ii) if such confidential or proprietary information will have become, through no fault of the Executive, generally known to the public or (iii) if the Executive is required by law to make disclosure (after giving the Company notice and an opportunity to contest such requirement).

(c) The Executive hereby covenants and agrees that during the Term and for the duration of the Continuation Period, the Executive will not, without the prior written consent of the Company, on behalf of the Executive or on behalf of any person, firm or company, directly or indirectly, attempt to influence, persuade or induce, or assist any other person in so persuading or inducing, any employee of the Restricted Group to give up, or to not commence, employment or a business relationship with the Restricted Group.

(d) The Executive further agrees that he shall return, within 10 days of the effective date of his termination as an employee of the Company and any Subsidiary, in good condition, all property of the Company and any Subsidiary then in his possession, including, without limitation, whether in hard copy or in media (i) property, documents and/or all other materials (including copies, reproductions, summaries and/or analyses) which constitute, refer or relate to confidential or proprietary information of the Company or any Subsidiary, (ii) keys to property of the Company or any Subsidiary, (iii) files and (iv) blueprints or other drawings.

(e) The Executive further acknowledges and agrees that his obligation of confidentiality shall survive until and unless such confidential or proprietary information of the Company or any Subsidiary shall have become, through no fault of the Executive, generally known to the public or the Executive is required by law (after providing the Company with notice and opportunity to contest such requirement) to make disclosure. The Executive's obligations under this Section are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which the Executive may have to the Company and any Subsidiary under general legal or equitable principles or statutes.

(f) During the term and for the duration of the Continuation Period, the Executive further agrees that he will not, directly or indirectly:

(i) induce or attempt to induce customers, business relations or accounts of the Company or any of the Subsidiaries to relinquish their contracts or relationships with the Company or any of the Subsidiaries; or

(ii) solicit, entice, assist or induce other employees, agents or independent contractors to leave the employ of the Company or any of the Subsidiaries or to terminate their engagements with the Company and/or any of the Subsidiaries or assist any competitors of the Company or any of the Subsidiaries in securing the services of such employees, agents or independent contractors.

Section 8. **Release.** Receipt of Severance Compensation and other benefits or amounts by the Executive under this Agreement, to the extent representing new or additional amounts and/or rights, is conditioned upon the Executive executing and delivering to the Company a release substantially in the form provided in Exhibit A. Such release must be executed and delivered by no later than the fifth day following the expiration of the 21-day period referred to in Paragraph 5(c) of Exhibit A, and no payment of any Severance will be made until the expiration of the 7-day revocation period referred to in Paragraph 5(d) of Exhibit A.

Section 9. **Employment Rights.** Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company, a Subsidiary or the Executive to have the Executive remain in the employment of the Company or a Subsidiary at any time prior to or following a Change in Control. A Separation from Service of the Executive or the removal of

the Executive from his office or position in the Company or a Subsidiary prior to a Change in Control, for Good Reason or without Cause, shall be deemed to be a Separation from Service of the Executive after a Change in Control for all purposes of this Agreement, but only if such Separation from Service occurs: (a) during the six month period preceding a Change in Control, and (b) following the commencement of discussions with any third person that ultimately resulted in Change in Control.

Section 10. **Withholding of Taxes**. The Company may withhold from any amounts payable under this Agreement all federal, state, city or other taxes as the Company is required to withhold pursuant to any applicable law, regulation or ruling.

Section 11. **Section 280G**. (a) Anything in this Agreement to the contrary notwithstanding, in the event that the Accounting Firm shall determine that receipt of all Payments would subject the Executive to tax under Code Section 4999, the Accounting Firm shall determine whether some amount of Agreement Payments meets the definition of "Reduced Amount." If the Accounting Firm determines that there is a Reduced Amount, then the aggregate Agreement Payments shall be reduced to such Reduced Amount.

