

# CLIFFS NATURAL RESOURCES INC.

## FORM 8-K (Current report filing)

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

November 11, 2008

Cliffs Natural Resources Inc.

(Exact name of registrant as specified in its charter)

Ohio

1-8944

34-1464672

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

1100 Superior Avenue, 15th Floor, Cleveland,  
Ohio

44114-2544

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

216-694-5700

Not Applicable

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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## Top of the Form

### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

#### Cliffs Natural Resources Inc. 2005 Voluntary Non-Qualified Compensation Plan

On November 11, 2008, the Board of Directors (the "Board of Directors") of Cliffs Natural Resources Inc. (the "Company") upon recommendation of the Compensation and Organization Committee (the "Committee"), authorized and approved the Company's 2005 Voluntary Non-Qualified Deferred Compensation Plan (effective as of January 1, 2005) (the "2005 Plan"). The 2005 Plan is an amended and restated version of the Cleveland-Cliffs Inc Voluntary Non-Qualified Deferred Compensation Plan (amended and restated as of January 1, 2000) (the "2000 Plan" and, together with the 2005 Plan, the "Plans").

The Plans permit the Company to provide certain management and highly compensated employees with the option to defer the receipt of a portion of their regular compensation, bonuses, retention units and/or performance shares payable for services rendered to the Company.

The 2005 Plan was adopted partly for the inclusion of necessary provisions to comply with Internal Revenue Code ("IRC") Section 409A. Some of the significant Section 409A changes include:

- Incorporating language to comply with the Section 409A subsequent deferral rules for changing the time or form of payment of an already existing deferral account; and
- Providing that installment payments will be treated as separate individual payments for purposes of Section 409A. A participant can defer a single payment in the series of payments pursuant to the subsequent deferral rules.

Other significant new or amended provisions of the 2005 Plan consist of:

- Updating "Change in Control" provisions to reflect the action of the Board on August 9, 2008 to provide that, after January 1, 2009:
  - (1) a "Change in Control" generally occurs when (a) a person or a group comes to own more than 50% of the fair market value or voting power of the Company's stock, (b) where a person or a group acquires 35% or more of the voting power of the Company's stock during a 12-month period, or (c) where a person or a group acquires more than 40% of the gross fair market value of the Company's assets during a 12-month period, or (d) where a significant, non-endorsed turnover in Board membership occurs during a 12-month period; and
  - (2) certain acquisitions of Company stock pursuant to a business combination or similar transaction will not constitute a "Change in Control" if certain post-transaction stock ownership and Board composition requirements are met.
- Re-defining "Fair Market Value" to mean the closing price of the Company's common shares rather than the average of the highest and lowest prices during the applicable day effective January 1, 2009;
- Adding provisions to allow for automatic deferral of profit sharing contributions that are in excess of IRC Section 415 limitations and cannot therefore be contributed to the Company's 401(k) savings plan;
- Eliminating the eligibility requirement that participants must first make the maximum elective contributions under the retirement savings plan in which the participant is eligible to participate in order to defer under the 2005 Plan;
- Continuing the ability of participants to elect to defer 50% of a participant's base salary, 100% of bonus, 100% of cash awards and 100% of share awards in each plan year to be distributed on (1) a fixed date, (2) a date which is 6 months after separation from service, the earlier of (1) and (2), or the later of (1) and (2);
- Eliminating the linkage of the percent of base salary deferred under the applicable retirement savings plan and what is deferred under the 2005 Plan;
- Specifying that distributions may be made in a lump sum, annual installments of up to 15 years, or a combination of the two alternatives;
- Including a 30-day initial eligibility rule such that participants can make a one-time election to participate in the 2005 Plan within 30 days of their initial eligibility date if they begin to participate during the year but after the relevant December 31 election deadline; and
- Adding a provision specifying that participant must satisfy tax withholding obligations for share distributions out of the 2005 Plan by selling back to the Company the amount of whole shares necessary to fulfill that tax obligation.

The 2005 Plan is filed herewith as Exhibit 10(a) to this Form 8-K and incorporated herein by reference. The summary of the significant modifications embodied in the 2005 Plan described above is qualified in its entirety by reference to Exhibit 10(a).

#### Amended and Restated Severance Agreements

On November 11, 2008, the Board of Directors upon recommendation of the Committee, also approved the form of an amended and restated Severance Agreement with certain officers of the Company (as amended and restated, the "Severance Agreement"). The Severance Agreement

is applicable to all officers and mine managers of the Company and will replace the current form severance agreement between the Company and executive officers and form severance agreement between the Company and elected officers.

The Severance Agreement includes necessary modifications to comply with IRC Section 409A. The Agreement also incorporates the changes in the definition of "Change of Control" approved by the Board on August 9, 2008 as described above. Language was also included adopting most of the Treasury Department's "safe harbor" definition of "Good Reason" and to provide that a reduction in potential bonus opportunity or long-term incentive compensation that results in a material diminution of an executive's potential total compensation would constitute "Good Reason" to trigger the severance benefits. The initial term of the Severance Agreement generally runs through the end of 2011, but the term is subject to a provision that provides for automatic extension of the term for additional three-year periods, subject to the parties' termination rights or certain changes in responsibilities for the executive.

The Agreement is filed herewith as Exhibit 10(b) to this Form 8-K and incorporated herein by reference. The summary of the significant modifications embodied in the Severance Agreement described above is qualified in its entirety by reference to Exhibit 10(b).

#### **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

10(a) Cliffs Natural Resources Inc. 2005 Voluntary Non-Qualified Deferred Compensation Plan, dated November 11, 2008 and effective as of January 1, 2005

10(b) Severance Agreement by and between Cliffs Natural Resources Inc. and its officers and mine managers

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**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.

*November 14, 2008*

Cliffs Natural Resources Inc.

*By: George W. Hawk, Jr.*

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*Name: George W. Hawk, Jr.*

*Title: General Counsel and Secretary*

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Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
10.(a)	Cliffs Natural Resources Inc. 2005 Voluntary Non-Qualified Deferred Compensation Plan, dated November 11, 2008 and effective as of January 1, 2005
10.(b)	Severance Agreement by and between Cliffs Natural Resources Inc. and its officers and mine managers

CLIFFS NATURAL RESOURCES INC. (formerly known as CLEVELAND-CLIFFS INC)

2005 VOLUNTARY NON-QUALIFIED  
DEFERRED COMPENSATION PLAN  
(EFFECTIVE AS OF JANUARY 1, 2005)

**TABLE OF CONTENTS**

	<u>Page</u>
ARTICLE I	1
1.1	1
ARTICLE II	2
2.1	2
2.2	2
2.3	2
2.4	2
2.5	2
2.6	2
2.7	2
2.8	2
2.9	3
2.10	5
2.11	5
2.12	5
2.13	5
2.14	5
2.15	5
2.16	5
2.17	5
2.18	5
2.19	6
2.20	6
2.21	6
2.22	6
2.23	6
2.24	6
2.25	6
2.26	6
2.27	6
2.28	7
2.29	7
2.30	7
2.31	7
2.32	7
2.33	7
2.34	7
2.35	7
2.36	7
2.37	7
2.38	8
2.39	8
2.40	8
2.41	8

2.42	Termination of Service.	8
2.43	Unit.	8
ARTICLE III	ELIGIBILITY, PARTICIPATION AND DEFERRAL ELECTIONS	9
3.1	Eligibility.	9
3.2	Participation.	9
3.3	Deferral of Profit Sharing Contributions.	11
3.4	Ineligible Participant.	11
3.5	Persons Ceasing to be Eligible Employees.	12
ARTICLE IV	MATCHING AMOUNTS AND CREDITING OF DEFERRED COMPENSATION, MATCHING AMOUNTS AND CASH AWARDS	12
4.1	Matching Amounts.	12
4.2 Crediting Deferred Compensation, Matching Amounts and Cash Awards. 12		
ARTICLE V	BENEFIT ACCOUNTS	13
5.1	Investment of Deferral and Matching Accounts.	13
5.2	Determination of Account.	13
5.3	Crediting of Interest.	13
5.4	Determination of Deferred Share Award Account.	13
5.5	Crediting and Deferral of Dividend Equivalents.	14
5.6	Statements.	14
5.7	Vesting of Account.	14
ARTICLE VI	PAYMENT OF BENEFITS	14
6.1	Payment of Deferral Benefit and Deferred Share Award Benefit.	14
6.2	Emergency Benefit.	14
6.3	Annual Installment Payments.	15
6.4	Form of Cash Dividend Benefit.	15
6.5	Form of Distribution Upon Death or Disability.	15
6.6	Share Ownership Guidelines.	15
6.7	Small Benefit.	16
6.8	Default Distribution Election.	16
6.9	Change in Control Distribution.	16
6.10	Transition Relief under Section 409A of the Code.	16
ARTICLE VII	BENEFICIARY DESIGNATION	16
7.1	Beneficiary Designation.	16
7.2	Amendments.	16
7.3	No Designation.	16
7.4	Effect of Payment.	17
ARTICLE VIII	ADMINISTRATION	17
8.1	Committee.	17
8.2	Agents.	17
8.3	Binding Effect of Decisions.	17
8.4	Indemnity of Committee.	17
ARTICLE IX	AMENDMENT AND TERMINATION OF PLAN	17
9.1	Amendment.	17
9.2	Termination.	18
ARTICLE X	MISCELLANEOUS	18
10.1	Funding.	18
10.2	Nonassignability.	18
10.3	Legal Fees and Expenses.	19
10.4	Withholding Taxes.	19
10.5	Captions.	20
10.6	Governing Law.	20
10.7	Successors.	20
10.8	Right to Continued Service.	20



10.9	Prior Plan Provisions.	20
10.10	Section 409A Compliance.	20
ANNEX A		A-1
ARTICLE I	ESTABLISHMENT	A-1
A 1.1	Establishment	A-1
A 1.2	Term of MSAP	A-1
ARTICLE II	DEFINITIONS	A-1
A 2.1	Special Definitions Applicable to the MSAP	A-1
ARTICLE III	PARTICIPATION	A-2
A 3.1	Participation	A-2
A 3.2	Duration of Participation	A-2
ARTICLE IV	DEFERRALS AND VOLUNTARY AMOUNTS	A-2
A 4.1	Amount of Deferral	A-2
A 4.2	Automatic Deferrals	A-2
ARTICLE V	MATCHING CONTRIBUTIONS	A-3
A 5.1	Matching Contributions	A-3
ARTICLE VI	PARTICIPANT ACCOUNTS	A-3
A 6.1	Establishment of Accounts	A-3
A 6.2	Crediting of Deferral Commitments and Matching Contributions	A-3
A 6.3	Determination of Accounts	A-4
A 6.4	Adjustments to Accounts	A-4
A 6.5	Statement of Accounts	A-4
A 6.6	Vesting of Accounts	A-5
ARTICLE VII	DISTRIBUTIONS	A-6
A 7.1	Distribution of Account	A-6
A 7.3	Form of Distribution	A-6
A 7.4	Facility of Payment	A-7
A 7.6	Payment of Small Accounts	A-7
ANNEX B		B-1
ARTICLE I	ESTABLISHMENT	B-1
B 1.1	Establishment	B-1
B 1.2	Term of OSAP	B-1
ARTICLE II	DEFINITIONS	B-1
B 2.1	Special Definitions Applicable to the OSAP	B-1
ARTICLE III	PARTICIPATION	B-2
B 3.1	Participation	B-2
B 3.2	Duration of Participation	B-2
ARTICLE IV	VOLUNTARY INVESTMENT OF DEFERRAL ACCOUNTS	B-2
B 4.1	Amount of Investment	B-2
ARTICLE V	MATCHING CONTRIBUTIONS	B-3
B 5.1	Matching Contributions	B-3
ARTICLE VI	PARTICIPANT ACCOUNTS	B-3
B 6.1	Establishment of Accounts	B-3
B 6.2	Crediting of Deferral Commitments and Matching Contributions	B-3
B 6.3	Determination of Accounts	B-4
B 6.4	Adjustments to Accounts	B-4
B 6.5	Statement of Accounts	B-4
B 6.6	Vesting of Accounts	B-5
ARTICLE VII	DISTRIBUTIONS	B-5
B 7.1	Distribution of Account	B-5
B 7.3	Form of Distribution	B-6
B 7.4	Facility of Payment	B-7
B 7.6	Payment of Small Accounts	B-7

2005 VOLUNTARY NON QUALIFIED  
DEFERRED COMPENSATION PLAN  
(EFFECTIVE AS OF JANUARY 1, 2005)

ARTICLE I

PURPOSE

1.1 Statement of Purpose; Effective Date. This is the Cliffs Natural Resources Inc. (formerly known as Cleveland-Cliffs Inc) 2005 Voluntary Non Qualified Deferred Compensation Plan, effective as of January 1, 2005 with respect to (i) amounts deferred after December 31, 2004 and (ii) any amounts previously deferred hereunder but which were not earned and vested prior to January 1, 2005, plus earnings and losses attributable thereto (the "Plan"), made in the form of this amended and restated Plan and in related agreements between an Employer and certain management and highly compensated employees. The purpose of the Plan is to provide management and highly compensated employees of the Employers with the option to defer the receipt of a portion of their regular compensation, bonuses or performance shares payable for services rendered to the Employer. In addition, the Plan contains as Annex A a Management Share Acquisition Program (the "MSAP"), the purpose of which is to provide designated management employees with the opportunity to make deferred purchases of shares of the Company's common stock through deferral of their bonuses. In order to encourage participation in the MSAP, the Company will provide matching grants for such deferrals. The MSAP shall be subject to the special terms and conditions specified in Annex A. The Plan further contains as Annex B an Officer Share Acquisition Program (the "OSAP"), the purpose of which is to provide elected officers of the Company with the opportunity to make deferred purchases of shares of the Company's common stock through investment of all or a portion of their Deferral Accounts under the Plan. In order to encourage participation in the OSAP, the Company will provide matching grants for such elections. The OSAP shall be subject to the special terms and conditions specified in Annex B. It is intended that the Plan will assist in attracting and retaining qualified individuals to serve as officers and key managers of the Employers.

