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# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2016

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____to _____.

Commission File Number: 1-8944


## CLIFFS NATURAL RESOURCES INC.

*(Exact Name of Registrant as Specified in Its Charter)*

| Ohio | 34-1464672 |
|---|---|
| *(State or Other Jurisdiction of Incorporation or Organization)* | *(I.R.S. Employer Identification No.)* |
| 200 Public Square, Cleveland, Ohio | 44114-2315 |
| *(Address of Principal Executive Offices)* | *(Zip Code)* |

Registrant's Telephone Number, Including Area Code: (216) 694-5700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES ☐ NO ☒

The number of shares outstanding of the registrant's common shares, par value $0.125 per share, was 181,923,985 as of April 25, 2016 .

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## DEFINITIONS

The following abbreviations or acronyms are used in the text. References in this report to the “Company,” “we,” “us,” “our” and “Cliffs” are to Cliffs Natural Resources Inc. and subsidiaries, collectively. References to “A$” or “AUD” refer to Australian currency, “C$” or "CAD" to Canadian currency and “$” to United States currency.

| Abbreviation or acronym | Term |
|---|---|
| ABL Facility | Syndicated Facility Agreement by and among Bank of America, N.A., as Administrative Agent and Australian Security Trustee, the Lenders that are parties hereto, Cliffs Natural Resources Inc., as Parent and a Borrower, and the Subsidiaries of Parent party hereto, as Borrowers dated as of March 30, 2015 |
| ArcelorMittal | ArcelorMittal (as the parent company of ArcelorMittal Mines Canada, ArcelorMittal USA and ArcelorMittal Dofasco, as well as, many other subsidiaries) |
| ASC | Accounting Standards Codification |
| ASU | Accounting Standards Updates |
| Bloom Lake | The Bloom Lake Iron Ore Mine Limited Partnership |
| Bloom Lake Group | Bloom Lake General Partner Limited and certain of its affiliates, including Cliffs Quebec Iron Mining ULC |
| Canadian Entities | Bloom Lake Group, Wabush Group and certain other wholly-owned Canadian subsidiaries |
| CCAA | Companies' Creditors Arrangement Act (Canada) |
| CFR | Cost and freight |
| Chromite Project | Cliffs Chromite Ontario Inc. |
| CLCC | Cliffs Logan County Coal LLC |
| Dodd-Frank Act | Dodd-Frank Wall Street Reform and Consumer Protection Act |
| DR-grade pellets | Direct Reduction pellets |
| EAF | Electric Arc Furnace |
| EBITDA | Earnings before interest, taxes, depreciation and amortization |
| Empire | Empire Iron Mining Partnership |
| Essar | Essar Steel Algoma Inc. |
| Exchange Act | Securities Exchange Act of 1934, as amended |
| FASB | Financial Accounting Standards Board |
| Fe | Iron |
| GAAP | Accounting principles generally accepted in the United States |
| Hibbing | Hibbing Taconite Company |
| Koolyanobbing | Collective term for the operating deposits at Koolyanobbing, Mount Jackson and Windarling |
| LTVSMC | LTV Steel Mining Company |
| MMBtu | Million British Thermal Units |
| Monitor | FTI Consulting Canada Inc. |
| Moody's | Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors |
| Northshore | Northshore Mining Company |
| Oak Grove | Oak Grove Resources, LLC |
| OPEB | Other postretirement employment benefits |
| Pinnacle | Pinnacle Mining Company, LLC |
| Platts IODEX | Refers to the Platts daily iron ore assessment rate for “IODEX 62% Fe CFR North China” or seaborne traded iron ore fines as published in the McGraw-Hill Companies ‘Platts Steel Markets Daily’ report |
| Preferred Share | 7.00 percent Series A Mandatory Convertible Preferred Stock, Class A, without par value |
| S&P | Standard & Poor's Rating Services, a division of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and its successors |
| SEC | U.S. Securities and Exchange Commission |
| SG&A | Selling, general and administrative |
| Securities Act | Securities Act of 1933, as amended |
| Substitute Rating Agency | A "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act, selected by us (as certified by a certificate of officers confirming the decision of our Board of Directors) as a replacement agency of Moody's or S&P, or both of them, as the case may be |
| Tilden | Tilden Mining Company |
| TDR | Troubled debt restructuring |
| TSR | Total Shareholder Return |
| United Taconite | United Taconite LLC |
| U.S. | United States of America |
| Wabush | Wabush Mines Joint Venture |

| | |
|---|---|
| Wabush Group | Wabush Iron Co. Limited and Wabush Resources Inc., and certain of its affiliates, including Wabush Mines (an unincorporated joint venture of Wabush Iron Co. Limited and Wabush Resources Inc.), Arnaud Railway Company and Wabush Lake Railway Company |
| 2015 Equity Plan | Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan |

**PART I**

**Item 1.** ***Financial Statements***

**Statements of Unaudited Condensed Consolidated Financial Position**

Cliffs Natural Resources Inc. and Subsidiaries

| | (In Millions) | |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 |
| **ASSETS** | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | **$ 59.9** | $ 285.2 |
| Accounts receivable, net | **41.9** | 40.2 |
| Inventories | **406.3** | 329.6 |
| Supplies and other inventories | **102.7** | 110.4 |
| Short-term assets of discontinued operations | **0.5** | 14.9 |
| Loans to and accounts receivable from the Canadian Entities | **69.9** | 72.9 |
| Insurance coverage receivable | **84.8** | 93.5 |
| Other current assets | **26.0** | 36.0 |
| TOTAL CURRENT ASSETS | **792.0** | 982.7 |
| PROPERTY, PLANT AND EQUIPMENT, NET | **1,009.6** | 1,059.0 |
| OTHER ASSETS | | |
| Other non-current assets | **84.7** | 93.8 |
| TOTAL OTHER ASSETS | **84.7** | 93.8 |
| TOTAL ASSETS | **$ 1,886.3** | $ 2,135.5 |

(continued)

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements .*

**Statements of Unaudited Condensed Consolidated Financial Position**

Cliffs Natural Resources Inc. and Subsidiaries - (Continued)

| | (In Millions) | |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 |
| **LIABILITIES** | | |
| CURRENT LIABILITIES | | |
| Accounts payable | **$ 77.2** | $ 106.3 |
| Accrued expenses | **111.1** | 156.0 |
| Short-term liabilities of discontinued operations | **4.3** | 6.9 |
| Guarantees | **23.6** | 96.5 |
| Insured loss | **84.8** | 93.5 |
| Other current liabilities | **138.8** | 122.5 |
| TOTAL CURRENT LIABILITIES | **439.8** | 581.7 |
| PENSION AND POSTEMPLOYMENT BENEFIT LIABILITIES | **213.8** | 221.0 |
| ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS | **214.3** | 231.2 |
| LONG-TERM DEBT | **2,499.1** | 2,699.4 |
| OTHER LIABILITIES | **216.0** | 213.8 |
| TOTAL LIABILITIES | **3,583.0** | 3,947.1 |
| COMMITMENTS AND CONTINGENCIES (SEE NOTE 20) | | |
| **EQUITY** | | |
| CLIFFS SHAREHOLDERS' DEFICIT | | |
| Preferred Stock - no par value | | |
| Class A - 3,000,000 shares authorized | | |
| 7% Series A Mandatory Convertible, Class A, no par value and $1,000 per share liquidation preference | | |
| Issued and Outstanding - no shares (2015 - 731,223 shares) | **—** | 731.3 |
| Class B - 4,000,000 shares authorized | | |
| Common Shares - par value $0.125 per share | | |
| Authorized - 400,000,000 shares (2015 - 400,000,000 shares); | | |
| Issued - 187,822,349 shares (2015 - 159,546,224 shares); | | |
| Outstanding - 181,909,771 shares (2015 - 153,591,930 shares) | **23.5** | 19.8 |
| Capital in excess of par value of shares | **3,032.5** | 2,298.9 |
| Retained deficit | **(4,640.4)** | (4,748.4) |
| Cost of 5,912,578 common shares in treasury (2015 - 5,954,294 shares) | **(262.7)** | (265.0) |
| Accumulated other comprehensive loss | **(12.3)** | (18.0) |
| TOTAL CLIFFS SHAREHOLDERS' DEFICIT | **(1,859.4)** | (1,981.4) |
| NONCONTROLLING INTEREST | **162.7** | 169.8 |
| TOTAL DEFICIT | **(1,696.7)** | (1,811.6) |
| TOTAL LIABILITIES AND DEFICIT | **$ 1,886.3** | $ 2,135.5 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements .*