(b) If the Accounting Firm determines that the aggregate Agreement Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof, and the Executive may then elect, in his or her sole discretion, which and how much of the Agreement Payments shall be eliminated or reduced (as long as after such election the present value of the aggregate Agreement Payments equals the Reduced Amount); provided, that the Executive shall not be permitted to elect to reduce any Agreement Payment that constitutes "nonqualified deferred compensation" for purposes of Code Section 409A, and shall advise the Company in writing of his or her election within ten days of his or her receipt of notice. If no such election is made by the Executive within such ten day period, the Company shall reduce the Agreement Payments in the following order: (1) Agreement Payments which do not constitute "nonqualified deferred compensation" subject to Code Section 409A shall be reduced first; and (2) all other Agreement Payments shall then be reduced, in each case as follows: (i) cash payments shall be reduced before non-cash payments and (ii) payments to be made on a later payment date shall be reduced before payments to be made on an earlier payment date. All determinations made by the Accounting Firm under this Section 11 shall be binding upon the Company and the Executive and shall be made within 60 days of the Executive's Separation from Service. In connection with making determinations under this Section 12, the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by the Executive before or after the Change in Control, including any non-competition provisions that may apply to the Executive and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

(c) As a result of the uncertainty in the application of Code Section 4999 at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed (each, an "Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed (each, an "Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the

Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be repaid by the Executive to the Company together with interest at the applicable federal rate provided for in Code Section 7872(f)(2); provided, however, that no such repayment shall be required if and to the extent such deemed repayment would not either reduce the amount on which the Executive is subject to tax under Code Section 1 and Code Section 4999 or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Code Section 7872(f)(2).

(d) All fees and expenses of the Accounting Firm in implementing the provisions of this Section 11 shall be borne by the Company.

(e) Definitions. The following terms shall have the following meanings for purposes of this Section 11.

(i) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Code Section 280G(b)(2)) to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise;

(ii) "Agreement Payment" shall mean a Payment paid or payable pursuant to this Agreement (disregarding this Section 11);

(iii) "Net After-Tax Receipt" shall mean the present value of a Payment net of all taxes imposed on the Executive with respect thereto under Code Sections 1 and 4999 and under applicable state and local laws, determined by applying the highest marginal rate under Code Section 1 and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Executive shall certify, in the Executive's sole discretion, as likely to apply to the Executive in the relevant tax year(s);

(iv) "Accounting Firm" shall mean Grant Thornton LLP, or such other nationally recognized certified public accounting firm as may be designated by the Executive;

(v) "Reduced Amount" shall mean the amount of Agreement Payments that (x) has a present value that is less than the present value of all Agreement Payments and (y) results in aggregate Net After-Tax Receipts for all Payments that are greater than the Net After-Tax Receipts for all Payments that would result if the aggregate present value of Agreement Payments were any other amount that is less than the present value of all Agreement Payments.

Section 12. Successors and Binding Agreement. (a) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company, by agreement in form and substance reasonably satisfactory to the Executive, expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement will be binding

upon and inure to the benefit of the Company and any successor to the Company, including without limitation any persons acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but will not otherwise be assignable, transferable or delegable by the Company.

(b) This Agreement will inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees and legatees.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign, transfer or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 12(a) and 12(b). Without limiting the generality or effect of the foregoing, the Executive's right to receive payments hereunder will not be assignable, transferable or delegable, whether by pledge, creation of a security interest, or otherwise, other than by a transfer by the Executive's will or by the laws of descent and distribution and, in the event of any attempted assignment or transfer contrary to this Section 12(c), the Company shall have no liability to pay any amount so attempted to be assigned, transferred or delegated.

(d) The obligation of the Company to make payments and/or provide benefits hereunder shall represent an unsecured obligation of the Company.

(e) The Company recognizes that each Executive will have no adequate remedy at law for breach by the Company of any of the agreements contained herein and, in the event of any such breach, the Company hereby agrees and consents that each Executive shall be entitled to a decree of specific performance, mandamus or other appropriate remedy to enforce performance of obligations of the Company under this Agreement.

Section 13. **Notices.** For all purposes of this Agreement, all communications, including without limitation notices, consents, requests or approvals, required or permitted to be given hereunder will be in writing and will be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or five business days after having been mailed by United States registered or certified mail, return receipt requested, postage prepaid, or three business days after having been sent by a nationally recognized overnight courier service such as FedEx or UPS, addressed to the Company (to the attention of the Executive Vice President, Human Resources of the Company) at its principal executive office and to the Executive at his last known address on the Company's books and records, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address shall be effective only upon receipt.