The Accounts and Plan benefits of any Eligible Employee which were earned and vested prior to January 1, 2005 (together with earnings, gains and losses thereon), and the time, form and amount of payment thereof, shall be governed in accordance with the terms of the Plan prior to this amendment and restatement (i.e., as applicable, the Plan as amended and restated as of January 1, 2000 or as originally effective as of June 1, 1989), and no provision of this amendment and restatement (or, unless otherwise specifically provided therein, of any future amendment to this Plan) shall have any impact on the time, form and amount of payment of such Accounts and benefits.

1

ARTICLE II

DEFINITIONS

When used in this Plan and initially capitalized, except as may otherwise be provided in the MSAP and the OSAP or otherwise defined herein, the following words and phrases shall have the meanings indicated:

2.1 6-Month Date. "6-Month Date" means the first day next following six (6) months after the date of a Participant's Termination of Service.

2.2 Account. "Account" means the sum of a Participant's Deferral Account, Deferred Share Award Account and Matching Account under the Plan with respect to (i) amounts deferred after December 31, 2004 and (ii) any amounts previously deferred hereunder but which were not earned and vested prior to January 1, 2005, plus earnings and losses attributable thereto. "Account" does not include the Accounts and Plan benefits of any Eligible Employee which were earned and vested prior to January 1, 2005 (together with earnings, gains and losses thereon).

2.3 Base Salary. "Base Salary" means a Participant's base earnings paid by an Employer to a Participant without regard to any increases or decreases in base earnings as a result of an election to defer base earnings under this Plan, or

an election between benefits or cash provided under a plan of an Employer maintained pursuant to Section 125 or 401 (k) of the Code.

2.4 Beneficiary. “Beneficiary” means the person or persons designated or deemed to be designated by the Participant pursuant to Article VII of the Plan and of Annex A and Annex B to receive benefits payable under the Plan in the event of the Participant’s death.

2.5 Board. “Board” means the Board of Directors of the Company.

2.6 Bonus. “Bonus” means a Participant’s annual bonus paid by an Employer to a Participant under the Cleveland-Cliffs Inc Management Performance Incentive Plan, Cleveland-Cliffs Inc Executive Management Performance Incentive Plan or Mine Performance Bonus Plan without regard to any decreases as a result of an election to defer all or any portion of a bonus under this Plan, or an election between benefits or cash provided under a plan of an Employer maintained pursuant to Section 401(k) of the Code.

2.7 Cash Award. “Cash Award” means any compensation payable in cash to an Eligible Employee for his or her services to the Company or a Selected Affiliate pursuant to the Company’s 1992 or 2007 Incentive Equity Plans.

2.8 Cash Dividend Benefit. “Cash Dividend Benefit” means a fixed date distribution described in Section 5.5.

2

2.9 Change in Control.

(a) From January 1, 2005 through December 31, 2008, “Change in Control” means, with respect to any Participant, the first to occur of any of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14 (d)(2) of the Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of the combined voting power of the then outstanding securities of the Company (“Voting Stock”) during the 12-month period ending on the date of the most recent such acquisition; provided, however, that for purposes of this Section 2.9(a)(i), the following acquisitions shall not constitute a Change in Control: (A) any issuance of Voting Stock of the Company directly from the Company that is approved by the Incumbent Board (as defined in Section 2.9(a)(ii), below), (B) any acquisition by the Company of Voting Stock of the Company, (C) any acquisition of Voting Stock of the Company by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, or (D) any acquisition of Voting Stock of the Company by any Person pursuant to a Business Combination (as defined in Section 2.9(a)(ii) below) that complies with clauses (A), (B) and (C) of Section 2.9(a) (iii), below; or

(ii) individuals who, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board during any 12-month period; provided, however, that any individual becoming a director, 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 (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination) shall be deemed to have been a member of the Incumbent Board; or

(iii) consummation of a reorganization, merger or consolidation involving the Company, a sale or other disposition of all or substantially all of the assets of the Company, or any other transaction involving the Company during the 12-month period ending on the date of the most recent such acquisition (each, a “Business Combination”), unless, in each case, immediately following such Business Combination, (A) all or substantially all of the individuals and entities who were the beneficial owners of Voting Stock of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, more than 55% of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination (including, without limitation, an entity which 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 relative to each other as

their ownership, immediately prior to such Business Combination, of the Voting Stock of the Company, (B) no Person (other than the Company, such entity resulting from such Business Combination, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Combination) beneficially owns, directly or indirectly, 30% or more of the

(iv) combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Combination, and (C) at least a majority of the members of the board of directors 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;

provided, however, that, with respect to such Eligible Employee, such event also constitutes a “change in control event” (as defined in Treasury Regulation Section 1.409A-3(i)(5)(i)) for purposes of Section 409A of the Code.

(b) On or after January 1, 2009, “Change in Control” means, with respect to any Participant, the first to occur of any of the following events:

(i) Any one person, or more than one person acting as a group acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total Fair Market Value or total voting power of the stock of the Company (subject to certain exceptions described below);

(ii) Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 35% or more of the total voting power of the stock of the Company;

(iii) A majority of members of the Board of the Company is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board prior to the date of the appointment or election; or

(iv) Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross Fair Market Value equal to or more than 40% of the total gross Fair Market Value of all of the assets of the Company immediately prior to such acquisition or acquisitions.

Acquisitions of Company stock pursuant to a business combination or similar transaction, however, will not constitute a Change in Control if immediately after such business transaction:

(I) the owners of Company stock immediately prior to the business transaction own more than 55% of the entity resulting from the business transaction in substantially the same proportions as their pre-business transaction ownership of Company stock;

(II) no one person, or more than one person acting as a group, owns 30% or more of the combined voting power of the entity resulting from the business transaction; and

4

(III) at least a majority of the members of the board of directors of the entity resulting from the business transaction were members of the incumbent Board of the Company when the business transaction agreement was signed or approved by the Company’s Board. For purposes of this exception, the incumbent Board of the Company means those directors who were serving as of August 11, 2008 or whose appointment or election was endorsed by a majority of the incumbent members prior to the date of such appointment or election.

Except as it pertains to subparagraph (II) above, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company.

2.10 Code . “Code” means the Internal Revenue Code of 1986, as amended, and all lawful regulations and pronouncements promulgated thereunder.

2.11 Committee . “Committee” has the meaning set forth in Section 8.1.

2.12 Company . “Company” means Cliffs Natural Resources Inc. (formerly known as Cleveland-Cliffs Inc) and any successor thereto.

2.13 Compensation . “Compensation” means the Base Salary and Bonus payable with respect to an Eligible Employee for each calendar year.

2.14 Declared Rate . “Declared Rate” for any period means the Moody’s Corporate Average Bond Yield, as adjusted on the first business day of each January, April, July and October.

2.15 Deferral Account . “Deferral Account” means the account maintained on the books of the Employer pursuant to Article V for the purpose of accounting for (i) the amount of Compensation that a Participant elects to defer under the Plan, (ii) the portion of a Cash Award that a Participant elects to defer in cash under the Plan, and (iii) any Profit Sharing Contributions made on behalf of the Participant.

2.16 Deferral Benefit . “Deferral Benefit” means the benefit payable to a Participant or his or her Beneficiary pursuant to Article VI and based on such Participant’s Account.

2.17 Deferred Share Award Account . “Deferred Share Award Account” means the account maintained on the books of the Employer for a Participant pursuant to Article V.

2.18 Deferred Share Award Benefit . “Deferred Share Award Benefit” means the benefits payable in Shares to a Participant or his or her Beneficiary pursuant to Article V and based on such Participant’s Deferred Share Award Account.

5

2.19 Determination Date . “Determination Date” means a date on which the amount of a Participant’s Account is determined as provided in Article V. The last business day of each month and any other date selected by the Committee shall be a Determination Date.

2.20 Disability . “Disability” means, with respect to any Participant, that such Participant is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, either (i) unable to engage in any substantial gainful activity, or (ii) receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan covering employees of the Company. Without limitation, for purpose of this Plan, a Participant will be deemed to have a Disability if the Participant is determined to be totally disabled by the Social Security Administration, or is determined to be disabled in accordance with a disability insurance program of the Company or any Selected Affiliate (provided that the definition of disability applied under such disability insurance program complies with the requirements of Section 409A of the Code).

2.21 Eligible Employee . “Eligible Employee” means a corporate officer of the Company or a Mine Manager of the Company or any Employer and any employee of the Company or an Employer who exceeds the Section 415 of the Code limit under the Savings Plan as a result of a discretionary Profit Sharing Contribution to the Savings Plan.

2.22 Emergency . “Emergency” means a severe financial hardship to a Participant within the meaning of Section 409A of the Code resulting from: (i) an illness or accident of the Member or the Member’s spouse or dependent (as defined in Code Section 152 without regard to Code Sections 152(b)(1), (b)(2) and (d)(1)(B)); (ii) loss of the Participant’s property due to casualty; or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, and as discussed in Section 6.2.

2.23 Employer. “Employer” means, with respect to the Participant, the Company or the Selected Affiliate which pays such Participant’s Compensation.

2.24 Fair Market Value. “Fair Market Value” means, prior to January 1, 2009, the average of the highest and lowest sales prices of a Share on the specified date (or, if no Share was traded on such date, on the next preceding date on which it was traded) as reported in The Wall Street Journal. On or after January 1, 2009, “Fair Market Value” means the closing price of a Share on the last day prior to the specified date that a Share traded as reported in The Wall Street Journal.

2.25 Matching Account. “Matching Account” means the account maintained on the books of an Employer pursuant to Article V for the purpose of accounting for the Matching Amount for each Participant.

2.26 Matching Amount. “Matching Amount” means the amount credited to a Participant’s Matching Account under Section 4.1.

2.27 Matching Formula. “Matching Formula” means the matching contribution formula in effect for a specific Plan Year under the Savings Plan.

2.28 1992 or 2007 Incentive Equity Plan. “1992 or 2007 Incentive Equity Plan” means, as applicable, (i) the Company’s 1992 Incentive Equity Plan (as Amended and Restated as of May 13, 1997), as amended, or (ii) the Company’s 2007 Incentive Equity Plan, as amended.

2.29 Participant. “Participant” means any Eligible Employee who elects to participate by filing a Participation Agreement as provided in Section 3.2, in Annex A or in Annex B.

2.30 Participation Agreement. “Participation Agreement” means the agreement filed by a Participant, in the form prescribed by the Committee, pursuant to Section 3.2, Annex A or Annex B.

2.31 Performance-Based Compensation. “Performance-Based Compensation” means the amount awarded to a Participant as a Cash Award or Share Award for a Plan Year (i) the amount of which, or the entitlement to which, is contingent on the satisfaction of organizational or individual performance criteria relating to a performance period of at least 12 consecutive months, provided that such criteria have been established in writing by not later than 90 days after the commencement of the period of service to which the criteria relates and the outcome is substantially uncertain at the time the criteria are established and (ii) that has been designated by the Committee as “Performance-Based Compensation” under this Plan.

2.32 Plan. “Plan” means the Cliffs Natural Resources Inc. (formerly known as Cleveland-Cliffs Inc) 2005 Voluntary Non Qualified Deferred Compensation Plan, as amended and restated as of January 1, 2005, as amended from time to time. The Plan includes Annex A and Annex B.

2.33 Plan Accounts. “Plan Accounts” means a Participant’s Deferral Account, Matching Account and Deferred Share Award Account.

2.34 Plan Year. “Plan Year” means a twelve month period commencing January 1 and ending the following December 31.

2.35 Profit Sharing Contribution. “Profit Sharing Contribution” means the amount, if any, that is contributed to this Plan by an Employer on behalf of a Participant in lieu of a discretionary profit sharing contribution that cannot be made to the Savings Plan because such contribution exceeds the limit under Section 415 of the Code.

2.36 Savings Plan. “Savings Plan” means, with respect to a Participant, whichever of the Cliffs and Associated Employers Salaried Employees Supplemental Retirement Savings Plan (renamed as the Cleveland-Cliffs Inc and Associated Employers Salaried Employees Savings Plan, effective January 1, 2007) or the Northshore Mining Company and Silver Bay Power Company Retirement Savings Plan to which he or she is eligible to contribute.

2.37 Selected Affiliate. “Selected Affiliate” means any corporation or business organization during any period in which it is a member of a controlled group of corporations or trades or businesses within the meaning of Sections 414 (b) and 414(c) of the Code provided that in such Code Sections “50%” shall be used wherever “80%” appears, which controlled group includes the Company, but, in each case, only during the periods any such corporation, business organization or member would be so considered under Section 414(b) or 414(c) of the Code.

2.38 Share. “Share” means a share of common stock of the Company.

2.39 Share Ownership Guidelines. “Share Ownership Guidelines” means the Cleveland-Cliffs Inc Directors’ and Officers’ Share Ownership Guidelines, as amended from time to time.

2.40 Share Award. “Share Award” means any compensation payable in Shares to an Eligible Employee for his or her services to the Company or a Selected Affiliate pursuant to the Company’s 1992 or 2007 Incentive Equity Plan.

2.41 Subsidiary. “Subsidiary” means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding securities entitled to vote generally in the election of directors.