**Statements of Unaudited Condensed Consolidated Operations**

Cliffs Natural Resources Inc. and Subsidiaries

| | (In Millions, Except Per Share Amounts) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| REVENUES FROM PRODUCT SALES AND SERVICES | | |
| Product | **$ 275.6** | $ 399.5 |
| Freight and venture partners' cost reimbursements | **29.9** | 46.5 |
| | **305.5** | 446.0 |
| COST OF GOODS SOLD AND OPERATING EXPENSES | **(274.6)** | (365.2) |
| SALES MARGIN | **30.9** | 80.8 |
| OTHER OPERATING INCOME (EXPENSE) | | |
| Selling, general and administrative expenses | **(28.2)** | (29.1) |
| Miscellaneous - net | **(3.0)** | 20.2 |
| | **(31.2)** | (8.9) |
| OPERATING INCOME (EXPENSE) | **(0.3)** | 71.9 |
| OTHER INCOME (EXPENSE) | | |
| Interest expense, net | **(56.8)** | (42.9) |
| Gain on extinguishment/restructuring of debt | **178.8** | 313.7 |
| Other non-operating income (expense) | **0.1** | (0.8) |
| | **122.1** | 270.0 |
| INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES | **121.8** | 341.9 |
| INCOME TAX EXPENSE | **(7.5)** | (175.1) |
| INCOME FROM CONTINUING OPERATIONS | **114.3** | 166.8 |
| INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX | **2.5** | (928.5) |
| NET INCOME (LOSS) | **116.8** | (761.7) |
| (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST (Three Months Ended March 31, 2016 - No loss related to Discontinued Operations, Three Months Ended March 31, 2015 - Loss of $7.7 million related to Discontinued Operations) | **(8.8)** | 1.9 |
| NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS | **$ 108.0** | $ (759.8) |
| PREFERRED STOCK DIVIDENDS | **—** | (12.8) |
| NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS COMMON SHAREHOLDERS | **$ 108.0** | $ (772.6) |
| EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - BASIC | | |
| Continuing operations | **$ 0.61** | $ 1.02 |
| Discontinued operations | **0.01** | (6.06) |
| | **$ 0.62** | $ (5.04) |
| EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - DILUTED | | |
| Continuing operations | **$ 0.61** | $ 0.94 |
| Discontinued operations | **0.01** | (5.20) |
| | **$ 0.62** | $ (4.26) |
| AVERAGE NUMBER OF SHARES (IN THOUSANDS) | | |
| Basic | **171,677** | 153,185 |
| Diluted | **171,962** | 178,696 |
| CASH DIVIDENDS DECLARED PER DEPOSITARY SHARE | **$ —** | $ 0.44 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements .*

**Statements of Unaudited Condensed Consolidated Comprehensive Income (Loss)**

Cliffs Natural Resources Inc. and Subsidiaries

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS | **$ 108.0** | $ (759.8) |
| OTHER COMPREHENSIVE INCOME (LOSS) | | |
| Changes in pension and other post-retirement benefits, net of tax | **5.4** | 28.8 |
| Unrealized net gain on marketable securities, net of tax | **—** | 0.8 |
| Unrealized net gain on foreign currency translation | **4.4** | 168.0 |
| Unrealized net loss on derivative financial instruments, net of tax | **(3.5)** | (0.8) |
| OTHER COMPREHENSIVE INCOME | **6.3** | 196.8 |
| OTHER COMPREHENSIVE LOSS (INCOME) ATTRIBUTABLE TO THE NONCONTROLLING INTEREST | **(0.6)** | 10.8 |
| TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS | **$ 113.7** | $ (552.2) |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements .*

**Statements of Unaudited Condensed Consolidated Cash Flows**

Cliffs Natural Resources Inc. and Subsidiaries

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| OPERATING ACTIVITIES | | |
| Net income (loss) | **$ 116.8** | $ (761.7) |
| Adjustments to reconcile net income (loss) to net cash used by operating activities: | | |
| Depreciation, depletion and amortization | **35.2** | 33.0 |
| Impairment of long-lived assets | **—** | 76.6 |
| Deferred income taxes | **—** | 165.8 |
| Gain on extinguishment/restructuring of debt | **(178.8)** | (313.7) |
| (Gain) loss on deconsolidation, net of cash deconsolidated | **(3.8)** | 776.1 |
| Other | **18.5** | 31.6 |
| Changes in operating assets and liabilities: | | |
| Receivables and other assets | **38.5** | 71.7 |
| Product inventories | **(66.1)** | (154.9) |
| Payables, accrued expenses and other current liabilities | **(86.8)** | (152.7) |
| Net cash used by operating activities | **(126.5)** | (228.2) |
| INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | **(10.4)** | (15.9) |
| Other investing activities | **5.5** | 0.2 |
| Net cash used by investing activities | **(4.9)** | (15.7) |
| FINANCING ACTIVITIES | | |
| Repayment of equipment loans | **(72.9)** | — |
| Distributions of partnership equity | **(11.1)** | — |
| Debt issuance costs | **(5.2)** | (33.1) |
| Proceeds from first lien notes offering | **—** | 503.5 |
| Repurchase of debt | **—** | (133.3) |
| Borrowings under credit facilities | **—** | 295.0 |
| Repayment under credit facilities | **—** | (295.0) |
| Preferred stock dividends | **—** | (12.8) |
| Other financing activities | **(4.2)** | (14.3) |
| Net cash provided (used) by financing activities | **(93.4)** | 310.0 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | **(0.5)** | (1.3) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | **(225.3)** | 64.8 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | **285.2** | 290.9 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | **$ 59.9** | $ 355.7 |

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements .*

*See NOTE 17 - CASH FLOW INFORMATION .*

**Cliffs Natural Resources Inc. and Subsidiaries**

Notes to Unaudited Condensed Consolidated Financial Statements

**NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC rules and regulations and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly, the financial position, results of operations, comprehensive income and cash flows for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. The results of operations for the three months ended March 31, 2016 are not necessarily indicative of results to be expected for the year ending December 31, 2016 or any other future period. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2015 .

As more fully described in the Form 10-K for the year ended December 31, 2015 , in January 2015, we announced that the Bloom Lake Group commenced CCAA proceedings (the "Bloom Filing") with the Quebec Superior Court (Commercial Division) in Montreal (the "Montreal Court"). Effective January 27, 2015, following the Bloom Filing, we deconsolidated the Bloom Lake Group and certain other wholly-owned subsidiaries comprising substantially all of our Canadian operations. Additionally, on May 20, 2015, the Wabush Group commenced CCAA proceedings (the "Wabush Filing") in the Montreal Court, which resulted in the deconsolidation of the remaining Wabush Group entities that were not previously deconsolidated. Financial results prior to the respective deconsolidations of the Bloom Lake and Wabush Groups and subsequent expenses directly associated with the Canadian Entities are included in our financial statements and classified within discontinued operations.

Also, for the majority of 2015, we operated two metallurgical coal operations in Alabama and West Virginia. In December 2015, we completed the sale of these two metallurgical coal operations, which marked our exit from the coal business. As of March 31, 2015, management determined that our North American Coal operating segment met the criteria to be classified as held for sale under *ASC 205, Presentation of Financial Statements* . As such, all presented North American Coal operating segment results are included and classified within discontinued operations in our financial statements.