Section 14. **Governing Law.** The validity, interpretation, construction and performance of this Agreement will be governed by and construed in accordance with the substantive laws of the State of Ohio, without giving effect to the principles of conflict of laws of such State.

Section 15. **Validity.** If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid, unenforceable or otherwise illegal,

the remainder of this Agreement and the application of such provision to any other person or circumstances will not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal will be reformed to the extent (and only to the extent) necessary to make it enforceable, valid or legal.

Section 16. **Administration of this Agreement.**

(a) In General. This Agreement shall be administered by the Company.

(b) Delegation of Duties. The Company may delegate any of its administrative duties, including, without limitation, duties with respect to the processing, review, investigation, approval and payment of Severance Compensation under this Agreement, and any severance pay generally, to named administrator or administrators.

(c) Regulations. The Company shall promulgate any rules and regulations it deems necessary in order to carry out the purposes of this Agreement or to interpret the terms and conditions of this Agreement; provided, however, that no rule, regulation or interpretation shall be contrary to the provisions of this Agreement.

(d) Claims Procedure. The Company shall determine the rights of any claimant to any Severance Compensation hereunder. Any claimant who believes that he has not received any benefit under this Agreement to which he believes he is entitled, may file a claim in writing with the Executive Vice President, Human Resources. The Company shall, no later than 90 days after the receipt of a claim, either allow or deny the claim by written notice to the claimant. If a claimant does not receive written notice of the Company's decision on his claim within such 90-day period, the claim shall be deemed to have been denied in full.

A denial of a claim by the Company, wholly or partially, shall be written in a manner calculated to be understood by the claimant and shall include:

- (i) the specific reason or reasons for the denial;
- (ii) specific reference to pertinent provisions of this Agreement on which the denial is based;
- (iii) a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- (iv) an explanation of the claim review procedure.

A claimant whose claim is denied (or his duly authorized representative) may, within 30 days after receipt of denial of his claim, request a review of such denial by the Company by filing with the Secretary of the Company a written request for review of his claim. If the claimant does not file a request for review with the Company within such 30-day period, the claimant shall be deemed to have acquiesced in the original decision of the Company on his claim. If a written request for review is so filed within such 30-day period, the Company shall conduct a full and fair review of such claim. During such full review, the claimant shall be given the opportunity to review documents that are pertinent to his claim and to submit issues and comments in writing. The

Company shall notify the claimant of its decision on review within 60 days after receipt of a request for review. Notice of the decision on review shall be in writing. If the decision on review is not furnished to the claimant within such 60-day period, the claim shall be deemed to have been denied on review.

(e) Revocability of Action. Any action taken by the Company with respect to the rights or benefits under this Agreement of the Executive shall be revocable by the Company as to payments or distributions not yet made to such person, and acceptance of Severance Compensation under this Agreement constitutes acceptance of and agreement to the Company making any appropriate adjustments in future payments or distributions to such person to offset any excess or underpayment previously made to him.

(f) Requirement of Receipt. Upon receipt of any Severance Compensation hereunder, the Company reserves the right to require any Executive to execute a receipt evidencing the amount and payment of such Severance Compensation.

Section 17. Amendment and Termination. The Company reserves the right, except as hereinafter provided, at any time and from time to time, to amend, modify, change or terminate this Agreement and/or any action by the Compensation and Organization Committee of the Company's Board of Directors relating thereto, including any Annex or Exhibit thereto; provided, however, that any such amendment, modification, change or termination that adversely affects the rights of the Executive under this Agreement may not be made without the written consent of the Executive; and provided further that any such amendment or termination shall be made only if permitted in accordance with the requirements of Code Section 409A.

Section 18. Other Plans, etc. If the terms of this Agreement are inconsistent with the provisions of any other plan, program, contract or arrangement of the Company or any Subsidiary, to the extent such plan, program, contract or arrangement may be amended by the Company or a Subsidiary, the terms of this Agreement will be deemed to so amend such plan, program, contract or arrangement, and the terms of this Agreement will govern.