2.42 Termination of Service. “Termination of Service” means the “separation from service” for purposes of Section 409A of the Code of any Participant or former Participant from the Company and all Selected Affiliates, generally including the severance of such employee’s employment relationship with the Company and all Selected Affiliates for any reason, voluntarily or involuntarily, and with or without cause, including without limitation, quit, discharge, retirement, disability, death, failure to return to active employment at the end of a leave of absence (including military leave, sick leave, or other bona fide leave of absence) or permanent decrease in service to the Company and all Selected Affiliates to a level that is no more than twenty percent (20%) of its prior level, as described below. For this purpose, whether a separation from service has occurred is determined based on whether it is reasonably anticipated that no further services will be performed by such employee after a certain date or that the level of bona fide services the employee will perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than twenty percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding thirty-six (36) month period (or the full period of services if the employee has been providing services for less than thirty-six (36) months). The transfer of an employee from the Company or a Selected Affiliate to the Company or another Selected Affiliate shall not constitute a Termination of Service for purposes of this Plan.

2.43 Unit. “Unit” means an accounting unit equal in value to one (1) Share. The number of Units included in any Deferred Share Award Account shall be adjusted as appropriate to reflect any stock dividend, stock split, recapitalization, merger, spinoff or other similar event affecting Shares.

### ARTICLE III

#### ELIGIBILITY, PARTICIPATION AND DEFERRAL ELECTIONS

3.1 Eligibility. Eligibility to participate in the Plan for any Plan Year with respect to deferral of Compensation or a Cash Award or Share Award is limited to Eligible Employees.

3.2 Participation. Participation in the Plan shall be limited to Eligible Employees who elect to participate in the Plan each year by filing a Participation Agreement with the Committee.

(a) Initial Deferral Election. No later than December 31 in each Plan Year, an Eligible Employee shall file a properly completed and executed Participation Agreement with the Committee. Such Participation Agreement may elect to defer:

(i) up to 50% of the Participant’s Base Salary to be paid in the next Plan Year;

(ii) up to 100% of the Participant's Bonus to be paid for the next Plan Year which Bonus may be payable no later than the fifteenth (15th) day of the third (3rd) month of the second Plan Year following the filing of the Participation Agreement;

(iii) up to 100% of the Participant's Cash Award payable for the performance period ending at the end of the next Plan Year and which would otherwise be payable no later than the fifteenth (15th) day of the third (3rd) month of the second Plan Year following the filing of the Participation Agreement; and

(iv) up to 100% of the Participant's Share Award payable for the performance period ending at the end of the next Plan Year and which would otherwise be payable no later than the fifteenth (15th) day of the third (3rd) month of the second Plan Year following the filing of the Participation Agreement.

Any such deferral election shall specify the date or events when the deferred amount shall be paid or commence to be paid, other than in the event of death or Disability, which may be:

(1) at a fixed date which date shall be at least:

(A) one (1) year after the date such Base Salary, Bonus, Cash Award, or Share Award would otherwise be payable provided that, in the case of a Cash Award or Share Award, such Award is a Performance-Based Award; or

(B) five (5) years after the date such Cash Award or Share Award would otherwise be payable if the Award is not a Performance-Based Award;

(2) on a date which is the 6-Month Date;

(3) on the earlier to occur of (1) and (2) above; or

(4) on the later to occur of (1) and (2) above.

Such deferral election shall also specify the method of payment of the deferred amount which shall be either: (I) a lump sum payment, (II) annual installments payable over a period of years selected by the Participant up to fifteen (15) years, or (III) a combination of (I) and (II).

A Participant may change any provision of his or her deferral election by filing a written notice thereof with the Committee no later than such December 31st, after which such an election becomes irrevocable.

(b) Initial Eligibility Election. In the event that an Eligible Employee first becomes eligible to participate in the Plan or first commences employment during the course of a Plan Year, a properly completed and executed Participation Agreement in accordance with Section 3.2(a) may be filed with the Committee not later than 30 days following the later of his or her eligibility date or date of employment; provided, however, that a Participant is first eligible to participate in this Plan only if the Participant is not a participant in any other agreement, method, program or arrangement that, along with this Plan, would be treated as a single nonqualified deferred compensation plan under Section 409A of the Code. A deferral election will be irrevocable as of the last permissible date for making such election, as described in this Section 3.2(b).

(c) Certain Transferred Employees. If an employee is transferred to a position where he is an Eligible Employee during the middle of a Plan Year and prior to his transfer he or she was a participant in any other agreement, method, program or arrangement that, along with this Plan, would be treated as a single nonqualified deferred compensation plan under Section 409A of the Code, such Eligible Employee shall be treated as follows:

(i) Such Eligible Employee shall not participate in this Plan for the balance of the Plan Year if, under the terms of such other arrangement, he continues to participate in such arrangement; or

(ii) Such Eligible Employee shall participate in this Plan for the balance of the Plan Year based on the



elections which the Eligible Employee made under the other arrangement if, under the terms of such other arrangement, he or she does not continue to participate in such arrangement.

(d) Subsequent Deferral Election . Any election as to the date or form of payment of amounts deferred under a Participation Agreement may be changed by the Participant at any time and from time to time without the consent of any other person; provided that any revision to the date or form of payment (based on the alternatives available in Section 3.2(a)) shall be made by submitting a completed Participation Change Form to the Committee and:

(i) the election change may not take effect until at least 12 months after the date on which such election change is made;

(ii) the payment with respect to which such election change is made must be deferred (other than a distribution upon death or Emergency Benefit) for a period of not less than five (5) years from the date such payment would otherwise have been paid; and

(iii) any election change affecting a distribution at a specified time (or pursuant to a fixed schedule) may not be made less than 12 months before the date the payment is scheduled to be paid. A subsequent election will become irrevocable as of the date it becomes effective under (i) above or, if later, the last permissible date for making such election under (iii) above.

Notwithstanding the foregoing, a subsequent deferral election with respect to an election under Section 3.2(a)(3) or (4) may be utilized for only one of the alternatives offered under those Sections. Thus, for example, if a Participant elected the earlier of a fixed date or the 6-Month Date, the subsequent deferral election may apply to (1) both the fixed date and the 6-Month Date or (2) either the fixed date or the 6-Month Date.

(e) Installment Payments . Each installment payment in a series of installment payments under this Plan shall be treated as a separate payment for purposes of applying the requirements of Section 409A of the Code and Section 3.2(d) hereof relating to subsequent deferral elections.

3.3 Deferral of Profit Sharing Contributions . The Profit Sharing Contribution an Employer makes on behalf of a Participant, if any, will automatically be deferred into the Participant's Deferral Account with a deemed election form of a single lump sum. Unless the Participant makes a subsequent deferral election pursuant to Section 3.2(d), a Participant's Profit Sharing Contributions will be paid in the form of a single lump sum payment on the earlier of the 6-Month Date or as soon as reasonably possible after the death or Disability of the Participant.

3.4 Ineligible Participant . Notwithstanding any other provisions of this Plan to the contrary, if the Committee determines that any Participant may not qualify as a "management or highly compensated employee" within the meaning of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or regulations thereunder, such Participant shall cease to be eligible to make any future deferral elections under Section 3.2(a). This provision shall not impact the term of any Participation Agreement which has become effective or the time and form or payment of amounts credited to such Participant's Accounts, which will be distributed by the Employer only in accordance with the other provisions hereof, provided however, that such a Participant shall not be eligible to make any further subsequent elections to delay payment of benefits, until such time as he is later determined by the Administrator to have returned to status as a member of a "select group of management or highly compensated employees" within the meaning of ERISA.

3.5 Persons Ceasing to be Eligible Employees . If an Eligible Employee ceases to be an Eligible Employee during the middle of a Plan Year but remains an employee of the Company or any Subsidiary, such employee will continue to participate in this Plan until the end of such Plan Year in accordance with his or her Participation Agreement for the Plan Year.

#### ARTICLE IV

#### MATCHING AMOUNTS AND CREDITING OF DEFERRED COMPENSATION, MATCHING AMOUNTS AND CASH AWARDS

4.1 Matching Amounts . An Employer shall provide Matching Amounts under this Plan with respect to each Participant who is eligible to be allocated matching contributions under the Savings Plan. The total Matching Amounts under this Plan on behalf of a Participant for each Plan Year shall equal (i) the amount which would be determined by applying the Matching Formula to the Compensation deferred by a Participant under Section 3.2(a)(i) and under the applicable Savings Plan, less (ii) the Employer matching contributions allocated to the Participant under the Savings Plan for such Plan Year.

4.2 Crediting Deferred Compensation, Matching Amounts and Cash Awards .

(a) The amount of Compensation that a Participant elects to defer shall be credited by the Employer to the Participant's Deferral Account as of the time such Compensation would otherwise become payable to the Participant.

(b) The amount of any Cash Award that a Participant elects to defer shall be credited to the Participant's Deferral Account as of the time such Cash Award would otherwise become payable to the Participant.

(c) The Matching Amount under the Plan for each Participant shall be credited by the Employer to the Participant's Matching Account at the same time that matching contributions are allocated under the Savings Plan.

(d) The number of Shares in a Share Award or percentage of Share Awards that a Participant elects to defer shall be credited to the Participant's Deferred Share Award Account in Units as of the time such Share Award would otherwise become payable to the Participant. The number of Units credited to the Participant's Deferred Share Award Account shall be equal to the number of Shares of a Participant's Share Award which the Participant has elected to defer.

(e) The Profit Sharing Contributions for each Participant, if any, shall be credited by the Employer to the Participant's Deferral Account at the same time that Profit Sharing Contributions are allocated under the Savings Plan.

12

## ARTICLE V

### BENEFIT ACCOUNTS

5.1 Investment of Deferral and Matching Accounts . As soon as practicable after the crediting of any amount to a Participant's Deferral Account or Matching Account, the Company may, in its sole discretion, direct that the Company invest the amount credited, in whole or in part, in such property (real, personal, tangible or intangible), other than securities of the Company, (collectively the "Investments"), as the Committee shall direct, or may direct that the Company retain the amount credited as cash to be added to its general assets. The Committee may, but is under no obligation to, direct the investment of amounts credited to a Participant's Deferral Account or Matching Account in accordance with requests made by the Participant and communicated to the Committee. Earnings from Investments shall be credited to a Participant's Deferral Account or Matching Account and shall be reinvested, as soon as practicable, in the manner provided above. The Company shall be the sole owner and beneficiary of all Investments, and all contracts and other evidences of the Investments shall be registered in the name of the Company. The Company, under the direction of the Committee, shall have the unrestricted right to sell any of the Investments included in any Participant's Deferral Account or Matching Account, and the unrestricted right to reinvest the proceeds of the sale in other Investments or to credit the proceeds of the sale to a Participant's Deferral Account or Matching Account as cash. Amounts credited to a Participant's Deferral Account or Matching Account that are not invested in Investments shall be credited to a Participant's Account as cash.

5.2 Determination of Account . As of each Determination Date, a Participant's Account shall consist of the following: (i) the balance of the Participant's Account as of the immediately preceding Determination Date, plus (ii) the Participant's deferred Compensation, Matching Amounts, and deferred Cash Awards credited pursuant to Section 4.2 since the immediately preceding Determination Date and any earnings and/or income credited to such amounts pursuant to Sections 5.1 and 5.3 as of such Determination Date, minus (iii) any losses or other diminution in the value of assets in such Account since the immediately preceding Determination Date, minus (iv) the aggregate amount of

distributions, if any, made from such Participant's Account since the immediately preceding Determination Date.

**5.3 Crediting of Interest.** As of each Determination Date, the amounts credited to a Participant's Account as cash shall be increased by the amount of interest earned since the immediately preceding Determination Date. Interest shall be credited at the Declared Rate as of such Determination Date based on the balance of the cash amounts credited to the Account since the immediately preceding Determination Date, but after such Account has been adjusted for any contributions or distributions to be credited or deducted for such period. Interest for the period prior to the first Determination Date applicable to a Participant's Account shall be deemed earned ratably over such period.

**5.4 Determination of Deferred Share Award Account.** On any particular date, a Participant's Deferred Share Award Account shall consist of the aggregate number of Units credited thereto pursuant to Section 4.2(d), plus any dividend equivalents credited pursuant to Section 5.5, minus the aggregate amount of distributions, if any, made from such Deferred Share Award Account.

**5.5 Crediting and Deferral of Dividend Equivalents .** Each Deferred Share Award Account shall be credited, as of the payment date of any cash dividend paid on Shares, with additional Units equal in value to the amount of cash dividends paid by the Company on that number of Shares equivalent to the Units in such Deferred Share Award Account on such payment date. Such dividend equivalents shall be valued using Fair Market Value. A Participant may elect to convert the Units representing such dividend equivalents to cash to be credited to his or her Deferral Account by filing a written notice thereof with the Committee no later than the time specified in Section 3.2(a) or (b) hereof, after which such election becomes irrevocable with respect to cash dividends paid after the Plan Year in which such notice is filed with the Committee. Until a Participant or his or her Beneficiary receives his or her entire Deferred Share Award Account, the unpaid balance thereof credited in Units shall earn dividend equivalents as provided in this Section 5.5. A Participant may elect to receive a fixed date distribution of a Cash Dividend Benefit equal to the amount of the dividend equivalent to be credited to his or her Deferred Share Award Account pursuant to Section 5.5 as of the payment date of a cash dividend on Shares. A Participant's election for a Cash Dividend Benefit shall be filed in writing with the Committee not later than the last day of the second Plan Year preceding the date the dividend equivalent otherwise would be so credited to his or her Deferred Share Award Account.

**5.6 Statements.** The Committee shall cause to be kept a detailed record of all transactions affecting each Participant's Account and Deferred Share Award Account and shall provide to each Participant as soon as administratively practicable after the close of each Plan Year, a written statement setting forth a description of the Investments and Units in such Participant's Account and Deferred Share Award Account and the cash balance, if any, of such Participant's Account, as of the last day of the preceding Plan Year and showing all adjustments made thereto during such Plan Year.