Refer to NOTE 14 - DISCONTINUED OPERATIONS for further discussion of the Eastern Canadian Iron Ore and North American Coal segments discontinued operations.

We report our results from continuing operations in two reportable segments: U.S. Iron Ore and Asia Pacific Iron Ore.

***Basis of Consolidation***

The unaudited condensed consolidated financial statements include our accounts and the accounts of our wholly-owned and majority-owned subsidiaries, including the following operations as of March 31, 2016 :

| Name | Location | Ownership Interest | Operation | Status of Operations |
|---|---|---|---|---|
| Northshore | Minnesota | 100.0% | Iron Ore | Active |
| United Taconite | Minnesota | 100.0% | Iron Ore | Active |
| Tilden | Michigan | 85.0% | Iron Ore | Active |
| Empire | Michigan | 79.0% | Iron Ore | Active |
| Koolyanobbing | Western Australia | 100.0% | Iron Ore | Active |

Intercompany transactions and balances are eliminated upon consolidation.

***Equity Method Investments***

Our 23 percent ownership interest in Hibbing is recorded as an equity method investment. As of March 31, 2016 and December 31, 2015 , our investment in Hibbing was $1.7 million and $2.4 million , respectively, classified as *Other liabilities* in the Statements of Unaudited Condensed Consolidated Financial Position .

***Foreign Currency***

Our financial statements are prepared with the U.S. dollar as the reporting currency. The functional currency of our Australian subsidiaries is the Australian dollar. The functional currency of all other international subsidiaries is the U.S. dollar. The financial statements of international subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. Where the local currency is the functional currency, translation adjustments are recorded as *Accumulated other comprehensive loss* . Income taxes generally are not provided for foreign currency translation adjustments. To the extent that monetary assets and liabilities, inclusive of intercompany notes, are recorded in a currency other than the functional currency, these amounts are remeasured each reporting period, with the resulting gain or loss being recorded in the Statements of Unaudited Condensed Consolidated Operations . Transaction gains and losses resulting from remeasurement of short-term intercompany loans are included in *Miscellaneous - net* in our Statements of Unaudited Condensed Consolidated Operations .

For the three months ended March 31, 2016 , net losses of $1.2 million related to the impact of transaction gains and losses resulting from remeasurement. Of these amounts, for the three months ended March 31, 2016 , gains of $0.8 million and losses of $2.4 million , respectively, resulted from remeasurement of cash and cash equivalents and remeasurement of certain obligations. For the three months ended March 31, 2015 , net gains of $13.5 million related to the impact of transaction gains and losses resulting from remeasurement. Of these transaction gains, for the three months ended March 31, 2015 , gains of $12.4 million and gains of $1.5 million , respectively, resulted from remeasurement of short-term intercompany loans and cash and cash equivalents.

**Significant Accounting Policies**

A detailed description of our significant accounting policies can be found in the audited financial statements for the fiscal year ended December 31, 2015 included in our Annual Report on Form 10-K filed with the SEC. There have been no material changes in our significant accounting policies and estimates from those disclosed therein.

**Recent Accounting Pronouncements**

***Issued and Not Effective***

In February 2016, the FASB issued ASU No. 2016-02, *Leases* . The new standard requires recognition of lease assets and lease liabilities for leases previously classified as operating leases. The guidance is effective for fiscal years beginning after December 15, 2018. We are currently reviewing the guidance and assessing the impact on our consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Stock Compensation - Improvements to Employee Share-Based Payment Accounting* . The new standard is intended to simplify several aspects of the accounting for share-based payment award transactions. The guidance is effective for fiscal years beginning after December 15, 2016, and early adoption is permitted. We are currently reviewing the guidance and assessing the potential impact on our consolidated financial statements.

**NOTE 2 - SEGMENT REPORTING**

Our continuing operations are organized and managed according to geographic location: U.S. Iron Ore and Asia Pacific Iron Ore. The U.S. Iron Ore segment is comprised of our interests in five U.S. mines that provide iron ore to the integrated steel industry. The Asia Pacific Iron Ore segment is located in Western Australia and provides iron ore to the seaborne market for Asian steel producers. There were no intersegment revenues in the first three months of 2016 or 2015.

We have historically evaluated segment performance based on sales margin, defined as revenues less cost of goods sold, and operating expenses identifiable to each segment. Additionally, we evaluate segment performance based on EBITDA, defined as net income (loss) before interest, income taxes, depreciation, depletion and amortization, and Adjusted EBITDA, defined as EBITDA excluding certain items such as impacts of discontinued operations, extinguishment/restructuring of debt, severance and contractor termination costs, foreign currency remeasurement, and intersegment corporate allocations of SG&A costs. We use and believe that investors benefit from referring to these

measures in evaluating operating and financial results, as well as in planning, forecasting and analyzing future periods as these financial measures approximate the cash flows associated with the operational earnings.

The following tables present a summary of our reportable segments for the three months ended March 31, 2016 and 2015 , including a reconciliation of segment sales margin to *Income from Continuing Operations Before Income Taxes* and a reconciliation of *Net Income (Loss)* to EBITDA and Adjusted EBITDA:

| | (In Millions) | | | |
|---|---|---|---|---|
| | Three Months Ended March 31, | | | |
| | **2016** | | 2015 | |
| Revenues from product sales and services: | | | | |
| U.S. Iron Ore | **$ 185.5** | **61%** | $ 311.8 | 70% |
| Asia Pacific Iron Ore | **120.0** | **39%** | 134.2 | 30% |
| Total revenues from product sales and services | **$ 305.5** | **100%** | $ 446.0 | 100% |
| | | | | |
| Sales margin: | | | | |
| U.S. Iron Ore | **$ 13.2** | | $ 80.0 | |
| Asia Pacific Iron Ore | **17.7** | | 0.8 | |
| Sales margin | **30.9** | | 80.8 | |
| Other operating expense | **(31.2)** | | (8.9) | |
| Other income | **122.1** | | 270.0 | |
| Income from continuing operations before income taxes | **$ 121.8** | | $ 341.9 | |

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Net Income (Loss) | **$ 116.8** | $ (761.7) |
| Less: | | |
| Interest expense, net | **(56.8)** | (44.2) |
| Income tax expense | **(7.6)** | (175.0) |
| Depreciation, depletion and amortization | **(35.2)** | (33.0) |
| EBITDA | **$ 216.4** | $ (509.5) |
| Less: | | |
| Impact of discontinued operations | **2.6** | (929.6) |
| Gain on extinguishment/restructuring of debt | **178.8** | 313.7 |
| Severance and contractor termination costs | **(0.1)** | (1.5) |
| Foreign exchange remeasurement | **(1.2)** | 13.5 |
| Adjusted EBITDA | **$ 36.3** | $ 94.4 |
| | | |
| EBITDA: | | |
| U.S. Iron Ore | **$ 41.4** | $ 101.6 |
| Asia Pacific Iron Ore | **22.3** | 18.0 |
| Other | **152.7** | (629.1) |
| Total EBITDA | **$ 216.4** | $ (509.5) |
| | | |
| Adjusted EBITDA: | | |
| U.S. Iron Ore | **$ 46.1** | $ 105.1 |
| Asia Pacific Iron Ore | **23.0** | 5.7 |
| Other | **(32.8)** | (16.4) |
| Total Adjusted EBITDA | **$ 36.3** | $ 94.4 |

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Depreciation, depletion and amortization: | | |
| U.S. Iron Ore | **$ 26.9** | $ 21.7 |
| Asia Pacific Iron Ore | **6.8** | 6.3 |
| Other | **1.5** | 1.8 |
| Total depreciation, depletion and amortization | **$ 35.2** | $ 29.8 |
| | | |
| Capital additions [1]: | | |
| U.S. Iron Ore | **$ 4.5** | $ 9.5 |
| Asia Pacific Iron Ore | **—** | 3.4 |
| Other | **2.3** | 0.4 |
| Total capital additions | **$ 6.8** | $ 13.3 |

[1] Includes capital lease additions and non-cash accruals. Refer to NOTE 17 - CASH FLOW INFORMATION .