Section 19. Construction. The masculine gender, when used in this Agreement, shall be deemed to include the feminine gender and the singular number shall include the plural, unless the context clearly indicates to the contrary.

Section 20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

Section 21. Section 409A. The amounts payable under this Agreement are intended to be exempt or excluded from the application of Code Section 409A, or are otherwise intended to avoid the incurrence of tax penalties under Code Section 409A and, with respect to amounts payable under this Agreement that are subject to Code Section 409A, this Agreement shall in all respects be administered in accordance with Code Section 409A. Each payment under this Agreement shall be treated as a separate payment for purposes of Code Section 409A. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. For clarity, the amounts payable under this Agreement shall only be

paid following the Executive's Separation from Service. If a termination of the Executive's employment does not constitute a Separation from Service, any amounts payable under this Agreement shall be delayed until after the date Executive incurs a Separation from Service. For clarity, the foregoing provision shall not cause any forfeiture of the payments due to the Executive under this Agreement, but shall only act as a delay until such time as Executive incurs a Separation from Service. Notwithstanding anything herein to the contrary, in the event that the Executive is a "specified employee" within the meaning of Code Section 409A (as determined in accordance with the methodology established by the Company as in effect on the Separation from Service) (a "Specified Employee"), amounts and benefits that constitute "nonqualified deferred compensation" within the meaning of Code Section 409A that would otherwise be payable and or provided under this Agreement during the six-month period immediately following the Separation from Service shall instead be paid, with interest determined as of the Separation from Service, or provided, on the first business day after the date that is six months following the Executive's Separation from Service (the "Delayed Payment Date"). If the Executive dies following the Separation from Service and prior to the payment of the any amounts delayed on account of Code Section 409A, such amounts shall be paid to the personal representative of the Executive's estate within 30 days after the date of the Executive's death. All reimbursements and in-kind benefits provided under this Agreement that constitute "nonqualified deferred compensation" within the meaning of Code Section 409A shall be made or provided in accordance with Code Section 409A, including, without limitation, that (i) in no event shall reimbursements by the Company under this Agreement be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred, provided, that the Executive shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount of in-kind benefits that the Company is obligated to pay or provide in any given calendar year (other than medical reimbursements described in Treas. Reg. § 1.409A-3(i)(1)(iv)(B)) shall not affect the in-kind benefits that the Company is obligated to pay or provide in any other calendar year; (iii) the Executive's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive's remaining lifetime (or if longer, through the 20th anniversary of the Effective Date). Prior to the Change in Control but within the time period permitted by the applicable Treasury Regulations (or such later time as may be permitted under Code Section 409A or any IRS or Department of Treasury rules or other guidance issued thereunder), the Company may, in consultation with the Executive, modify the Agreement, in the least restrictive manner necessary and without any diminution in the value of the payments to the Executive, in order to avoid the incurrence of tax penalties under Code Section 409A.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

CLIFFS NATURAL RESOURCES INC.

By: _____ Date

_____ Date

[NAME]

CLIFFS NATURAL RESOURCES INC.

SEVERANCE AGREEMENT

ANNEX A

Severance Compensation

(1) A lump sum payment in an amount equal to the number of years in the Continuation Period multiplied by the sum of (A) Base Pay (at the highest rate in effect during the 5-year period prior to the Executive's Separation from Service), plus (B) Incentive Pay (in an amount equal to not less than the greatest of (i) the target bonus and/or target award opportunity for the fiscal year immediately preceding the year in which the Change in Control occurs, (ii) the target bonus and/or target award opportunity for the fiscal year in which the Change in Control occurs or (iii) the target bonus and/or target award opportunity for the fiscal year in which the Executive's Separation from Service occurs). Such payment shall be made by the later of ten (10) business days after the Executive's Separation from Service or the end of the seven (7) day revocation period described in Paragraph 5(d) of Exhibit A.