**5.7 Vesting of Account.** A Participant shall be 100% vested in his or her Account and Deferred Share Award Account at all times.

## ARTICLE VI

### PAYMENT OF BENEFITS

**6.1 Payment of Deferral Benefit and Deferred Share Award Benefit.** Upon the date elected by the Participant for the payment of his Deferral Benefit or his Deferred Share Award Benefit pursuant to Section 3.2(a), 3.2(b) or Section 3.2 (d) hereof, as the case may be, such benefit shall be paid in a lump sum or annual installments as the Participant has elected.

**6.2 Emergency Benefit.** In the event that the Committee, upon written petition of a Participant, determines, in its sole discretion, that the Participant has suffered an Emergency, the Employer shall permit the withdrawal of all or any part of a Participant's Accounts and shall pay to the Participant, as soon as practicable following such determination, an amount necessary to meet the Emergency, but not exceeding the amount reasonably necessary to relieve the Emergency upon which the request is based, plus the federal and state taxes due on the withdrawal, as determined by the Committee. The Committee may require a Participant who requests a withdrawal on account of an Emergency to submit such evidence as the Committee, in its sole discretion, deems necessary or appropriate to substantiate the circumstances upon which the request is based and the unavailability of other resources with which the Participant may

relieve the Emergency.

Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency such to constitute an Emergency. The amount of the Deferral Benefit and Deferred Share Award Benefit otherwise payable under the Plan to such Participant shall be adjusted to reflect the payment of the Emergency benefit.

Anything contained herein to the contrary notwithstanding, a Participant who receives a distribution from the Plan due to an Emergency shall have any current, existing deferral election(s) made under Section 3.2(a) or (b) cancelled, and any later deferral election made under Section 3.2(a) shall apply only to Base Salary, Bonus, Cash Awards or Share Awards that would otherwise be payable at least six (6) months after receipt of such distribution.

Finally, if required by the terms of the Savings Plan, a Participant who receives a hardship distribution under the Savings Plan shall have any current, existing deferral election(s) made under Section 3.2(a) or (b) cancelled, and any later deferral election made under Section 3.2(a) shall apply only to Base Salary, Bonus, Cash Awards or Share Awards that would otherwise be payable at least six (6) months after receipt of such distribution.

6.3 Annual Installment Payments . The amount of each annual installment under Section 3.2 shall be equal to the quotient obtained by dividing the Participant's Account balance as of the date of such installment payment by the number of installment payments remaining to be made to or in respect of such Participant at the time of calculation.

6.4 Form of Cash Dividend Benefit . The Cash Dividend Benefit payable pursuant to Section 5.5 shall be in the form of a lump sum.

6.5 Form of Distribution Upon Death or Disability . Notwithstanding the foregoing, a Participant's Accounts (or the remaining portions thereof if payment to the Participant had commenced) shall be distributed to his or her Beneficiary in the form of a single lump sum payment within 60 days following his or her death or Disability.

6.6 Share Ownership Guidelines . Notwithstanding any provision in the Plan to the contrary, no Shares payable under this Article VI that relate to deferrals or matching contributions made on or after January 1, 2007, may be transferred, sold, exchanged or otherwise disposed of by 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 Employer shall withhold Shares to the extent necessary to satisfy federal, state or local income tax withholding requirements, as described in Section 10.4. 15

6.7 Small Benefit. At the commencement of distribution, in the event the Committee determines that the balance of all Accounts under the Plan is less than \$50,000, the Employer shall pay the benefit in the form of a single lump sum payment within ninety (90) days of the distribution commencement date, notwithstanding any provision of the Plan to the contrary. Such lump sum payment shall be equal to the balance of the Participant's Account, or the portion thereof payable to a beneficiary.

6.8 Default Distribution Election. If a Participant fails to make an election with respect to his or her Accounts in a timely manner as provided in Section 3.2(a) or (b), distribution shall be made in a single lump sum payment of cash or Shares, as applicable, upon the earliest to occur of the Participant's death, Disability or 6-Month Date.

6.9 Change in Control Distribution. Notwithstanding any other provision of the Plan, including Annex A and Annex B, in the event of a Change in Control the balances in each Participant's Accounts shall become nonforfeitable and shall be distributed in a single lump sum in cash and/or Common Shares within three (3) business days after such Change in Control. In addition, any deferral elections in existence on the date of the Change in Control shall be nullified and void.

6.10 Transition Relief under Section 409A of the Code. Distribution elections shall have been made between January 1, 2005 and December 31, 2008 which did not fully conform to the terms and provisions of this Amendment and Restatement of the Plan. Such elections were permitted under the transition relief provisions of Internal Revenue Service Notice 2005-1 and subsequent guidance and shall be given full force and effect. Such elections can be changed in any way allowed by such transition guidance before January 1, 2009. On or after January 1, 2009, any further change in such elections must be made in full conformity with this Amendment and Restatement and the provisions of

## ARTICLE VII

### BENEFICIARY DESIGNATION

7.1 Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person or persons as his or her Beneficiary to whom payment under the Plan shall be made in the event of his or her death prior to complete distribution to the Participant of his or her Account(s). Any Beneficiary designation shall be made in a written instrument filed with the Committee and shall be effective only when received in writing by the Committee.

7.2 Amendments. Any Beneficiary designation may be changed by a Participant by the filing of a new Beneficiary designation, which will cancel all Beneficiary designations previously filed.

7.3 No Designation. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

16

7.4 Effect of Payment. Payment to a Participant's Beneficiary (or, upon the death of a Beneficiary, to the Beneficiary's estate) shall completely discharge the Employer's obligations under the Plan.

## ARTICLE VIII

### ADMINISTRATION

8.1 Committee. The administrative committee for the Plan (the "Committee") shall be those members of the Compensation and Organization Committee of the Board who are not Participants, as long as there are at least three such members. If there are not at least three such non participating persons on the Compensation Committee, the chief executive officer of the Company shall appoint other non participating Directors or Company officers to serve on the Committee. The Committee shall supervise the administration and operation of the Plan, may from time to time adopt rules and procedures governing the Plan and shall have authority to construe and interpret the Plan (including, without limitation, by supplying omissions from, correcting deficiencies in, or resolving inconsistencies and ambiguities in, the language of the Plan).

8.2 Agents. The Committee may appoint an individual, who may be an employee of the Company, to be the Committee's agent with respect to the day today administration of the Plan. In addition, the Committee may, from time to time, employ other agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

8.3 Binding Effect of Decisions. Any decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan shall be final and binding upon all persons having any interest in the Plan.

8.4 Indemnity of Committee. The Company shall indemnify and hold harmless the members of the Committee and their duly appointed agents under Section 8.2 against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to the Plan, except in the case of gross negligence or willful misconduct by any such member or agent of the Committee.

## ARTICLE IX

### AMENDMENT AND TERMINATION OF PLAN

9.1 Amendment. The Company, on behalf of itself and of each Selected Affiliate may at any time amend, suspend or

reinstate any or all of the provisions of the Plan, except that no such amendment, suspension or reinstatement may adversely affect any Participant's Account or Deferred Share Award Account, as it existed as of the effective date of such amendment, suspension or reinstatement, without such Participant's prior written consent, unless such amendment is deemed necessary by the Company to bring this Plan into compliance with Section 409A of the Code or any other applicable law. Written notice of any amendment or other action with respect to the Plan shall be given to each Participant.

Notwithstanding the above paragraph, no future amendment to this Plan shall apply to any Participant's Plan benefits that were earned and vested on or before December 31, 2004, except to the extent expressly provided in such amendment.

9.2 Termination. The Company, on behalf of itself and of each Selected Affiliate, in its sole discretion, may terminate this Plan at any time and for any reason whatsoever. In the event the Company elects to terminate the Plan as provided in this Section, no distribution of Accounts or payment of benefits shall occur as a result, except as otherwise provided in an amendment to this Plan, including without limitation an amendment to the Plan for the liquidation and termination of the Plan where:

(a) the termination and liquidation does not occur proximate to a downturn in the financial health of the Company and Affiliates;

(b) the Plan and all arrangements required to be aggregated with the Plan under Section 409A of the Code are terminated and liquidated;

(c) no payments, other than those that would be payable under the terms of the Plan and the aggregated arrangements if the termination and liquidation had not occurred, are made within twelve (12) months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan;

(d) all payments are made within twenty-four (24) months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan; and

(e) the Company or Subsidiaries do not adopt a new arrangement that would be aggregated with any terminated arrangement under Section 409A of the Code, at any time within three (3) years following the date of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

## ARTICLE X

### MISCELLANEOUS

10.1 Funding. Participants, their Beneficiaries, and their heirs, successors and assigns, shall have no secured interest or claim in any property or assets of the Employer. The Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Employer to pay money in the future. Notwithstanding the foregoing, in the event of a Change in Control (that does not result in a change in the financial health of the Company), the Company shall create an irrevocable trust to hold funds to be used in payment of the obligations of the Employers under the Plan, and the Company shall fund such trust in an amount equal to no less than the total value of the Participants' Accounts or Deferred Share Award Accounts under the Plan as of the Determination Date immediately preceding the Change in Control, provided that any funds contained therein shall remain liable for the claims of the respective Employer's general creditors.

10.2 Nonassignability. No right or interest under the Plan of a Participant or his or her Beneficiary (or any person claiming through or under any of them) shall be assignable or transferable in any manner or be subject to alienation, anticipation, sale, pledge, encumbrance or other legal process or in any manner be liable for or subject to the debts or liabilities of any such Participant or Beneficiary. If any Participant or Beneficiary shall attempt to or shall transfer, assign, alienate, anticipate, sell, pledge or otherwise encumber his or her benefits hereunder or any part thereof, or if by reason of his or her bankruptcy or other event happening at any time such benefits would devolve upon anyone else or would not be enjoyed by him or her, then such assignment shall be void ab initio.

**10.3 Legal Fees and Expenses** . It is the intent of the Company and each Selected Affiliate that following a Change in Control no Eligible Employee or former Eligible Employee be required to incur the expenses associated with the enforcement of his or her rights under this Plan by litigation or other legal action because the cost and expense thereof would substantially detract from the benefits intended to be extended to an Eligible Employee hereunder. Accordingly, if it should appear that the Employer has failed to comply with any of its obligations under this Plan or in the event that the Employer or any other person takes any action to declare this Plan void or unenforceable, or institutes any litigation designed to deny, or to recover from, the Eligible Employee the benefits intended to be provided to such Eligible Employee hereunder, the Employer irrevocably authorizes such Eligible Employee from time to time to retain counsel of his or her choice, at the expense of the Employer as hereafter provided, to represent such Eligible Employee in connection with the initiation or defense of any litigation or other legal action, whether by or against the Employer or any director, officer, stockholder or other person affiliated with the Employer in any jurisdiction. Notwithstanding any existing or prior attorney client relationship between the Employer and such counsel, the Employer irrevocably consents to such Eligible Employee's entering into an attorney client relationship with such counsel, and in that connection the Employer and such Eligible Employee agree that a confidential relationship shall exist between such Eligible Employee and such counsel. The Employer shall pay and be solely responsible for any and all attorneys' and related fees and expenses incurred by such Eligible Employee as a result of the Employer's failure to perform under this Plan or any provision thereof; or as a result of the Employer or any person contesting the validity or enforceability of this Plan or any provision thereof. The Employer agrees to reimburse an Eligible Employee or pay directly to such counsel any and all reasonable costs and expenses (including but not limited to reasonable attorneys' fees) an Eligible Employee may incur in connection with such failure to perform under the Plan with such reimbursement to occur no later than the end of the taxable year following the taxable year in which such expense was incurred. In addition, the amounts eligible for reimbursement during any one taxable year under this Section 10.3 may not affect the expenses eligible for reimbursement in any other taxable year under this Section 10.3.

**10.4 Withholding Taxes** . The Employer shall withhold the minimum amount of taxes which it determines it is required by law or required by the terms of this Plan to withhold in connection with any recognition of income incident to this Plan payable in cash or Shares to a Participant or Beneficiary. In the event of a taxable event occurring with regard to Shares on or after the date that the Shares become nonforfeitable, the Employer shall reduce the fewest number of such Shares credited to the Participant or Beneficiary's Accounts for the Fair Market Value of such Shares to equal (or exceed by not more than the Fair Market Value of a single Share) the Participant's or other person's "Minimum Withholding Tax Liability" resulting from such recognition of income. The Employer shall pay cash equal to such Fair Market Value to the appropriate taxing authority for purposes of satisfying such withholding responsibility. If a distribution or other event does not result in any withholding tax liability as a result of the Participant's election to be taxed at an earlier date or for any other reason, the Company shall not reduce the Shares credited to such Account. For purposes of this Section 10.4, a person's "Minimum Withholding Tax Liability" is the product of: (a) the aggregate minimum applicable federal and applicable state and local income withholding tax rates on the date of a recognition of income incident to the Plan; and (b) the Fair Market Value of the Shares recognized as income to the Participant or other person determined as of the date of recognition of income, or other taxable amount under applicable statutes.

**10.5 Captions** . The captions contained herein are for convenience only and shall not control or affect the meaning or construction hereof.

**10.6 Governing Law** . The provisions of the Plan shall be construed and interpreted according to the laws of the State of Ohio.

**10.7 Successors** . The provisions of the Plan shall bind and inure to the benefit of the Company, its selected Affiliates, and their respective successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise, acquire all or substantially all of the business and assets of the Company or a Selected Affiliate and successors of any such corporation or other business entity.

**10.8 Right to Continued Service** . Nothing contained herein shall be construed to confer upon any Eligible Employee the right to continue to serve as an Eligible Employee of the Employer or in any other capacity.