A summary of assets by segment is as follows:

| | (In Millions) | |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 |
| Assets: | | |
| U.S. Iron Ore | **$ 1,475.1** | $ 1,476.4 |
| Asia Pacific Iron Ore | **180.6** | 202.5 |
| Total segment assets | **1,655.7** | 1,678.9 |
| Corporate | **230.1** | 441.7 |
| Assets of Discontinued Operations | **0.5** | 14.9 |
| Total assets | **$ 1,886.3** | $ 2,135.5 |

**NOTE 3 - INVENTORIES**

The following table presents the detail of our *Inventories* in the Statements of Unaudited Condensed Consolidated Financial Position as of March 31, 2016 and December 31, 2015 :

| | (In Millions) | | | | | |
|---|---|---|---|---|---|---|
| | **March 31, 2016** | | | December 31, 2015 | | |
| **Segment** | **Finished Goods** | **Work-in Process** | **Total Inventory** | Finished Goods | Work-in Process | Total Inventory |
| U.S. Iron Ore | **$ 312.3** | **$ 25.0** | **$ 337.3** | $ 252.3 | $ 11.7 | $ 264.0 |
| Asia Pacific Iron Ore | **22.1** | **46.9** | **69.0** | 20.8 | 44.8 | 65.6 |
| Total | **$ 334.4** | **$ 71.9** | **$ 406.3** | $ 273.1 | $ 56.5 | $ 329.6 |

**NOTE 4 - PROPERTY, PLANT AND EQUIPMENT**

The following table indicates the value of each of the major classes of our consolidated depreciable assets as of March 31, 2016 and December 31, 2015 :

| | (In Millions) | |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 |
| Land rights and mineral rights | **$ 500.5** | $ 500.5 |
| Office and information technology | **57.9** | 71.0 |
| Buildings | **60.5** | 60.4 |
| Mining equipment | **597.4** | 594.0 |
| Processing equipment | **519.4** | 516.8 |
| Electric power facilities | **47.3** | 46.4 |
| Land improvements | **24.8** | 24.8 |
| Asset retirement obligation | **67.1** | 87.9 |
| Other | **29.2** | 28.2 |
| Construction in-progress | **42.9** | 40.3 |
| | **1,947.0** | 1,970.3 |
| Allowance for depreciation and depletion | **(937.4)** | (911.3) |
| | **$ 1,009.6** | $ 1,059.0 |

We recorded depreciation and depletion expense of $33.8 million and $28.7 million in the Statements of Unaudited Condensed Consolidated Operations for the three months ended March 31, 2016 and March 31, 2015 , respectively.

**NOTE 5 - DEBT AND CREDIT FACILITIES**

The following represents a summary of our long-term debt as of March 31, 2016 and December 31, 2015 :

| ($ in Millions) | | | | | | |
|---|---|---|---|---|---|---|
| **March 31, 2016** | | | | | | |
| **Debt Instrument** | **Annual Effective Interest Rate** | **Total Principal Amount** | **Debt Issuance Costs** | **Undiscounted Interest/(Unamortized Discounts)** | **Total Debt** | |
| $700 Million 4.875% 2021 Senior Notes | **4.89%** | **$ 336.2** | **$ (1.3)** | **$ (0.2)** | **$ 334.7** | **(1)** |
| $1.3 Billion Senior Notes: | | | | | | |
| $500 Million 4.80% 2020 Senior Notes | **4.83%** | **261.9** | **(0.9)** | **(0.3)** | **260.7** | **(2)** |
| $800 Million 6.25% 2040 Senior Notes | **6.34%** | **298.4** | **(2.6)** | **(3.5)** | **292.3** | **(3)** |
| $400 Million 5.90% 2020 Senior Notes | **5.98%** | **225.6** | **(0.7)** | **(0.6)** | **224.3** | **(4)** |
| $500 Million 3.95% 2018 Senior Notes | **6.12%** | **283.6** | **(0.8)** | **(0.9)** | **281.9** | **(5)** |
| $540 Million 8.25% 2020 First Lien Notes | **9.97%** | **540.0** | **(9.8)** | **(30.5)** | **499.7** | |
| $218.5 Million 8.00% 2020 1.5 Lien Notes | **N/A** | **218.5** | **—** | **78.8** | **297.3** | **(6)** |
| $544.2 Million 7.75% 2020 Second Lien Notes | **15.55%** | **430.1** | **(7.1)** | **(99.5)** | **323.5** | **(7)** |
| $550 Million ABL Facility: | | | | | | |
| ABL Facility | **N/A** | **550.0** | **N/A** | **N/A** | **—** | **(8)** |
| Fair Value Adjustment to Interest Rate Hedge | | | | | **2.2** | |
| Total debt | | **$ 3,144.3** | | | **$ 2,516.6** | |
| Less: Current portion | | | | | **17.5** | |
| Long-term debt | | | | | **$ 2,499.1** | |

($ in Millions)

| | December 31, 2015 | | | | | |
|---|---|---|---|---|---|---|
| Debt Instrument | Annual Effective Interest Rate | Total Principal Amount | Debt Issuance Costs | Unamortized Discounts | Total Debt | |
| $700 Million 4.875% 2021 Senior Notes | 4.89% | $ 412.5 | $ (1.7) | $ (0.2) | $ 410.6 | |
| $1.3 Billion Senior Notes: | | | | | | |
| $500 Million 4.80% 2020 Senior Notes | 4.83% | 306.7 | (1.1) | (0.4) | 305.2 | |
| $800 Million 6.25% 2040 Senior Notes | 6.34% | 492.8 | (4.3) | (5.8) | 482.7 | |
| $400 Million 5.90% 2020 Senior Notes | 5.98% | 290.8 | (1.1) | (0.8) | 288.9 | |
| $500 Million 3.95% 2018 Senior Notes | 6.30% | 311.2 | (0.9) | (1.2) | 309.1 | |
| $540 Million 8.25% 2020 First Lien Notes | 9.97% | 540.0 | (10.5) | (32.1) | 497.4 | |
| $544.2 Million 7.75% 2020 Second Lien Notes | 15.55% | 544.2 | (9.5) | (131.5) | 403.2 | |
| $550 Million ABL Facility: | | | | | | |
| ABL Facility | N/A | 550.0 | N/A | N/A | — | (9) |
| Fair Value Adjustment to Interest Rate Hedge | | | | | 2.3 | |
| Total debt | | $ 3,448.2 | | | $ 2,699.4 | |

(1) On March 2, 2016, we exchanged as part of an exchange offer $76.3 million of the 4.875 percent senior notes for $30.5 million of the 8.00 percent 1.5 lien notes that are recorded at a carrying value of $41.5 million , including undiscounted interest payments as of March 31, 2016 .

(2) On March 2, 2016, we exchanged as part of an exchange offer $44.7 million of the 4.80 percent senior notes for $17.9 million of the 8.00 percent 1.5 lien notes that are recorded at a carrying value of $24.4 million , including undiscounted interest payments as of March 31, 2016 .

(3) On March 2, 2016, we exchanged as part of an exchange offer $194.4 million of the 6.25 percent senior notes for $75.8 million of the 8.00 percent 1.5 lien notes that are recorded at a carrying value of $103.0 million , including undiscounted interest payments as of March 31, 2016 .

(4) On March 2, 2016, we exchanged as part of an exchange offer $65.1 million of the 5.90 percent senior notes for $26.0 million of the 8.00 percent 1.5 lien notes that are recorded at a carrying value of $35.4 million , including undiscounted interest payments as of March 31, 2016 .

(5) On March 2, 2016, we exchanged as part of an exchange offer $17.6 million of the 3.95 percent senior notes for $11.4 million of the 8.00 percent 1.5 lien notes that are recorded at a carrying value of $15.5 million , including undiscounted interest payments as of March 31, 2016 . Additionally, during the first quarter of 2016 we entered into a debt for equity exchange, see NOTE 15 - CAPITAL STOCK for further discussion of this transaction.