(2) During the Continuation Period, the Company will arrange to provide the Executive with medical and dental benefits that are the same as those that the Executive was receiving or entitled to receive immediately prior to the Executive's Separation from Service (or, if greater, immediately prior to the Change in Control); provided, however, that if such medical and dental benefits are subject to income tax, the reimbursement of an eligible expense shall be made on or before the last day of the Executive's taxable year following the taxable year in which the medical or dental expense was incurred. Without otherwise limiting the purposes or effect of Section 4(d) of the Agreement, the medical and dental benefits otherwise receivable by the Executive pursuant to this Paragraph 2 will be reduced to the extent comparable medical and dental benefits are actually received by the Executive from another employer during the Continuation Period following the Executive's Separation from Service, and any such benefits actually received by the Executive shall be reported by the Executive to the Company.

(3) For the Continuation Period, the Company will arrange to provide the Executive with Employee Benefits that are welfare benefits, other than medical and dental benefits covered by Paragraph (2) (such "welfare benefits" by their nature exclude stock option, performance share, performance unit, stock purchase, stock appreciation or similar compensatory or incentive benefits), that are the same as those that the Executive was receiving or entitled to receive immediately prior to the Executive's Separation from Service (or, if greater, immediately prior to the Change in Control); provided, however, that if such welfare benefits are subject to income tax, the amount of expenses eligible for reimbursement, or in-kind benefits provided, during the Executive's taxable year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year and the reimbursement of an eligible expense shall be made on or before the last day of the Executive's taxable year following the taxable year in which the

welfare benefit expense was incurred. Without otherwise limiting the purposes or effect of Section 4(d) of the Agreement, Employee Benefits otherwise receivable by the Executive pursuant to this Paragraph (3) will be reduced to the extent comparable welfare benefits are actually received by the Executive from another employer during the Continuation Period following the Executive's Separation from Service, and any such benefits actually received by the Executive shall be reported by the Executive to the Company. Notwithstanding the foregoing to the contrary, no such Employee Benefits that are not excludable from the income of the Executive and are in excess of the then current dollar limit set forth in Code Section 402(g)(1)(B) shall be payable during the first six (6) months after the Separation from Service of the Executive. To the extent that amounts would have been payable during such six (6) month period in excess of such limit, the excess amount shall be payable in the first five (5) days of the seventh (7th) month after his Separation from Service. The Executive shall have the right during such six (6) month period to pay any unpaid part of the premiums on such welfare benefits at his own expense in order for the Executive to keep such welfare benefits in force.

(4) If and to the extent that any benefit described in Paragraphs (2) and (3) is not or cannot be paid or provided under a policy, plan, program or arrangement of the Company or any Subsidiary, as the case may be, then the Company will itself pay or provide for the payment to the Executive, his dependents and beneficiaries, of such Employee Benefits.

(5) A payment or series of payments under the SRP in an amount equal to the actuarial equivalent of the Executive's accrued benefit under the SRP as of the date of his Separation from Service (the "Accrued SRP Payment") payable commencing as provided under the terms of the SRP, but no sooner than the beginning of the seventh (7th) month after his Separation from Service. In determining such lump sum payment, any benefit under the SRP attributable to the "final average pay" formula of the Pension Plan shall be converted to a lump sum actuarial equivalent as described below and any benefit under the SRP attributable to the "cash balance" formula of the Pension Plan shall be based on the amount that would be the Executive's account balance under the cash balance formula of the SRP.

(6) A lump sum payment (the "Non-accrued SRP Payment") payable within the first five days of the seventh (7th) month after the Executive's Separation from Service in an amount equal to the actuarial equivalent of the future pension benefits which the Executive would have been entitled to accrue under the SRP during the Continuation Period, as modified by this Paragraph (6) (including Base Salary and Incentive Pay as determined in Paragraph (1) as being the amount earned during such period), if the Executive had remained in the full-time employment of the Company for the entire Continuation Period. In determining such lump sum payment, any benefit under the SRP attributable to the "final average pay" formula of the Pension Plan shall be converted to a lump sum actuarial equivalent as described below and any benefit under the SRP attributable to the "cash balance" formula of the Pension Plan shall be based on the amount that would be the Executive's account balance under the cash balance formula of the SRP.