**10.9 Prior Plan Provisions** . The provisions of the Plan in effect prior to January 1, 2005 shall govern amounts which were earned and vested prior to such date.

10.10 Section 409A Compliance. It is the intention and purpose of the Company that this Plan shall be, at all relevant times, in compliance with (or exempt from) Section 409A of the Code and all other applicable laws, and this Plan shall be so interpreted and administered. In addition to the general amendment rights of the Company with respect to the Plan, the Company specifically retains the unilateral right (but not the obligation) to make, prospectively or retroactively, any amendment to this Plan or any related document as it deems necessary or desirable to more fully address issues in connection with compliance with (or exemption from) Section 409A of the Code and such other laws. In no event, however, shall this section or any other provisions of this Plan be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, this Plan and the Company shall have no responsibility for tax or legal consequences to any Participant (or Beneficiary) resulting from the terms or operation of this Plan.

20

Executed this 11th day of November, 2008.

CLIFFS NATURAL RESOURCES INC.

By: /s/ William A. Brake

Its: Executive Vice President – Human and Technical Resources

21

ANNEX A

CLIFFS NATURAL RESOURCES INC. (formerly known as CLEVELAND-CLIFFS INC)

MANAGEMENT SHARE ACQUISITION PROGRAM

Terms and Conditions

ARTICLE I

ESTABLISHMENT

A 1.1 Establishment.

(a) This Article contains the following terms and conditions applicable to the MSAP.

(b) Credits, distributions and issuances of Shares under the MSAP may be made under the 1992 or 2007 Incentive Equity Plan or otherwise.

A 1.2 Term of MSAP. The MSAP shall terminate upon the earliest of (a) the termination of the Plan, or (b) the termination by the Company of the MSAP, each in accordance with section 9.2 of the Plan.

ARTICLE II

DEFINITIONS

A 2.1 Special Definitions Applicable to the MSAP. Unless provided otherwise in the MSAP, all capitalized terms shall have the same meanings as set forth in the Plan. For purposes of the MSAP, the following terms shall be defined as set forth below:

“**Account**” means the bookkeeping account maintained for each Participant showing his or her interest under the MSAP. An Account shall consist of a “Cash Account,” a “Deferred Shares Account” and a “Matching Shares



Account”. The number of Shares in an Account shall be adjusted as appropriate to reflect any stock dividend, stock split, recapitalization, merger, spinoff or other similar event affecting Shares.

“**Deferral Commitment**” means an agreement by a Participant in a Participation Agreement (in accordance with Article III of the Plan) to have a specified percentage or dollar amount of his or her Bonus deferred under the MSAP for a specified period in the future.

“**Deferred Shares**” means the Shares notionally credited to a Participant’s Deferred Shares Account.

“**Insider Participant**” means any Participant who is required to file reports with the Securities and Exchange Commission pursuant to Section 16(a) of the Exchange Act, and any rules promulgated thereunder.

“**Matching Shares**” means the notional Shares credited to a Participant’s Matching Shares Account pursuant to Section A 5.1(a) and/or restricted shares issued to a Participant pursuant to Section A 5.1(b), as the context requires.

“**Quarter Date**” means the last day of a calendar quarter.

“**Retirement**” means retirement from active employment with the Company and each of its Selected Affiliates on or after attaining age 65 or, if earlier, the age at which the Participant may retire with an unreduced normal retirement benefit under the tax-qualified pension benefit plan sponsored by the Company or a Selected Affiliate and applicable to the Participant, or early retirement under such plan with the consent of the Committee.

“**Settlement Date**” means the date provided herein or in the Plan for distribution of all or a portion of the amounts deferred during a Plan Year.

### ARTICLE III PARTICIPATION

A 3.1 Participation. Any Eligible Employee may participate in the MSAP.

A 3.2 Duration of Participation. Participation in the MSAP shall continue as long as the Participant is eligible to receive benefits under the MSAP.

### ARTICLE IV DEFERRALS AND VOLUNTARY AMOUNTS

A 4.1 Amount of Deferral. As determined by the Committee with respect to each Plan Year, a Participant may elect to defer a specified dollar amount or percentage of his or her Bonus in accordance with Section 3.2(a) or (b) of the Plan. A Participant’s deferral election under a Participation Agreement pursuant to Section 3.2(a) or (b) shall designate the time of distribution for the Participant’s MSAP Accounts (that is, the Participant’s Cash Account, Deferred Shares Account and Matching Shares Account) for such Plan Year which date must be (a) the 6-Month Date, (b) a specified date which is no earlier than the first day of the sixth Plan Year following the Plan Year when the Bonus would have otherwise been payable, or (c) the earlier of (a) or (b). In the event that a Participant fails to make an election under this Section A 4.1 or makes an improper election hereunder, the Participant’s MSAP Accounts shall be distributed on the earlier of January 15 in the sixth Plan Year after the Plan Year when the Bonus would otherwise have been paid or the 6-Month Date.

A 4.2 Automatic Deferrals. A Participant’s Bonus in excess of amounts deductible by the Company with respect to a Plan Year under Section 162(m) of the Code may be deferred under the MSAP under rules adopted by the Committee, so long as such rules comply with Section 409A of the Code and Section 3.2 of the Plan.

### ARTICLE V MATCHING CONTRIBUTIONS

## A 5.1 Matching Contributions .

The Company shall at the discretion of the Committee either

(a) credit to the Participant's Matching Shares Account 25% of the amounts allocated to his or her Deferred Shares Account directly as the result of Bonus deferrals made pursuant to Section A 4.1, but no such credit shall be made as the result of allocation of dividends pursuant to Section A 6.4. (Matching Shares credited pursuant to this Subsection shall become nonforfeitable in accordance with Section A 6.6); or

(b) issue restricted shares equal in number to 25% of the amounts allocated to his or her Deferred Shares Account directly as the result of Bonus deferrals made pursuant to Section A 4.1, but no such issuance shall be made as the result of allocation of dividends pursuant to Section A 6.4. (Restricted shares issued pursuant to this Subsection shall become nonforfeitable five years after the issuance, subject to such conditions of continuous employment and continuous share ownership as are set forth in a restricted share agreement by and between the Company and the Participant).

## ARTICLE VI

### PARTICIPANT ACCOUNTS

A 6.1 Establishment of Accounts . The Company, through its accounting records, shall establish a Deferred Shares Account and a Cash Account, and, as necessary, a Matching Shares Account for each Participant who elects to defer a Bonus as provided in Section A 4.1.

A 6.2 Crediting of Deferral Commitments and Matching Contributions . The portion of a Participant's Bonus that is deferred pursuant to a Deferral Commitment and any related matching contribution under Section A 5.1(a) shall be credited to the Participant's Deferred Shares Account and Matching Shares Account, respectively, as of the date the corresponding non deferred portion of the Bonus would have been paid to the Participant; provided, however, that the portion of a Participant's Bonus that is deferred pursuant to Section A 4.2 shall be credited to the Participant's Account as of the date the Bonus would have been paid to the Participant absent the application of Section A 4.2. From January 1, 2005 through December 31, 2008, as of such payment date, (a) the credits to each Participant's Deferred Shares Account for each such payment date, shall be deemed invested in a number of whole Deferred Shares determined by dividing such credits by the Fair Market Value for such date, and (b) the credits for such date to each Participant's Matching Shares Account shall be deemed invested in a number of whole Matching Shares determined by dividing such credits by the Fair Market Value for such date. Fractional Shares shall be credited to the Cash Account. On or after January 1, 2009, as of such payment date, (i) the credits to each Participant's Deferred Shares Account for each such payment date, shall be deemed invested in a number of Deferred Shares computed to the nearest one one-thousandth (1/1000) of a Share determined by dividing such credits by the Fair Market Value for such date, and (ii) the credits for such date to each Participant's Matching Shares Account shall be deemed invested in a number of Matching Shares computed to the nearest one one-thousandth (1/1000) of a Share determined by dividing such credits by the Fair Market Value for such date.

### A 6.3 Determination of Accounts .

(a) The balance credited to each Participant's Account as of a particular date shall equal the amount credited pursuant to Section A 6.2, and shall be adjusted in the manner provided in Section A 6.4.

(b) The Company through its accounting records, shall maintain a separate and distinct record of the amount in each Account for each Plan Year as adjusted to reflect income and distributions.

### A 6.4 Adjustments to Accounts .

(a) Each Account shall be credited, as of the payment date of any cash dividend paid on Shares, with additional Deferred Shares and Matching Shares equal in value to the amount of cash dividends paid by the Company on that number of Shares equivalent to the respective number of Deferred Shares and Matching Shares in such Account on such payment date. From January 1, 2005 through December 31, 2008, the additional Shares shall be calculated by

dividing the dollar value of such dividend equivalents by the Fair Market Value at the dividend payment date. Fractional Shares shall be credited to the Cash Account. On or after January 1, 2009, the additional Shares shall be calculated to the nearest one one-thousandth (1/1000) of a Share by dividing the dollar value of such dividend equivalents by the Fair Market Value at the dividend payment date.

(b) A Participant may elect to convert the Deferred Shares representing a portion of such dividend equivalents to cash to be credited to his or her Cash Account by filing a written notice thereof with the Committee, which shall be effective only with respect to cash dividends paid after the Plan Year in which such notice is filed with the Committee. As of each Determination Date, Cash Accounts shall be increased by the amount of interest earned since the immediately preceding Determination Date. Interest shall be credited at the Declared Rate as of such Determination Date based on the balance of the cash amounts credited to the Cash Account since the immediately preceding Determination Date, but after such Cash Account has been adjusted for any contributions or distributions to be credited or deducted for such period. Interest for the period prior to the first Determination Date applicable to a Participant's Cash Account shall be deemed earned ratably over such period. Until a Participant or his or her Beneficiary receives his or her entire Account, the unpaid balance thereof credited in Deferred Shares and Matching Shares shall be credited with dividend equivalents as provided in this Subsection, except as provided in Section A 7.2.

(c) Each Participant's Account shall be immediately debited with the amount of any distributions under Article VIII to or on behalf of the Participant or, in the event of his or her death, his or her Beneficiary.

A 6.5 Statement of Accounts . As soon as practicable after the end of each calendar quarter, a statement shall be furnished to each Participant or, in the event of his or her death, to his or her Beneficiary showing the status of his or her Account as of the end of the calendar quarter, any changes in his or her Account since the end of the immediately preceding calendar quarter, and such other information as the Committee shall determine.

#### A 6.6 Vesting of Accounts .

(a) Except as provided in Section A 6.7, each Participant shall at all times have a nonforfeitable interest in his or her Deferred Shares Account balance and his or her Cash Account balance.

(b) Matching Shares attributable to credits pursuant to Section A 5.1(a) in a Participant's Matching Shares Account with respect to a Plan Year, and additional Matching Shares attributable to dividend credits with respect to such Matching Shares pursuant to Section A 6.4(a)(i), shall become nonforfeitable as of the fifth anniversary of the crediting of the Matching Shares pursuant to Section A 5.1(a) (the "vesting period"), provided that:

(i) the Participant has remained in the continuous employ of the Company or a Selected Affiliate during the applicable vesting period; and

(ii) the Participant, during the applicable vesting period, does not receive a distribution of deemed Shares credited to his or her Deferred Shares Account as the result of the deferral by the Participant of the Bonus which relates to the crediting of the Matching Shares pursuant to Section A 5.1(a).

(c) Notwithstanding the provisions of Subsection (b) of this Section, the nonvested portion of a Participant's Account will become immediately nonforfeitable in the event of the Participant's death, Disability, or upon the occurrence of a Change in Control of the Company.

(d) Notwithstanding the provisions of Subsection (b) of this Section, the nonvested portion of a Participant's Account will become nonforfeitable in the event of the Participant's Retirement, provided that the Participant does not receive a distribution from the MSAP of the Shares attributable to the Deferred Shares relating to the nonvested Matching Shares until the fifth anniversary of the applicable date of issuance.

(e) Any portion of an Account as to which the requirements of Subsections (b), (c) or (d) of this Section have not been satisfied shall be forfeited, unless the Committee determines otherwise.

(f) For purposes of this Section, the continuous employment of a Participant with the Company or a Selected Affiliate shall not be deemed to have been interrupted, and the Participant will not be deemed to have ceased

to be an employee of the Company or a Selected Affiliate, by reason of the transfer of his or her employment among the Company and its Selected Affiliates or of an approved leave or absence.

## ARTICLE VII DISTRIBUTIONS

### A 7.1 Distribution of Accounts .

(a) Except in the case of death, Disability, Change in Control and Emergency, each portion of a Participant's Accounts shall be distributed to him at the time and in the form that the Participant shall have elected in accordance with Section 3.2 of the Plan. If, at the time of distribution of a portion of the Participant's Deferred Shares Account, Matching Shares relating to such Deferred Shares that have not been credited to the Participant's Account for at least five years shall be forfeited.

(b) In the case of the death of a Participant, all of his or her accounts under the MSAP shall be distributed to his or her beneficiaries as soon as possible in a single lump sum payment regardless of the elections of the Participant. All Matching Shares credited to the Participant's Matching Shares Account shall be fully vested and nonforfeitable in the event of his or her death.

(c) In the case of the Disability of a Participant, all of his or her accounts under the MSAP shall be distributed to the Participant as soon as possible in a single lump sum payment regardless of the elections of the Participant. All Matching Shares credited to the Participant's Matching Shares Account shall be fully vested and nonforfeitable in the event of his or her Disability.

(d) In the case of an Emergency of a Participant, such portion of his or her accounts under the MSAP as shall be necessary to satisfy the Emergency shall be distributed to the Participant as soon as possible in a single lump sum payment regardless of the elections of the Participant. If, at the time of distribution of a portion of the Participant's Deferred Shares Account, Matching Shares relating to such Deferred Shares that have not been credited to the Participant's Account for at least five years shall be forfeited.