(6) See the section entitled " *$218.5 million 8.00 percent 2020 Senior Secured 1.5 Lien Notes - 2016 Exchange Offers"* below for further discussion related to this instrument. As of March 31, 2016 , $17.5 million of the undiscounted interest is recorded as current and classified as *Other current liabilities* in the Statements of Unaudited Condensed Consolidated Financial Position.

(7) On March 2, 2016, we exchanged as part of an exchange offer $114.1 million of the 7.75 percent senior notes for $57.0 million of the 8.00 percent 1.5 lien notes that are recorded at a carrying value of $77.5 million , including undiscounted interest payments as of March 31, 2016 .

(8) As of March 31, 2016 , no loans were drawn under the ABL Facility and we had total availability of $368.9 million as a result of borrowing base limitations. As of March 31, 2016 , the principal amount of letter of credit obligations totaled $110.3 million , thereby further reducing available borrowing capacity on our ABL Facility to $258.6 million .

(9) As of December 31, 2015 , no loans were drawn under the ABL Facility and we had total availability of $366.0 million as a result of borrowing base limitations. As of December 31, 2015 , the principal amount of letter of credit obligations totaled $186.3 million and commodity hedge obligations totaled $0.5 million , thereby further reducing available borrowing capacity on our ABL Facility to $179.2 million .

**$218.5 million 8.00 percent 2020 Senior Secured 1.5 Lien Notes - 2016 Exchange Offers**

On March 2, 2016, we entered into an indenture among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee and notes collateral agent, relating to our issuance of $218.5 million aggregate principal amount of 8.00 percent 1.5 Lien Senior Secured Notes due 2020 (the “1.5 Lien Notes”). The 1.5 Lien Notes were issued on March 2, 2016 in exchange offers for certain of our existing senior notes.

The 1.5 Lien Notes bear interest at a rate of 8.00 percent per annum. Interest on the 1.5 Lien Notes is payable semi-annually in arrears on March 31 and September 30 of each year, commencing on September 30, 2016. The 1.5 Lien Notes mature on September 30, 2020 and are secured senior obligations of the Company.

The 1.5 Lien Notes are jointly and severally and fully and unconditionally guaranteed on a senior secured basis by substantially all of our material U.S. subsidiaries and are secured (subject in each case to certain exceptions and permitted liens) on (i) a junior first-priority basis by substantially all of our U.S. assets, other than the ABL collateral (the "Notes Collateral"), which secures the 8.25 percent senior first lien notes due 2020 (the "First Lien Notes") obligations on a senior first-priority basis, the 7.75 percent senior second lien notes due 2020 (the "Second Lien Notes") obligations on a second-priority basis and the ABL Facility obligations on a third-priority basis, and (ii) a junior second-priority basis by our ABL collateral, which secures our ABL obligations on a first-priority basis, the First Lien Notes obligations on a senior second-priority basis and the Second Lien Notes obligations on a third-priority basis.

The terms of the 1.5 Lien Notes are governed by the 1.5 Lien Notes indenture. The 1.5 Lien Notes indenture contains customary covenants that, among other things, limit our ability to incur certain secured indebtedness, create liens on principal property and the capital stock or debt of a subsidiary that owns a principal property, use proceeds of dispositions of collateral, enter into certain sale and leaseback transactions, merge or consolidate with another company and transfer or sell all or substantially all of our assets. Upon the occurrence of a “change of control triggering event,” as defined in the 1.5 Lien Notes indenture, we are required to offer to repurchase the 1.5 Lien Notes at 101 percent of the aggregate principal amount thereof, plus any accrued and unpaid interest, if any, to, but excluding, the repurchase date.

We may redeem any of the 1.5 Lien Notes beginning on September 30, 2017. The initial redemption price is 104 percent of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The redemption price will decline after September 30, 2017 and will be 100 percent of its principal amount, plus accrued interest, beginning on September 30, 2019. We may also redeem some or all of the 1.5 Lien Notes at any time and from time to time prior to September 30, 2017 at a price equal to 100 percent of the principal amount thereof plus a “make-whole” premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time and from time to time on or prior to September 30, 2017, we may redeem in the aggregate up to 35 percent of the original aggregate principal amount of the 1.5 Lien Notes (calculated after giving effect to any issuance of additional 1.5 Lien Notes) with the net cash proceeds from certain equity offerings, at a redemption price of 108 percent , plus accrued and unpaid interest, if any, to, but excluding, the redemption date, so long as at least 65 percent of the original aggregate principal amount of the 1.5 Lien Notes (calculated after giving effect to any issuance of additional 1.5 Lien Notes) issued under the 1.5 Lien Notes indenture remain outstanding after each such redemption.

The 1.5 Lien Notes indenture contains customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to pay or acceleration of certain other indebtedness, certain events of bankruptcy and insolvency and failure to pay certain judgments. An event of default under the 1.5 Lien Notes indenture will allow either the trustee or the holders of at least 25 percent in aggregate principal amount of the then-outstanding 1.5 Lien Notes issued under the 1.5 Lien Notes indenture to accelerate, or in certain cases, will automatically cause the acceleration of, the amounts due under the 1.5 Lien Notes.

We accounted for the 1.5 Lien Notes exchange as a TDR. For an exchange classified as TDR, if the future undiscounted cash flows of the newly issued debt are less than the net carrying value of the original debt, the carrying value of the newly issued debt is adjusted to the future undiscounted cash flow amount, a gain is recorded for the difference and no future interest expense is recorded. All future interest payments on the newly issued debt reduce the carrying value. Accordingly, we recognized a gain of $174.3 million in the *Gain on extinguishment/restructuring of debt* in the Statements of Unaudited Condensed Consolidated Operations . As a result, our reported interest expense will be less than the contractual interest payments throughout the term of the 1.5 Lien Notes. Debt issuance costs

incurred of $5.2 million related to the notes exchange were expensed and were included in the *Gain on extinguishment/restructuring of debt* in the Statements of Unaudited Condensed Consolidated Operations as of March 31, 2016 .

**Letters of Credit**

We issued standby letters of credit with certain financial institutions in order to support business obligations including, but not limited to, workers compensation and environmental obligations. As of March 31, 2016 and December 31, 2015 , these letter of credit obligations totaled $110.3 million and $186.3 million , respectively.

**Debt Maturities**

The following represents a summary of our maturities of debt instruments, excluding borrowings on the ABL Facility, based on the principal amounts outstanding at March 31, 2016 :

| | (In Millions) |
|---|---|
| | **Maturities of Debt** |
| 2016 (April 1 - December 31) | $ — |
| 2017 | — |
| 2018 | 283.6 |
| 2019 | — |
| 2020 | 1,676.1 |
| 2021 | 336.2 |
| 2022 and thereafter | 298.4 |
| Total maturities of debt | $ 2,594.3 |

**NOTE 6 - FAIR VALUE MEASUREMENTS**

We have various financial instruments that require fair value measurements classified as Level 1, Level 2 and Level 3 of the fair value hierarchy. The following discussion represents the assets and liabilities measured at fair value at March 31, 2016 and December 31, 2015 .

There were no Level 1 financial assets as of March 31, 2016 . Financial assets classified in Level 1 as of December 31, 2015 , include money market funds of $30.0 million . The valuation of these instruments is based upon unadjusted quoted prices for identical assets in active markets.

The derivative financial assets classified within Level 3 at March 31, 2016 and December 31, 2015 primarily relate to a freestanding derivative instrument related to certain supply agreements with one of our U.S. Iron Ore customers. The agreements include provisions for supplemental revenue or refunds based on the customer's annual steel pricing at the time the product is consumed in the customer's blast furnaces. We account for this provision as a derivative instrument at the time of sale and adjust this provision to fair value as an adjustment to *Product revenues* each reporting period until the product is consumed and the amounts are settled. The fair value of the instrument is determined using a market approach based on an estimate of the annual realized price of hot-rolled steel at the steelmaker's facilities, and takes into consideration current market conditions and nonperformance risk.