(7) The calculation of the SRP Payments and its actuarial equivalence shall be made as of the date six (6) months after Executive's Separation from Service using the assumptions and factors used in the salaried pension plan for similar calculations. Any payment attributable to the "final average pay" formula under the salaried pension plan shall be discounted from the date the Executive would have been eligible to receive an unreduced benefit under such formula (using as his "continuous service" for this purpose the sum of his actual continuous service and the continuous service he would have had during the Continuation Period) to the date of payment using the discount rate specified in the salaried pension plan.

The Company hereby waives the discretionary right, at any time subsequent to the date of a Change in Control, to amend or terminate the SRP as to the Executive as provided in Paragraph 7 thereof or to terminate the rights of the Executive or his beneficiary under the SRP in the event the Executive engages in a competitive business as provided in any plan or arrangement between the Company and the Executive or applicable to the Executive.

This Paragraph (7) shall constitute a "Supplemental Agreement" as defined in Paragraph 1.J of the SRP. The terms of the Agreement and this Annex A shall not replace the SRP with respect to the Executive, but shall take precedence to the extent they are contrary to provisions contained in the SRP.

Payment of the SRP Payment by the Company shall be deemed to be a satisfaction of all obligations of the Company to the Executive under the SRP.

(8) A lump sum amount equal to:

(A) any accrued but unpaid Base Pay through the Executive's Separation from Service, plus

(B) unless otherwise expressly provided by the applicable policy, plan, program or agreement, the value of any annual bonus or long-term incentive pay (including, without limitation, incentive-based annual cash bonuses, performance units, and retention units but not including any equity-based compensation or compensation provided under a plan intended to be qualified under Code Sections 401(a) and 501(a) or any other plan included in the definition of "qualified plan" for purposes of Code Section 409A): (i) earned but unpaid relating to performance periods ending prior to the date on which the Separation from Service occurred; and (ii) earned or granted with respect to the Executive's service during the performance periods or retention periods that include the date on which the Executive's Separation from Service occurred, disregarding any applicable vesting requirements. Amounts payable pursuant to (i) shall be calculated at actual performance, and amounts payable pursuant to (ii) shall be calculated at the plan target rate.

Such payment shall be made by the later of ten (10) business days after the Executive's Separation from Service or the end of the seven (7) day revocation period described in Paragraph 5(d) of Exhibit A.

(9) Reasonable outplacement services by a firm selected by the Executive, at the expense of the Company in an amount up to 15% of the Executive's Base Pay. Such outplacement services shall be provided within a period ending no later than the end of the second taxable year of the Executive following the year in which the Executive's Separation from Service occurred and the fees for such services shall be paid by the Company within five days of receipt of an invoice from the outplacement provider for its services or within five days of the time the Executive presents the provider's invoice for such services to the Company, provided in either case that the invoice shall be submitted no later than five days prior to the end of the third taxable year of the Executive following the year in which his Separation from Service occurred.

(10) Post-retirement medical, hospital, surgical and prescription drug coverage for the lifetime of the Executive, his spouse and any eligible dependents that are the same as that which would have been furnished on the day prior to the Change in Control to the Executive if he had retired on such date with full eligibility for such benefits. Such retiree medical coverage shall have a level of employer subsidy, if any, as the Executive would have had upon his retirement or Separation from Service as of the end of the Continuation Period determined in accordance with the terms of the Plan immediately prior to the Change in Control. Such retiree medical coverage will not start until after the end of the Continuation Period during which he will be provided with active employee medical coverage pursuant to Paragraph (2) above; provided, however, that if such retiree medical coverage is subject to income tax, the payment of an eligible retiree medical expense amount shall be made on or before the last day of the Executive's taxable year following the taxable year in which that retiree medical expense was incurred.

CLIFFS NATURAL RESOURCES INC.