(e) In the case of a Change in Control, all of a Participant's accounts under the MSAP shall be distributed to the Participant as soon as possible in a single lump sum payment regardless of the elections of the Participant. All Matching Shares credited to the Participant's Matching Shares Account shall be fully vested and nonforfeitable in the event of a Change in Control.

(f) The number of Shares distributable shall be equal to the number of Deferred Shares and Matching Shares in the Participant's Account determined as of the Quarter Date coincident with or next following his or her Settlement Date or Dates.

A-6

### A 7.2 Form of Distribution .

(a) Distribution of a Participant's Deferred Shares and Matching Shares Account shall be made in whole Shares plus cash equal in value to any fractional Share in one of the forms set forth in Section 3.2(a) of the Plan, without interest, but with dividends reinvested as provided in Section 5.5 of the Plan. Distribution of a Participant's Cash Account shall be made in cash.

(b) In the event that the distribution is made in installments, the amount of cash and the number of Shares to be distributed in each installment shall be equal to the quotient obtained by dividing the amount of cash and the number of Deferred Shares and nonforfeitable Matching Shares in the Participant's Account as of the date of such installment payment by the number of installment payments remaining to be made to such Participant at the time of calculation. Fractional Shares shall be rounded down to the nearest whole share, and such fractional amount shall be re-credited as a fractional Deferred Share or Matching Share in the Participant's Account.

(c) Notwithstanding any provision in the MSAP to the contrary, no Shares payable from the MSAP that relate to deferrals or matching contributions made on or after January 1, 2007, may be transferred, sold, exchanged or otherwise disposed by 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 Company shall withhold Shares to the extent necessary to satisfy federal, state or local income tax withholding requirements, as described in Section 10.4 of the Plan.

A 7.3 Facility of Payment. Whenever and as often as any Participant or his or her Beneficiary entitled to payments under the MSAP shall be under a legal disability or, in the sole judgment of the Committee, shall otherwise be unable to apply such payments to his or her own best interests and advantage, the Committee in the exercise of its discretion may direct all or any portion of such payments to be made in any one or more of the following ways: (a) directly to him or her; (b) to his or her legal guardian or conservator; or (c) to his or her spouse or to any other person, to be expended for his or her benefit; and the decision of the Committee, shall in each case be final and binding upon all persons in interest.

A 7.4 Payment of Small Accounts. Notwithstanding any other provision of the MSAP, if a Participant's Accounts under the Plan and the MSAP combined are credited with \$50,000 or less on his or her Settlement Date, his or her Account shall be distributed to him or her in a single lump sum distribution as soon as practicable, but no later than 90 days, following his or her Settlement Date.

A-7

ANNEX B

CLIFFS NATURAL RESOURCES INC. (formerly known as CLEVELAND-CLIFFS INC)

## OFFICER SHARE ACQUISITION PROGRAM

Terms and Conditions

### ARTICLE I ESTABLISHMENT

#### B 1.1 Establishment.

(a) This Article contains the following terms and conditions applicable to the OSAP.

(b) Credits, distributions and issuances of Shares under the OSAP may be made under the 1992 or 2007 Incentive Equity Plan or otherwise.

B 1.2 Term of OSAP. The OSAP shall terminate upon the earliest of (a) the termination of the Plan, or (b) the termination by the Company of the OSAP, each in accordance with section 9.2 of the Plan.

### ARTICLE II

#### DEFINITIONS

B 2.1 Special Definitions Applicable to the OSAP. Unless provided otherwise in the OSAP, all capitalized terms shall have the same meanings as set forth in the Plan. For purposes of the OSAP, the following terms shall be defined as set forth below:

**“Account”** means the bookkeeping account maintained for each Participant showing his or her interest under the OSAP. An Account shall consist of a “Cash Account,” a “Investment Shares Account” and a “Matching Shares Account”. The number of Shares in an Account shall be adjusted as appropriate to reflect any stock dividend, stock split, recapitalization, merger, spinoff or other similar event affecting Shares.

**“Insider Participant”** means any Participant who is required to file reports with the Securities and Exchange Commission pursuant to Section 16(a) of the Exchange Act, and any rules promulgated thereunder.

**“Investment Commitment”** means an agreement by a Participant in a Participation Agreement (in accordance with Article III of the Plan) to have a specified percentage or dollar amount of his or her Deferral Account invested in Shares and transferred for Plan accounting purposes to the OSAP.

B-1

**“Investment Shares”** means the Shares notionally credited to a Participant’s Investment Shares Account.

**“Matching Shares”** means the notional Shares credited to a Participant’s Matching Shares Account pursuant to Section B 5.1(a) and/or restricted shares issued to a Participant pursuant to Section B 5.1(b), as the context requires.

**“Quarter Date”** means the last day of a calendar quarter.

**“Retirement”** means retirement from active employment with the Company and each of its Selected Affiliates on or after attaining age 65 or, if earlier, the age at which the Participant may retire with an unreduced normal retirement benefit under the tax-qualified pension benefit plan sponsored by the Company or a Selected Affiliate and applicable to the Participant, or early retirement under such plan with the consent of the Committee.

**“Settlement Date”** means the date provided herein or in the Plan for distribution of all or a portion of the amounts deferred during a Plan Year.

### ARTICLE III PARTICIPATION

B 3.1 Participation. Any Eligible Employee who is an elected officer of the Company may participate in the OSAP.

B 3.2 Duration of Participation. Participation in the OSAP shall continue as long as the Participant is eligible to receive benefits under the OSAP.

### ARTICLE IV VOLUNTARY INVESTMENT OF DEFERRAL ACCOUNTS

B 4.1 Amount of Investment. As determined by the Committee with respect to each Plan Year, a Participant may elect to invest a specified dollar amount or percentage of his or her Deferral Account in Shares; provided, however, that no Participant may elect to invest any such amount or percentage in excess of that needed to enable such Participant to satisfy the Company’s Share Ownership Guidelines in effect from time to time. As determined by the Committee with respect to each Plan Year, a Participant may elect to defer a specified dollar amount or percentage of his or her Bonus in accordance with Section 3.2(a) or (b) of the Plan. A Participant’s deferral election under a Participation Agreement pursuant to Section 3.2(a) or (b) shall designate the time of distribution for the Participant’s OSAP Accounts (that is, the Participant’s Cash Account, Investment Shares Account and Matching Shares Account) for such Plan Year which date must be (a) the 6-Month Date, (b) a specified date which is no earlier than the first day of the sixth Plan Year following the Plan Year when the Bonus would have otherwise been payable, or (c) the earlier of (a) or (b). In the event that a Participant fails to make an election under this Section B 4.1 or makes an improper election hereunder, the Participant’s OSAP Accounts shall be distributed on the earlier of January 15 in the sixth Plan Year after the Plan Year when the Bonus would otherwise have been paid or the 6-Month Date.

### ARTICLE V MATCHING CONTRIBUTIONS

B 5.1 Matching Contributions.

The Company shall at the discretion of the Committee either

(a) credit to the Participant's Matching Shares Account 25% of the amounts allocated to his or her Investment Shares Account directly as the result of the election made pursuant to Section B 4.1, but no such credit shall be made as the result of allocation of dividends pursuant to Section B 6.4. (Matching Shares credited pursuant to this Subsection shall become nonforfeitable in accordance with Section B 6.6); or

(b) issue restricted shares equal in number to 25% of the amounts allocated to his or her Investment Shares Account directly as the result of the election made pursuant to Section B 4.1, but no such issuance shall be made as the result of allocation of dividends pursuant to Section B 6.4. (Restricted shares issued pursuant to this Subsection shall become nonforfeitable five years after the issuance, subject to such conditions of continuous employment and continuous share ownership as are set forth in a restricted share agreement by and between the Company and the Participant).

## ARTICLE VI

### PARTICIPANT ACCOUNTS

B 6.1 Establishment of Accounts. The Company, through its accounting records, shall establish an Investment Shares Account and a Cash Account, and, as necessary, a Matching Shares Account for each Participant who elects to invest as provided in Section B 4.1.

B 6.2 Crediting of Deferral Commitments and Matching Contributions. The portion of a Participant's Deferral Account that is invested pursuant to an Investment Commitment and any related matching contribution under Section B 5.1(a) shall be credited to the Participant's Investment Account and Matching Shares Account, respectively, as of the date the deemed investment in the Shares is made by the Participant. From January 1, 2005 through December 31, 2008, as of such investment date, (a) the credits to each Participant's Investment Shares Account for each such investment date, shall be deemed invested in a number of whole Investment Shares determined by dividing such credits by the Fair Market Value for such date, and (b) the credits for such date to each Participant's Matching Shares Account shall be deemed invested in a number of whole Matching Shares determined by dividing such credits by the Fair Market Value for such date. Fractional Shares shall be credited to the Cash Account. On or after January 1, 2009, as of such investment date, (i) the credits to each Participant's Investment Shares Account for each such investment date, shall be deemed invested in a number of Investment Shares computed to the nearest one one-thousandth (1/1000) of a Share determined by dividing such credits by the Fair Market Value for such date, and (ii) the credits for such date to each Participant's Matching Shares Account shall be deemed invested in a number of Matching Shares computed to the nearest one one-thousandth (1/1000) of a Share determined by dividing such credits by the Fair Market Value for such date.

B 6.3 Determination of Accounts.

(a) The balance credited to each Participant's Account as of a particular date shall equal the amount credited pursuant to Section B 6.2, and shall be adjusted in the manner provided in Section B 6.4.

(b) The Company through its accounting records, shall maintain a separate and distinct record of the amount in each Account for each Plan Year as adjusted to reflect income and distributions.

B 6.4 Adjustments to Accounts.

(a) Each Account shall be credited, as of the payment date of any cash dividend paid on Shares, with additional Investment Shares and Matching Shares equal in value to the amount of cash dividends paid by the Company on that number of Shares equivalent to the respective number of Investment Shares and Matching Shares in such Account on such payment date. From January 1, 2005 through December 31, 2008, the additional Shares shall be calculated by dividing the dollar value of such dividend equivalents by the Fair Market Value at the dividend payment date. Fractional Shares shall be credited to the Cash Account. On or after January 1, 2009, the additional Shares shall be calculated to the nearest one one-thousandth (1/1000) of a Share by dividing the dollar value of such dividend equivalents by the Fair Market Value at the dividend payment date.

(b) A Participant may elect to convert the Investment Shares representing a portion of such dividend equivalents to cash to be credited to his or her Cash Account by filing a written notice thereof with the Committee, which shall be effective only with respect to cash dividends paid after the Plan Year in which such notice is filed with the Committee. As of each Determination Date, Cash Accounts shall be increased by the amount of interest earned since the immediately preceding Determination Date. Interest shall be credited at the Declared Rate as of such Determination Date based on the balance of the cash amounts credited to the Cash Account since the immediately preceding Determination Date, but after such Cash Account has been adjusted for any contributions or distributions to be credited or deducted for such period. Interest for the period prior to the first Determination Date applicable to a Participant's Cash Account shall be deemed earned ratably over such period. Until a Participant or his or her Beneficiary receives his or her entire Account, the unpaid balance thereof credited in Investment Shares and Matching Shares shall be credited with dividend equivalents as provided in this Subsection, except as provided in Section B 7.2.

(c) Each Participant's Account shall be immediately debited with the amount of any distributions under Article VIII to or on behalf of the Participant or, in the event of his or her death, his or her Beneficiary.

B 6.5 Statement of Accounts . As soon as practicable after the end of each calendar quarter, a statement shall be furnished to each Participant or, in the event of his or her death, to his or her Beneficiary showing the status of his or her Account as of the end of the calendar quarter, any changes in his or her Account since the end of the immediately preceding calendar quarter, and such other information as the Committee shall determine.

B 6.6 Vesting of Accounts .

(a) Each Participant shall at all times have a nonforfeitable interest in his or her Investment Shares Account balance and his or her Cash Account balance.

(b) Matching Shares attributable to credits pursuant to Section B 5.1(a) in a Participant's Matching Shares Account with respect to a Plan Year, and additional Matching Shares attributable to dividend credits with respect to such Matching Shares pursuant to Section B 6.4(a)(i), shall become nonforfeitable as of the fifth anniversary of the crediting of the Matching Shares pursuant to Section B 5.1(a)(the "vesting period"), provided that:

(A) the Participant has remained in the continuous employ of the Company or a Selected Affiliate during the applicable vesting period; and

(B) the Participant, during the applicable vesting period, does not receive a distribution of deemed Shares credited to his or her Investment Shares Account as the result of the investment by the Participant which relates to the crediting of the Matching Shares pursuant to Section B 5.1(a).

(c) Notwithstanding the provisions of Subsection (b) of this Section, the nonvested portion of a Participant's Account will become immediately nonforfeitable in the event of the Participant's death, Disability, or upon the occurrence of a Change in Control of the Company.

(d) Notwithstanding the provisions of Subsection (b) of this Section, the nonvested portion of a Participant's Account will become nonforfeitable in the event of the Participant's Retirement, provided that the Participant does not receive a distribution from the OSAP of the Shares attributable to the Investment Shares relating to the nonvested Matching Shares until the fifth anniversary of the applicable date of issuance.

(e) Any portion of an Account as to which the requirements of Subsection (b) of this Section have not been satisfied shall be forfeited, unless the Committee determines otherwise.

(f) For purposes of this Section, the continuous employment of a Participant with the Company or a Selected Affiliate shall not be deemed to have been interrupted, and the Participant will not be deemed to have ceased to be an employee of the Company or a Selected Affiliate, by reason of the transfer of his or her employment among the Company and its Selected Affiliates or of an approved leave or absence.