The Level 3 derivative assets and liabilities also consisted of derivatives related to certain provisional pricing arrangements with our U.S. Iron Ore and Asia Pacific Iron Ore customers at March 31, 2016 and December 31, 2015 . These provisional pricing arrangements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified point in time in the future, per the terms of the supply agreements. The difference between the estimated final revenue at the date of sale and the estimated final revenue rate is characterized as a derivative and is required to be accounted for separately once the revenue has been recognized. The derivative instrument is adjusted to fair value through *Product revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined.

The following table illustrates information about quantitative inputs and assumptions for the derivative assets and derivative liabilities categorized in Level 3 of the fair value hierarchy:

**Qualitative/Quantitative Information About Level 3 Fair Value Measurements**

| | (In Millions) Fair Value at March 31, 2016 | Balance Sheet Location | Valuation Technique | Unobservable Input | Range or Point Estimate per dry metric ton (Weighted Average) |
|---|---|---|---|---|---|
| Provisional Pricing Arrangements | $ 3.3 | *Other current assets* | Market Approach | Management's Estimate of 62% Fe | $54 |
| | $ 6.2 | *Other current liabilities* | | | |
| Customer Supply Agreement | $ 5.7 | *Other current assets* | Market Approach | Hot-Rolled Steel Estimate | $405 - $450 ($430) |

The significant unobservable input used in the fair value measurement of the reporting entity's provisional pricing arrangements is management's estimate of 62 percent Fe fines spot price based upon current market data, including historical seasonality and forward-looking estimates determined by management. Significant increases or decreases in this input would result in a significantly higher or lower fair value measurement, respectively.

The significant unobservable input used in the fair value measurement of the reporting entity's customer supply agreement is the future hot-rolled steel price that is estimated based on projections provided by the customer, current market data, analysts' projections and forward-looking estimates determined by management. Significant increases or decreases in this input would result in a significantly higher or lower fair value measurement, respectively.

We recognize any transfers between levels as of the beginning of the reporting period. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the three months ended March 31, 2016 or 2015 . The following tables represent a reconciliation of the changes in fair value of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2016 and 2015 .

| | (In Millions) | |
|---|---|---|
| | Derivative Assets (Level 3) | |
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Beginning balance | **$ 7.8** | $ 63.2 |
| Total gains (losses) | | |
| Included in earnings | **11.2** | 10.1 |
| Settlements | **(10.0)** | (38.8) |
| Transfers into Level 3 | **—** | — |
| Transfers out of Level 3 | **—** | — |
| Ending balance - March 31 | **$ 9.0** | $ 34.5 |
| Total gains for the period included in earnings attributable to the change in unrealized gains on assets still held at the reporting date | **$ 3.6** | $ 10.1 |

| | (In Millions) | |
|---|---|---|
| | Derivative Liabilities (Level 3) | |
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Beginning balance | **$ (3.4)** | $ (9.5) |
| Total gains (losses) | | |
| Included in earnings | **(5.6)** | (16.2) |
| Settlements | **2.8** | 9.5 |
| Transfers into Level 3 | **—** | — |
| Transfers out of Level 3 | **—** | — |
| Ending balance - March 31 | **$ (6.2)** | $ (16.2) |
| Total losses for the period included in earnings attributable to the change in unrealized losses on liabilities still held at the reporting date | **$ (4.4)** | $ (16.2) |

Gains and losses included in earnings are reported in *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three months ended March 31, 2016 and 2015 .

The carrying amount for certain financial instruments (e.g., *Accounts receivable, net* , *Accounts payable* and *Accrued expenses* ) approximates fair value and, therefore, has been excluded from the table below. A summary of the carrying amount and fair value of other financial instruments at March 31, 2016 and December 31, 2015 were as follows:

| | | (In Millions) | | | |
|---|---|---|---|---|---|
| | | **March 31, 2016** | | December 31, 2015 | |
| | **Classification** | **Carrying Value** | **Fair Value** | Carrying Value | Fair Value |
| Long-term debt: | | | | | |
| Senior Notes—$700 million | Level 1 | **$ 334.7** | **$ 98.0** | $ 410.6 | $ 69.4 |
| Senior Notes—$1.3 billion | Level 1 | **553.0** | **165.2** | 787.9 | 137.4 |
| Senior Notes—$400 million | Level 1 | **224.3** | **70.2** | 288.9 | 52.8 |
| Senior Notes—$500 million | Level 1 | **281.9** | **138.0** | 309.1 | 87.1 |
| Senior First Lien Notes —$540 million | Level 1 | **499.7** | **466.9** | 497.4 | 414.5 |
| Senior 1.5 Lien Notes —$218.5 million | Level 2 | **297.3** | **94.0** | — | — |
| Senior Second Lien Notes —$544.2 million | Level 1 | **323.5** | **141.9** | 403.2 | 134.7 |
| ABL Facility | Level 2 | **—** | **—** | — | — |
| Fair value adjustment to interest rate hedge | Level 2 | **2.2** | **2.2** | 2.3 | 2.3 |
| Total long-term debt | | **$ 2,516.6** | **$ 1,176.4** | $ 2,699.4 | $ 898.2 |

The fair value of long-term debt was determined using quoted market prices based upon current borrowing rates. The ABL Facility is variable rate interest and approximates fair value. See NOTE 5 - DEBT AND CREDIT FACILITIES for further information.

**NOTE 7 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS**

We offer defined benefit pension plans, defined contribution pension plans and other postretirement benefit plans, primarily consisting of retiree healthcare benefits, to most employees in the United States as part of a total compensation and benefits program. We do not have employee retirement benefit obligations at our Asia Pacific Iron Ore operations. The defined benefit pension plans largely are noncontributory and benefits generally are based on employees' years of service and average earnings for a defined period prior to retirement or a minimum formula.

Historically, we selected a single-weighted discount rate to be used for all pension and other postretirement benefit plans based on the 10th to 90th percentile results. Beginning January 1, 2016, we elected to select a separate discount rate for each plan, based on 40th to 90th percentile results. The discount rates are determined by matching the projected cash flows used to determine the projected benefit obligation and accumulated postretirement benefit obligation to a projected yield curve of 688 Aa graded bonds. These bonds are either noncallable or callable with make-whole provisions. We made this change in order to more precisely measure our service and interest costs, by improving the correlation between projected benefit cash flows and the corresponding spot yield curve rates. As this change is treated as a change in estimate, the impact is reflected in the first quarter of the current fiscal year and prospectively, and historical measurements of service and interest cost were not affected.

This change in estimate is anticipated to reduce our current year annual net periodic benefit expense by approximately $8.4 million for our pension plans and by approximately $2.3 million for our other postretirement benefit plans. Accordingly, for the quarter ended March 31, 2016 , total service cost and interest cost for the defined benefit pension and other postretirement benefit plans were $12.0 million and $2.7 million , respectively, a reduction of $2.1 million and $0.6 million , respectively, as a result of implementing the new approach.

The following are the components of defined benefit pension and OPEB expense for the three months ended March 31, 2016 and 2015 :

*Defined Benefit Pension Expense*

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Service cost | **$ 4.5** | $ 6.3 |
| Interest cost | **7.5** | 9.4 |
| Expected return on plan assets | **(13.7)** | (14.9) |
| Amortization: | | |
| Prior service costs | **0.5** | 0.6 |
| Net actuarial loss | **5.3** | 5.4 |
| Curtailments/settlements | **—** | 0.3 |
| Net periodic benefit cost to continuing operations | **$ 4.1** | $ 7.1 |

*Other Postretirement Benefits Expense*

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Service cost | **$ 0.4** | $ 1.5 |
| Interest cost | **2.3** | 3.3 |
| Expected return on plan assets | **(4.3)** | (4.6) |
| Amortization: | | |
| Prior service credits | **(0.9)** | (0.9) |
| Net actuarial loss | **1.4** | 3.1 |
| Net periodic benefit cost to continuing operations | **$ (1.1)** | $ 2.4 |

We made pension contributions of $0.3 million for the three months ended March 31, 2016 , compared to pension contributions of $3.9 million for the three months ended March 31, 2015 . OPEB contributions are typically made on an annual basis in the first quarter of each year, but due to plan funding requirements being met, no OPEB contributions were required or made for the three months ended March 31, 2016 and March 31, 2015 .