SEVERANCE AGREEMENT

EXHIBIT A

Form of Release

WHEREAS, the Executive's employment has been terminated in accordance with Section 3 of the Severance Agreement (the "Agreement") dated as of _____ between the Executive and Cliffs Natural Resources Inc.; and WHEREAS, the Executive is required to sign this Release in order to receive the Severance Compensation (as such term is defined in the Agreement) and other benefits or amounts by the Executive provided under the Agreement, to the extent representing new or additional amounts and/or rights;

NOW, THEREFORE, in consideration of the promises and agreements contained herein and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, the Executive agrees as follows:

1. This Release is effective on the date hereof and will continue in effect as provided herein.

2. In consideration of the payments to be made and the benefits to be received by the Executive pursuant to the Agreement, which the Executive acknowledges are in addition to payments and benefits which the Executive would be entitled to receive absent the Agreement (other than severance pay and benefits under any other severance plan, policy, program or arrangement sponsored by Cliffs Natural Resources Inc.), the Executive, for himself and his dependents, successors, assigns, heirs, executors and administrators (and his and their legal representatives of every kind), hereby releases, dismisses, remises and forever discharges Cliffs Natural Resources Inc., its predecessors, parents, subsidiaries, divisions, related or affiliated companies, officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents and counsel (the "Company") from any and all arbitrations, claims, including claims for attorney's fees, demands, damages, suits, proceedings, actions and/or causes of action of any kind and every description, whether known or unknown, which the Executive now has or may have had for, upon, or by reason of any cause whatsoever ("claims"), against the Company, including but not limited to:

(a) any and all claims arising out of or relating to the Executive's employment by or service with the Company and his termination from the Company other than any claims arising under the Agreement or under any employee benefit programs or executive compensation programs not specifically addressed in the Agreement;

(b) any and all claims of discrimination, including but not limited to claims of discrimination on the basis of sex, race, age, national origin, marital status, religion or handicap, including, specifically, but without limiting the generality of the foregoing, any claims under the Age Discrimination in Employment Act, as amended, Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act, Ohio Revised Code Section 4101.17 and Ohio Revised Code Chapter 4112, including Sections 4112.02 and 4112.99 thereof; and

(c) any and all claims of wrongful or unjust discharge or breach of any contract or promise, express or implied.

3. The Executive hereby gives up any and all rights or claims to be a class representative or otherwise participate in any class action on behalf of any employee benefit plan of the Company or any Subsidiary.

4. The Executive understands and acknowledges that the Company does not admit any violation of law, liability or invasion of any of his rights and that any such violation, liability or invasion is expressly denied. The consideration provided for this Release is made for the purpose of settling and extinguishing all claims and rights (and every other similar or dissimilar matter) that the Executive ever had or now may have against the Company to the extent provided in this Release. The Executive further agrees and acknowledges that no representations, promises or inducements have been made by the Company other than as appear in the Agreement.

5. The Executive further agrees and acknowledges that:

(a) The release provided for herein releases claims to and including the date of this Release;

(b) He has been advised by the Company to consult with legal counsel prior to executing this Release, has had an opportunity to consult with and to be advised by legal counsel of his choice, fully understands the terms of this Release, and enters into this Release freely, voluntarily and intending to be bound;

(c) He has been given a period of 21 days, commencing on the day after his Separation from Service, to review and consider the terms of this Release, prior to its execution and that he may use as much of the 21 day period as he desires; and

(d) He may, within 7 days after execution, revoke this Release. Revocation shall be made by delivering a written notice of revocation to the Executive Vice President, Human Resources at the Company. For such revocation to be effective, written notice must be actually received by the Executive Vice President, Human Resources at the Company no later than the close of business on the 7th day after the Executive executes this Release. If Executive does exercise his right to revoke this Release, all of the terms and conditions of the Release shall be of no force and effect and the Company shall not

have any obligation to make payments or provide benefits to the Executive otherwise required as a result of the Agreement.

6. The Executive agrees that he will never file a lawsuit or other complaint asserting any claim that is released in this Release.

7. The Executive waives and releases any claim that he has or may have to reemployment after _____.

IN WITNESS WHEREOF, the Executive has executed and delivered this Release on the date set forth below.

Dated:

EXECUTIVE

By: _____
Name:

Annex A-7