ARTICLE VII



## DISTRIBUTIONS

### B 7.1 Distribution of Account.

(a) Except in the case of death, Disability, Change in Control and Emergency, each portion of a Participant's Accounts shall be distributed to him at the time and in the form that the Participant shall have elected in accordance with Section 3.2 of the Plan. If, at the time of distribution of a portion of the Participant's Investment Shares Account, Matching Shares relating to such Investment Shares that have not been credited to the Participant's Account for at least five years shall be forfeited.

(b) In the case of the death of a Participant, all of his or her accounts under the OSAP shall be distributed to his or her beneficiaries as soon as possible in a single lump sum payment regardless of the elections of the Participant. All Matching Shares credited to the Participant's Matching Shares Account shall be fully vested and nonforfeitable in the event of his or her death.

(c) In the case of the Disability of a Participant, all of his or her accounts under the OSAP shall be distributed to the Participant as soon as possible in a single lump sum payment regardless of the elections of the Participant. All Matching Shares credited to the Participant's Matching Shares Account shall be fully vested and nonforfeitable in the event of his or her Disability.

(d) In the case of an Emergency of a Participant, such portion of his or her accounts under the OSAP as shall be necessary to satisfy the Emergency shall be distributed to the Participant as soon as possible in a single lump sum payment regardless of the elections of the Participant. If, at the time of distribution of a portion of the Participant's Investment Shares Account, Matching Shares relating to such Investment Shares that have not been credited to the Participant's Account for at least five years shall be forfeited.

(e) In the case of a Change in Control, all of a Participant's accounts under the OSAP shall be distributed to the Participant as soon as possible in a single lump sum payment regardless of the elections of the Participant. All Matching Shares credited to the Participant's Matching Shares Account shall be fully vested and nonforfeitable in the event of a Change in Control.

(f) The number of Shares distributable shall be equal to the number of Investment Shares and Matching Shares in the Participant's Account determined as of the Quarter Date coincident with or next following his or her Settlement Date or Dates.

B-6

### B 7.2 Form of Distribution .

(a) Distribution of a Participant's Investment Shares and Matching Shares Accounts shall be made in whole Shares plus cash equal in value to any fractional Share in one of the forms set forth in Section 3.2(a) of the Plan, without interest, but with dividends reinvested as provided in Section 5.5 of the Plan. Distribution of a Participant's Cash Account shall be made in cash.

(b) In the event that the distribution is made in installments, the amount of cash and the number of Shares to be distributed in each installment shall be equal to the quotient obtained by dividing the amount of cash and the number of Investment Shares and nonforfeitable Matching Shares in the Participant's Account as of the date of such installment payment by the number of installment payments remaining to be made to such Participant at the time of calculation. Fractional Shares shall be rounded down to the nearest whole share, and such fractional amount shall be re-credited as a fractional Investment Share or Matching Share in the Participant's Account.

(c) Notwithstanding any provision in the OSAP to the contrary, no Shares payable from the OSAP that relate to deferrals or matching contributions made on or after January 1, 2007, may be transferred, sold, exchanged or otherwise disposed by 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 Company shall withhold Shares to the extent necessary to satisfy federal, state or local income tax withholding

requirements, as described in Section 10.4 of the Plan.

**B 7.3 Facility of Payment**. Whenever and as often as any Participant or his or her Beneficiary entitled to payments under the OSAP shall be under a legal disability or, in the sole judgment of the Committee, shall otherwise be unable to apply such payments to his or her own best interests and advantage, the Committee in the exercise of its discretion may direct all or any portion of such payments to be made in any one or more of the following ways: (a) directly to him or her; (b) to his or her legal guardian or conservator; or (c) to his or her spouse or to any other person, to be expended for his or her benefit; and the decision of the Committee, shall in each case be final and binding upon all persons in interest.

**B 7.4 Payment of Small Accounts**. Notwithstanding any other provision of the OSAP, if a Participant's Accounts under the Plan and OSAP combined are credited with \$50,000 or less on his or her Settlement Date, his or her Account shall be distributed to him or her in a single lump sum distribution as soon as practicable, but no later than 90 days, following his or her Settlement Date.

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (this “Agreement”), dated as of this \_\_\_ day of \_\_\_ is made and entered by and between Cliffs Natural Resources Inc., an Ohio corporation (the “Company”), and \_\_\_ (the “Executive”).

WITNESSETH:

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

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

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

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

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

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

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

- (a) “Base Pay” means the Executive’s annual base salary rate as in effect from time to time.
- (b) “Board” means the Board of Directors of the Company.
- (c) “Cause” means that, prior to any termination pursuant to Section 3(b), the Executive shall have committed:
  - (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his duties or in the course of his employment with the Company or any Subsidiary;
  - (ii) intentional wrongful damage to property of the Company or any Subsidiary;
  - (iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Subsidiary; or
  - (iv) intentional wrongful engagement in any Competitive Activity;

and any such act shall have been demonstrably and materially harmful to the Company. 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. 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 the occurrence during the Term of a "Change in Control" as defined in the 2007 Incentive Equity Plan of the Company approved by Shareholders at the 2007 Annual Meeting of Shareholders, as amended from time to time thereafter.
- (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 10% of such enterprise's net sales for its most recently completed fiscal year and if the Company's net sales of said product or service amounted to 10% of the Company's net sales for its most recently completed fiscal year. "Competitive Activity" will not include (i) the mere ownership of securities in any such enterprise and 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 Sections 414(b) and 414(c) of the Code.
- (h) "Continuation Period" means the \_\_\_year period commencing on 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 and welfare benefit policies, plans, programs or arrangements in which Executive is entitled to participate, including without limitation any stock option, performance share, performance unit, stock purchase, stock appreciation, 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 reduction in his Incentive Pay opportunity which results in a material diminution of the Executive's potential total compensation; and
  - (v) any other action or inaction that constitutes a material breach by his employer of the employment

agreement under which he provides services;

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

- (A) the Executive has provided notice to his employer of the existence of one or more of the conditions listed in (i) through (v) above within 90 days after the initial occurrence of such condition or conditions; and
  - (B) such condition or conditions have not been cured by his employer within 30 days after receipt of such notice.
- (l) “Incentive Pay” means an annual bonus, incentive or other payment of compensation, in addition to Base Pay, made or to be made in regard to services rendered in any year or other period pursuant to any bonus, incentive, profit-sharing, performance, discretionary pay or similar agreement, policy, plan, program or arrangement (whether or not funded) of the Company or a Subsidiary, or any successor thereto.
  - (m) “Industry Service” means professionally related service, prior to his employment by the Company or a Subsidiary, by the Executive as an employee within the iron, steel and mining industries or service within an industry to which such Executive’s position with the Company relates. The Executive shall be given credit for one year of Industry Service for every two years of service with the Company, as designated in writing by, or in minutes of the actions of, the Compensation and Organization Committee of the Board, and such years of credited Industry Service shall be defined as “Credited Years of Industry Service.”
  - (n) “Parent” shall mean the entity that owns 50% of the total fair market value and total voting power of the Controlled Group member that employs the Executive.
  - (o) “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.
  - (p) “Retirement Plans” means the retirement income, supplemental executive retirement, excess benefits and retiree medical, life and similar benefit plans providing retirement perquisites, benefits and service credit for benefits at least as great in value in the aggregate as are payable thereunder prior to a Change in Control.
  - (q) “Separation from Service” means the Executive’s separation from service within the meaning of Section 409A of the Code 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 Participant’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 purposes, 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).
  - (r) “Severance Compensation” means the severance pay and other benefits provided by Sections 4(a) and (b).
  - (s) “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.
  - (t) “Supplemental Retirement Plan” or “SRP” means the Cleveland-Cliffs Inc Supplemental Retirement Benefit Plan (as Amended and Restated as of January 1, 2001), as it may be amended prior to a Change in Control, and modified as provided in Annex A, Paragraph (5).

(u) “Term” means the period commencing as of the date hereof and expiring as of the later of (i) the close of business on December 31, 2011, or (ii) the expiration of the Protection Period; provided, however, that (A) on January 1, 2012, January 1, 2015 and each third January 1 thereafter, the term of this Agreement will automatically be extended for an additional three years unless, not later than September 30 of the immediately preceding year, 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 11, if, prior to a Change in Control, the Executive ceases for any reason to be an Officer or Mine Manager of the Company and any Subsidiary, thereupon without further action the Term shall be deemed to have expired and this Agreement will immediately terminate and be of no further effect.

(v) “Voting Stock” means securities entitled to vote generally in the election of directors.

2. Operation of Agreement . This Agreement will be effective and binding immediately upon its execution, but, anything in this Agreement to the contrary notwithstanding, this Agreement will not be operative unless and until a Change in Control occurs. Upon the occurrence of a Change in Control at any time during the Term, without further action, this Agreement shall become immediately operative, including without limitation, the last sentence of Section 11 notwithstanding that the Term may have theretofore terminated.

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

(i) The Executive’s death;

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

(iii) Cause.

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

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

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

4. Severance Compensation .(a) (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 pursuant to Section 3(b), the Company will pay to the Executive the amounts described in Paragraphs 1 and 8 of Annex A 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, will pay to the Executive the amounts described in Paragraphs 5 and 6 of Annex A within five (5) business days after the start of the seventh month following his Separation from Service, will continue to provide to the Executive the benefits described in Paragraphs 2 and 3 of Annex A for the periods described therein, and will provide to the Executive the additional benefits described in Paragraphs 4, 9 and 10 of Annex A.

- (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. 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, 9, 10, the last sentence of Section 11, and Paragraph (5) of Annex A will survive any termination or expiration of this Agreement or the Executive’s Separation from Service following a Change in Control for any reason whatsoever.
- (d) In the event that there is no provision in any applicable policy, plan, program or agreement dealing with the occurrence of a Change in Control, all equity incentive grants and awards held by the Executive shall become fully vested and immediately payable in cash on the date of the Change in Control valued at target on such date and all stock options held by the Executive shall become fully exercisable on the date of the Change in Control.
5. Certain Additional Payments by the Company .(a) (a) Anything in this Agreement to the contrary notwithstanding, in the event that this Agreement shall become operative and it shall be determined (as hereafter provided) that any payment (other than the Gross-Up payments provided for in this Section 5) or distribution by the Company or any of its affiliates to or for the benefit of the Executive, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise pursuant to or by reason of any other agreement, policy, plan, program or arrangement, including without limitation any stock option, performance share, performance unit, stock appreciation right or similar right, or the lapse or termination of any restriction on or the vesting or exercisability of any of the foregoing (a “Payment”), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”) (or any successor provision thereto) by reason of being considered “contingent on a change in ownership or control” of the Company, within the meaning of Section 280G of the Code (or any successor provision thereto) or to any similar tax imposed by state or local law, or any interest or penalties with respect to such tax (such tax or taxes, together with any such interest and penalties, being hereinafter collectively referred to as the “Excise Tax”), then the Executive shall be entitled to receive an additional payment or payments (collectively, a “Gross-Up Payment”); provided, however, that no Gross-up Payment shall be made with respect to the Excise Tax, if any, attributable to (i) any incentive stock option, as defined by Section 422 of the Code (“ISO”) granted prior to the execution of this Agreement, or (ii) any stock appreciation or similar right, whether or not limited, granted in tandem with any ISO described in clause (i). The Gross-Up Payment shall be in an amount such that, after payment by the Executive of all taxes (including any interest or penalties imposed with respect to such taxes), including any Excise Tax imposed upon the Gross-Up Payment, the Executive retains an amount of the Gross-Up Payment equal to the Excise Tax imposed upon the Payment.
- (b) Subject to the provisions of Section 5(f), all determinations required to be made under this Section 5, including whether an Excise Tax is payable by the Executive and the amount of such Excise Tax and whether a Gross-Up Payment is required to be paid by the Company to the Executive and the amount of such Gross-Up Payment, if any, shall be made by a nationally recognized accounting firm (the “Accounting Firm”) selected by the Executive in his sole discretion. The Executive shall direct the Accounting Firm to submit its determination and detailed supporting calculations to both the Company and the Executive within 30 calendar days after the Executive’s Separation from Service, if applicable, and any such other time or times as may be requested by the Company or the Executive during the period of the statute of limitations, including extensions, with respect to the payment of any Excise Tax. If the Accounting Firm determines that any Excise Tax is payable by the Executive, the Company shall pay the required Gross-Up Payment to the Executive within five business days after receipt of such determination and calculations with respect to any Payment to the Executive. If the Accounting Firm determines that no Excise Tax is payable by the Executive, it shall, at the same time as it makes such determination, furnish the Company and the Executive an opinion that the Executive has substantial authority not to report any Excise Tax on his federal, state or local income or other tax return. As a result of the uncertainty in the application of Section 4999 of the Code (or any successor provision thereto) and the possibility of similar uncertainty regarding applicable state or local tax law at the

time of any determination by the Accounting Firm hereunder, it is possible that Gross-Up Payments which will not have been made by the Company should have been made (an "Underpayment"), consistent with the calculations required to be made hereunder. In the event that the Company exhausts or fails to pursue its remedies pursuant to Section 5(f) and the Executive thereafter is required to make a payment of any Excise Tax, the Executive shall direct the Accounting Firm to determine the amount of the Underpayment that has occurred and to submit its determination and detailed supporting calculations to both the Company and the Executive as promptly as possible. Any such Underpayment shall be promptly paid by the Company to, or for the benefit of, the Executive within five business days after receipt of such determination and calculations.