**NOTE 8 - STOCK COMPENSATION PLANS**

**Employees' Plans**

During the first quarter of 2016, the Compensation and Organization Committee of the Board of Directors approved grants under the 2015 Equity Plan of 3.4 million restricted share units to certain officers and employees with a grant date of February 23, 2016. The restricted share units granted under this award are subject to continued employment through the vesting date of December 31, 2018.

**NOTE 9 - INCOME TAXES**

Our 2016 estimated annual effective tax rate before discrete items is approximately 6.8 percent . The annual effective tax rate differs from the U.S. statutory rate of 35 percent primarily due to deductions for percentage depletion in excess of cost depletion related to U.S. operations and the placement of valuation allowances against deferred tax assets generated in the current year. A comparable annual effective tax rate has not been provided for the three months ended 2015 as our loss for the three months ended March 31, 2015 exceeded the anticipated ordinary loss for the full year and, therefore, our tax expense recorded was calculated using actual year-to-date amounts rather than an estimated annual effective tax rate.

There were discrete items booked in the first quarter of 2016 of approximately $0.2 million . These adjustments relate primarily to quarterly interest accrued on reserves for uncertain tax positions. There were discrete items booked in the first three months of 2015 of approximately $167.5 million . These items were largely related to the recording of valuation allowances against existing deferred tax assets as a result of the determination that these would no longer be realizable.

**NOTE 10 - LEASE OBLIGATIONS**

We lease certain mining, production and other equipment under operating and capital leases. The leases are for varying lengths, generally at market interest rates and contain purchase and/or renewal options at the end of the terms. Our operating lease expense was $2.4 million for the three months ended March 31, 2016 , compared with $4.3 million for the same period in 2015 .

Future minimum payments under capital leases and non-cancellable operating leases at March 31, 2016 are as follows:

| | (In Millions) | | | |
|---|---|---|---|---|
| | Capital Leases | | Operating Leases | |
| 2016 (April 1 - December 31) | $ 19.1 | | $ 5.9 | |
| 2017 | 23.3 | | 7.3 | |
| 2018 | 18.9 | | 6.6 | |
| 2019 | 10.4 | | 4.8 | |
| 2020 | 9.5 | | 4.9 | |
| 2021 and thereafter | 9.5 | | 5.0 | |
| Total minimum lease payments | $ 90.7 | | $ 34.5 | |
| Amounts representing interest | 17.5 | | | |
| Present value of net minimum lease payments | $ 73.2 | (1) | | |

(1) The total is comprised of $18.9 million and $54.3 million classified as *Other current liabilities* and *Other liabilities* , respectively, in the Statements of Unaudited Condensed Consolidated Financial Position at March 31, 2016 .

**NOTE 11 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS**

We had environmental and mine closure liabilities of $216.9 million and $234.0 million at March 31, 2016 and December 31, 2015 , respectively. The following is a summary of the obligations as of March 31, 2016 and December 31, 2015 :

| | (In Millions) | |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 |
| Environmental | **$ 3.5** | $ 3.6 |
| Mine closure | | |
| LTVSMC | **24.5** | 24.1 |
| Operating mines: | | |
| U.S. Iron Ore | **171.4** | 189.9 |
| Asia Pacific Iron Ore | **17.5** | 16.4 |
| Total mine closure | **213.4** | 230.4 |
| Total environmental and mine closure obligations | **216.9** | 234.0 |
| Less current portion | **2.6** | 2.8 |
| Long term environmental and mine closure obligations | **$ 214.3** | $ 231.2 |

**Mine Closure**

The accrued closure obligation for our active mining operations provides for contractual and legal obligations associated with the eventual closure of the mining operations. The accretion of the liability and amortization of the related asset is recognized over the estimated mine lives for each location.

The following represents a rollforward of our asset retirement obligation liability related to our active mining locations for the three months ended March 31, 2016 and for the year ended December 31, 2015 :

| | (In Millions) | |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 [1] |
| Asset retirement obligation at beginning of period | **$ 206.3** | $ 142.4 |
| Accretion expense | **2.5** | 6.5 |
| Exchange rate changes | **0.9** | (1.1) |
| Revision in estimated cash flows | **(20.8)** | 58.5 |
| Asset retirement obligation at end of period | **$ 188.9** | $ 206.3 |

[1] Represents a 12-month rollforward of our asset retirement obligation at December 31, 2015.

The revisions in the estimated cash flows recorded during the three months ended March 31, 2016 relate primarily to revisions of the timing of the estimated cash flows related to one of our U.S. mines. For the year ended December 31, 2015 , the revisions in estimated cash flows recorded during the year related primarily to revisions in the timing of the estimated cash flows and the technology associated with required storm water management systems expected to be implemented subsequent to the indefinite idling of one of our U.S. Iron Ore mines.

## NOTE 12 - GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES

### Goodwill

The carrying amount of goodwill for the three months ended March 31, 2016 and the year ended December 31, 2015 was $2.0 million and related to our U.S. Iron Ore operating segment.

### Other Intangible Assets and Liabilities

The following table is a summary of intangible assets and liabilities as of March 31, 2016 and December 31, 2015 :

| | | (In Millions) | | | | | |
|---|---|---|---|---|---|---|---|
| | | **March 31, 2016** | | | December 31, 2015 | | |
| | **Classification** | **Gross Carrying Amount** | **Accumulated Amortization** | **Net Carrying Amount** | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
| Definite-lived intangible assets: | | | | | | | |
| Permits | *Other non-current assets* | **$ 78.7** | **$ (21.6)** | **$ 57.1** | $ 78.4 | $ (20.2) | $ 58.2 |
| Total intangible assets | | **$ 78.7** | **$ (21.6)** | **$ 57.1** | $ 78.4 | $ (20.2) | $ 58.2 |
| Below-market sales contracts | *Other current liabilities* | **$ (23.1)** | **$ —** | **$ (23.1)** | $ (23.1) | $ — | $ (23.1) |
| Below-market sales contracts | *Other liabilities* | **(205.8)** | **205.8** | **—** | (205.8) | 205.8 | — |
| Total below-market sales contracts | | **$ (228.9)** | **$ 205.8** | **$ (23.1)** | $ (228.9) | $ 205.8 | $ (23.1) |

Amortization expense relating to intangible assets was $1.4 million for the three months ended March 31, 2016 and is recognized in *Cost of goods sold and operating expenses* in the Statements of Unaudited Condensed Consolidated Operations . Amortization expense relating to intangible assets was $1.1 million for the comparable period in 2015. The estimated amortization expense relating to intangible assets for the remainder of this year and each of the five succeeding years is as follows:

| | (In Millions) |
|---|---|
| | **Amount** |
| Year Ending December 31, | |
| 2016 (remaining nine months) | $ 3.2 |
| 2017 | 5.5 |
| 2018 | 2.5 |
| 2019 | 2.5 |
| 2020 | 2.5 |
| 2021 | 2.5 |
| Total | $ 18.7 |

The below-market sales contract is classified as a liability and recognized over the term of the underlying contract, which expires December 31, 2016. For the three months ended March 31, 2016 and March 31, 2015 , there were no *Product revenues* related to the below-market sales contract due to the timing of the Great Lakes shipping season. The remaining $23.1 million is estimated to be recognized in *Product revenues* during the remainder of 2016.