- (c) The Company and the Executive shall each provide the Accounting Firm access to and copies of any books, records and documents in the possession of the Company or the Executive, as the case may be, reasonably requested by the Accounting Firm, and otherwise cooperate with the Accounting Firm in connection with the preparation and issuance of the determinations and calculations contemplated by Section 5(b). Any determination by the Accounting Firm as to the amount of the Gross-Up Payment shall be binding upon the Company and the Executive.
- (d) The federal, state and local income or other tax returns filed by the Executive shall be prepared and filed on a consistent basis with the determination of the Accounting Firm with respect to the Excise Tax payable by the Executive. The Executive shall make proper payment of the amount of any Excise Payment, and at the request of the Company, provide to the Company true and correct copies (with any amendments) of his federal income tax return as filed with the Internal Revenue Service and corresponding state and local tax returns, if relevant, as filed with the applicable taxing authority, and such other documents reasonably requested by the Company, evidencing such payment. If prior to the filing of the Executive's federal income tax return, or corresponding state or local tax return, if relevant, the Accounting Firm determines that the amount of the Gross-Up Payment should be reduced, the Executive shall within five business days pay to the Company the amount of such reduction.
- (e) The fees and expenses of the Accounting Firm for its services in connection with the determinations and calculations contemplated by Section 5(b) shall be borne by the Company; if such fees and expenses are initially paid by the Executive, the Company shall reimburse the Executive the full amount of such fees and expenses within five business days after receipt from the Executive of a statement therefor and reasonable evidence of his payment thereof, provided that such evidence is submitted by the Executive at least five days before the end of the taxable year of the Executive following the year in which the services of the Accounting Firm are performed.
- (f) The Executive shall notify the Company in writing of any claim by the Internal Revenue Service or any other taxing authority that, if successful, would require the payment by the Company of a Gross-Up Payment. Such notification shall be given as promptly as practicable but no later than 10 business days after the Executive actually receives notice of such claim and the Executive shall further apprise the Company of the nature of such claim and the date on which such claim is requested to be paid (in each case, to the extent known by the Executive). The Executive shall not pay such claim prior to the earlier of (i) the expiration of the 30-calendar-day period following the date on which he gives such notice to the Company and (ii) the date that any payment of amount with respect to such claim is due. If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such claim, the Executive shall:
  - (i) provide the Company with any written records or documents in his possession relating to such claim reasonably requested by the Company;
  - (ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including without limitation accepting legal representation with respect to such claim by an attorney competent in respect of the subject matter and reasonably selected by the Company;
  - (iii) cooperate with the Company in good faith in order effectively to contest such claim; and
  - (iv) permit the Company to participate in any proceedings relating to such claim;



provided, however, that the Company shall bear and pay directly all costs and expenses (including interest and penalties) incurred in connection with such contest and shall indemnify and hold harmless the Executive, on an after-tax basis, for and against any Excise Tax or income tax, including interest and penalties with respect thereto, imposed as a result of such representation and payment of costs and expenses. Without limiting the foregoing provisions of this Section 5(f), the Company shall control all proceedings taken in connection with the contest of any claim contemplated by this Section 5(f) and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim (provided, however, that the Executive may participate therein at his own cost and expense) and may, at its option, either direct the Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and the Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs the Executive to pay the tax claimed and sue for a refund, the Company shall advance the amount of such payment to the Executive on an interest-free basis and shall indemnify and hold the Executive harmless, on an after-tax basis, from any Excise Tax or income or other tax, including interest or penalties with respect thereto, imposed with respect to such advance; and provided further, however, that any extension of the statute of limitations relating to payment of taxes for the taxable year of the Executive with respect to which the contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of any such contested claim shall be limited to issues with respect to which a Gross-Up Payment would be payable hereunder and the Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(g) If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5(f), the Executive receives any refund with respect to such claim, the Executive shall (subject to the Company's complying with the requirements of Section 5(f)) promptly pay to the Company the amount of such refund (together with any interest paid or credited thereon after any taxes applicable thereto). If, after the receipt by the Executive of an amount advanced by the Company pursuant to Section 5(f), a determination is made that the Executive shall not be entitled to any refund with respect to such claim and the Company does not notify the Executive in writing of its intent to contest such denial or refund prior to the expiration of 30 calendar days after such determination, then such advance shall be forgiven and shall not be required to be repaid and the amount of any such advance shall offset, to the extent thereof, the amount of Gross-Up Payment required to be paid by the Company to the Executive pursuant to this Section 5.

(h) The provisions of subsections (a) to (g) of this Section 5 shall control the timing of the payment of the Gross-up Payment and specifically provide that such Payment shall be made prior to the end of the tax year of the Executive next following the tax year when the Excise Tax is paid to the government which is the date specified in Treasury Department Regulations Section 1.409A-3(i)(1)(v). In the unlikely event that the Gross-up Payment might otherwise be paid after the end of such tax year, the Gross-Up Payment shall be accelerated so that it is paid no later than the last day of the tax year of the Executive next following the tax year when the Excise Tax is paid to the government.

6. 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 8 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.

7. 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 Gross-up Payment, legal fee

and expense reimbursement provided under Section 8 and reimbursements for outplacement counseling provided under Paragraph 7 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.

8. Legal Fees and Expenses. (a) (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 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 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 so that such fees shall be paid within the period specified in Treasury Department Regulations Section 1.409A-3(i)(1)(v).

(b) To ensure that the provisions of this Agreement can be enforced by the Executive, certain trust arrangements ("Trusts") have been established between KeyBank Company of Ohio, N.A., 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"), Trust Agreement No. 2 (Amended and Restated 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 8(a) hereof owed by the Company, and payment from Trust Agreement No. 7 of pension benefits owed by the Company. Executive shall make demand on the Company for any payments due Executive pursuant to Section 8(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 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 Executive under the provisions of Annex A and Section 5 hereof, such present value to be computed using the assumptions set forth in Annex A hereof and the computations provided for in Section 5 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, discharge the Company's obligation to pay compensation, pension and other benefits hereunder, it being the intent of the Company that assets in such Trusts be held as security for the Company's obligation to pay compensation, pension and other benefits under this Agreement; 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, discharge the Company's obligation hereunder, it being the intent of the Company that assets in such Trust be held as security for the Company's obligation under Section 7(a) hereof. 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 Executive under Section 7(a) hereof, but also similar obligations of the Company to other executives and employees under similar provisions of other agreements and plans.

9. Competitive Activity; Confidentiality; Nonsolicitation. (a) (a) During the Term and for a period ending two years following the Executive's Separation from Service, if the Executive shall have received or shall be receiving benefits under Section 4, and, if applicable, Section 5, the Executive shall not, without the prior written consent of the Company, which consent shall not be unreasonably withheld, engage in any Competitive Activity.
- (b) During the Term, the Company agrees that it will disclose to Executive its confidential or proprietary information (as defined in this Section 9(b)) to the extent necessary for 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 Executive's breach of this Section 9(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 9(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 two years thereafter Executive will not, without the prior written consent of the Company, which consent shall not unreasonably be withheld, on behalf of 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 two (2) years following the Executive's Separation from Service, 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.
10. Release. Receipt of Severance Compensation by the Executive 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.
11. Employment Rights. Nothing expressed or implied in this Agreement shall create any right or duty on the part of the Company, a Subsidiary or the Executive to have the Executive remain in the employment of the Company or a Subsidiary at any time prior to or following a Change in Control. Any Separation from Service of the Executive or the removal of the Executive from the office or position in the Company or a Subsidiary prior to a Change in Control but following the commencement of any discussion with any third person that ultimately results in a Change in Control shall be deemed to be a Separation from Service of the Executive after a Change in Control for all purposes of this Agreement.
12. 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.
13. Successors and Binding Agreement. (a) (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 13(a) and 13(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 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 13(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.

14. 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 Vice President of Human Resources of the Company) at its principal executive office and to the Executive at his principal residence, 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.
15. 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.
16. 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.
17. 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 pay and Gross-up Payments, 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: Subject to the provisions of Section 5, the Company shall determine the rights of any employee of the Company to any Severance Compensation or a Gross-up Payment hereunder. Any employee or former employee of the Company or a Subsidiary 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 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 or a Gross-up Payment 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 or a Gross-up Payment hereunder, the Company reserves the right to require any Executive to execute a receipt evidencing the amount and payment of such Severance Compensation and/or Gross-up Payment.

18. 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 Committee Action, including any 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 Section 409A of the Code.

18. Special Amendments. Notwithstanding any other provision of this Agreement, on or prior to the last day on which amendments can be made to this Agreement to bring it into compliance with or make it exempt from the requirements of Section 409A of the Code, such an amendment can be unilaterally made by:

- (a) The Company as long as a Change in Control has not occurred; or
- (b) The Executive if a Change in Control has occurred.

Notwithstanding the foregoing, in the event that the Treasury Regulations and other guidance available on such last day prohibit accelerating any payments into 2008 (or a subsequent year) and/or prohibit deferring any payments which would have been paid in 2008 (or a subsequent year) into a later year, then any such amendment pursuant to this Section will comply with such prohibitions. In addition, any such amendment shall not increase the severance benefits of the Executive beyond what are set forth in the Agreement.

19. 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. This Agreement supersedes and replaces the Cleveland-Cliffs Inc Change in Control Severance Pay Plan.

20. 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.
21. 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.

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:

Executive Vice President – Human & Technical Resources

Executive

**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 defined in Section 1(h) of the Severance Agreement multiplied by the sum of (A) Base Pay (at the highest rate in effect for any period prior to the Executive's Separation from Service), plus (B) Incentive Pay (in an amount equal to not less than the greater of (i) the target bonus and/or target award opportunity for the fiscal year immediately preceding the year in which the Change in Control occurred, (ii) the target bonus and/or target award opportunity for the fiscal year in which the Change in Control occurred 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. Such payment shall be exempt from the provisions of Internal Revenue Code section 409A by reason of the short-term deferral rules described in Treasury Department Regulations section 1.409A-1(b)(4).

(2) During the Continuation Period as defined in Section 1(h) of the Severance Agreement, the Company will arrange to provide the Executive with medical and dental benefits and insurance 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). Without otherwise limiting the purposes or effect of Section 6, 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. The first 18 months of such medical and dental benefits are exempt from Internal Revenue Code section 409A under Treasury Department Regulations section 1.409A-1(b)(9)(v)(B) and the balance of such medical and dental benefits is covered by Internal Revenue Code section 409A but have a fixed payment schedule that commences more than 6 months after the Separation from Service of the Executive.

(3) For the Continuation Period defined in Section 1(h) of the Separation Agreement, 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 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). Without otherwise limiting the purposes or effect of Section 6, 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 Internal Revenue Code section 402(g)(1)(B) shall be payable during the first six (6) months after the Separation from Service of the Executive in accordance with the provisions of Treasury Department Regulations section 1.409A-1(b)(9)(v)(D). 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 (7<sup>th</sup>) 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 along with, in the case of any benefit described in Paragraphs 2 or 3 which becomes subject to tax because it is not or cannot be paid or provided under any such policy, plan, program or arrangement of the Company or any Subsidiary, an additional amount such that after payment by the Executive, or his dependents or beneficiaries, as the case may be, of all taxes imposed on the benefit and payment and all taxes imposed on the additional amount, the recipient retains an amount equal to the taxes on the original benefit or payment; provided that any such additional amount shall, in accordance with Treasury Department Regulations section 1.409A-3(i)(1)(v), be paid no later than the end of the taxable year of the Executive following the year in which the Executive remits to the appropriate taxing authority the taxes to which the additional payment relates.

(5) A lump sum payment (the "Accrued SRP Payment") payable within the first five days of the seventh (7<sup>th</sup>) month after his Separation from Service in an amount equal to the actuarial equivalent of his accrued benefit under the SRP as of the date of 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. Such lump sum payment complies with the requirements of Internal Revenue Code section 409A since it is payable on a fixed day determined by the Executive's Separation from Service and is not payable within the first six (6) months after his or her Separation from Service in accordance with Treasury Department Regulations section 1.409A-1(c)(3)(v).

(6) A lump sum payment (the "Non-accrued SRP Payment") payable within the first five days of the seventh (7<sup>th</sup>) month after his 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) (assuming Base Salary and Incentive Pay as determined in Paragraph (1), 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. Such lump sum payment complies with the requirements of Internal Revenue Code section 409A since it is payable on a fixed day determined by the Executive's Separation from Service and is not payable within the first six (6) months after his or her Separation from Service in accordance with Treasury Department Regulations section 1.409A-1(c)(3)(v).

(7) The calculation of the SRP Payment 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 Pension Plan for similar calculations. Any payment attributable to the "final average pay" formula under the 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, the continuous service he would have had during the Continuation Period and his Industry Service) to the date of payment using the discount rate specified in the 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) Base Salary 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 Sections 401(a) and 501(a) of the Code or any other plan included in the definition of "qualified plan" for purposes of Section 409A of the Code):

(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. Such payment shall be exempt from the provisions of Internal Revenue Code section 409A by reason of the short-term deferral rules described in Treasury Department Regulations section 1.409A-1(b)(4).

(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. Such payments are exempt from the provisions of Internal Revenue Code section 409A by reason of the in-kind benefit rules described in Treasury Department Regulations section 1.409A-1(b)(9)(v) (C).

(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 twenty-four (24) month period during which he will be provided with active employee medical coverage pursuant to Paragraph 2 above. Such post-retirement retiree medical coverage complies with Internal Revenue Code section 409A because they have a fixed payment schedule that commences more than 6 months after the Separation from Service of the Executive. **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) as described in Annex A of the Agreement and the other benefits described in the Agreement.

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 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 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. 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. 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 Executive ever had or now may have against the Company to the extent provided in this Release. 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. 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 Vice President Human Resources at the Company. For such revocation to be effective, written notice must be actually received by the Vice President Human Resources at the Company no later than the close of business on the 7th day after 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 Executive as set forth in Sections 4, 5, and 7 of the Agreement.

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

7. 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