**NOTE 13 - DERIVATIVE INSTRUMENTS**

The following table presents the fair value of our derivative instruments and the classification of each in the Statements of Unaudited Condensed Consolidated Financial Position as of March 31, 2016 and December 31, 2015 :

| | (In Millions) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Derivative Assets** | | | | **Derivative Liabilities** | | | |
| | **March 31, 2016** | | December 31, 2015 | | **March 31, 2016** | | December 31, 2015 | |
| Derivative Instrument | **Balance Sheet Location** | **Fair Value** | Balance Sheet Location | Fair Value | **Balance Sheet Location** | **Fair Value** | Balance Sheet Location | Fair Value |
| Commodity Contracts | | **—** | | — | | **$ 0.2** | *Other current liabilities* | $ 0.6 |
| Customer Supply Agreement | *Other current assets* | **5.7** | *Other current assets* | 5.8 | | **—** | | — |
| Provisional Pricing Arrangements | *Other current assets* | **3.3** | *Other current assets* | 2.0 | *Other current liabilities* | **6.2** | *Other current liabilities* | 3.4 |
| Total derivatives not designated as hedging instruments under ASC 815 | | **$ 9.0** | | $ 7.8 | | **$ 6.4** | | $ 4.0 |

**Derivatives Not Designated as Hedging Instruments**

***Customer Supply Agreements***

Most of our U.S. Iron Ore long-term supply agreements are comprised of a base price with annual price adjustment factors. The base price is the primary component of the purchase price for each contract. The indexed price adjustment factors are integral to the iron ore supply contracts and vary based on the agreement, but typically include adjustments based upon changes in specified price indices, including those for industrial commodities, energy and cold rolled steel and changes in the Platts IODEX. The pricing adjustments generally operate in the same manner, with each factor typically comprising a portion of the price adjustment, although the weighting of each factor varies based upon the specific terms of each agreement. In most cases, these adjustment factors have not been finalized at the time our product is sold. In these cases, we historically have estimated the adjustment factors at each reporting period based upon the best third-party information available. The estimates are then adjusted to actual when the information has been finalized.

The price adjustment factors have been evaluated to determine if they contain embedded derivatives. The price adjustment factors share the same economic characteristics and risks as the host contract and are integral to the host contract as inflation adjustments; accordingly, they have not been separately valued as derivative instruments. Certain of our term supply agreements contain price collars, which typically limit the percentage increase or decrease in prices for our products during any given year.

A certain supply agreement with one U.S. Iron Ore customer provides for supplemental revenue or refunds to the customer based on the customer's average annual steel pricing at the time the product is consumed in the customer's blast furnace. The supplemental pricing is characterized as a freestanding derivative and is required to be accounted for separately once the product is shipped. The derivative instrument, which is finalized based on a future price, is adjusted to fair value as a revenue adjustment each reporting period until the pellets are consumed and the amounts are settled.

We recognized a $0.1 million net loss in *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three months ended March 31, 2016 , related to the supplemental payments. This compares with *Product revenues* of $10.1 million for the comparable period in 2015 . *Other current assets* , representing the fair value of the pricing factors, were $5.7 million and $5.8 million in the March 31, 2016 and December 31, 2015 Statements of Unaudited Condensed Consolidated Financial Position , respectively.

***Provisional Pricing Arrangements***

Certain of our U.S. Iron Ore and Asia Pacific Iron Ore customer supply agreements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified period in time in the future, per the terms of the supply agreements. U.S. Iron Ore sales revenue is primarily recognized when cash is received. For U.S. Iron Ore sales, the difference between the provisionally agreed-upon price and the estimated final revenue rate is characterized as a freestanding derivative and must be accounted for separately once the provisional revenue has been recognized. Asia Pacific Iron Ore sales revenue is initially recorded at the provisionally agreed-upon price with the pricing provision embedded in the receivable. The pricing provision is an embedded derivative that must be bifurcated and accounted for separately from the receivable. Subsequently, the derivative instruments for both U.S. Iron Ore and Asia Pacific Iron Ore are adjusted to fair value through *Product revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined. At March 31, 2016 and December 31, 2015 , we recorded $3.3 million and $2.0 million , respectively, as *Other current assets* in the Statements of Unaudited Condensed Consolidated Financial Position related to our estimate of the final revenue rate with our Asia Pacific Iron Ore customers. At March 31, 2016 and December 31, 2015 , we recorded $6.2 million and $3.4 million , respectively, as *Other current liabilities* in the Statements of Unaudited Condensed Consolidated Financial Position related to our estimate of the final revenue rate with our U.S. Iron Ore and Asia Pacific Iron Ore customers. These amounts represent the difference between the provisional price agreed upon with our customers based on the supply agreement terms and our estimate of the final revenue rate based on the price calculations established in the supply agreements. As a result, we recognized a net $1.5 million decrease and $16.2 million decrease in *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three months ended March 31, 2016 and March 31, 2015, respectively, related to these arrangements.

The following summarizes the effect of our derivatives that are not designated as hedging instruments in the Statements of Unaudited Condensed Consolidated Operations for the three months ended March 31, 2016 and 2015 :

| (In Millions) | | | |
|---|---|---|---|
| **Derivatives Not Designated as Hedging Instruments** | **Location of Gain (Loss) Recognized in Income on Derivative** | **Amount of Gain (Loss) Recognized in Income on Derivative** | |
| | | **Three Months Ended March 31,** | |
| | | **2016** | 2015 |
| Customer Supply Agreement | *Product revenues* | **(0.1)** | 10.1 |
| Provisional Pricing Arrangements | *Product revenues* | **(1.5)** | (16.2) |
| Foreign Exchange Contracts | *Other non-operating income (expense)* | **—** | (5.9) |
| Commodity Contracts | *Cost of goods sold and operating expenses* | **—** | (3.6) |
| | | **$ (1.6)** | $ (15.6) |

Refer to NOTE 6 - FAIR VALUE MEASUREMENTS for additional information.

**NOTE 14 - DISCONTINUED OPERATIONS**

The information below sets forth selected financial information related to operating results of our businesses classified as discontinued operations which include our former North American Coal and Canadian operations. The chart below provides an asset group breakout for each financial statement line impacted by discontinued operations.

| (In Millions) | | | | | | |
|---|---|---|---|---|---|---|
| | | | **Canadian Operations** | | | |
| | | **North American Coal** | **Eastern Canadian Iron Ore** | **Other** | **Total Canadian Operations** | **Total of Discontinued Operations** |
| **Statements of Unaudited Condensed Consolidated Operations** | | | | | | |
| Income (Loss) from Discontinued Operations, net of tax | **YTD March, 2016** | **$ (1.3)** | **$ 3.8** | **$ —** | **$ 3.8** | **$ 2.5** |
| Income (Loss) from Discontinued Operations, net of tax | YTD March 31, 2015 | $ (75.7) | $ (852.7) | $ (0.1) | $ (852.8) | $ (928.5) |
| | | | | | | |
| **Statements of Unaudited Condensed Consolidated Financial Position** | | | | | | |
| Short-term assets of discontinued operations | **As of March 31, 2016** | **$ 0.5** | **$ —** | **$ —** | **$ —** | **$ 0.5** |
| Short-term liabilities of discontinued operations | **As of March 31, 2016** | **$ 4.3** | **$ —** | **$ —** | **$ —** | **$ 4.3** |
| Short-term assets of discontinued operations | As of December 31, 2015 | $ 14.9 | $ — | $ — | $ — | $ 14.9 |
| Short-term liabilities of discontinued operations | As of December 31, 2015 | $ 6.9 | $ — | $ — | $ — | $ 6.9 |
| | | | | | | |
| **Non-Cash Operating and Investing Activities** | | | | | | |
| Depreciation, depletion and amortization: | YTD March 31, 2015 | $ 3.2 | $ — | $ — | $ — | $ 3.2 |
| Purchase of property, plant and equipment | YTD March 31, 2015 | $ 2.5 | $ — | $ — | $ — | $ 2.5 |
| Impairment of long-lived assets | YTD March 31, 2015 | $ 73.4 | $ — | $ — | $ — | $ 73.4 |

***North American Coal Operations***

*Loss on Discontinued Operations*

Our previously reported North American Coal operating segment results are classified as discontinued operations for all periods presented. The closing of the sale of our Oak Grove and Pinnacle mines on December 22, 2015, completed a strategic shift in our business.

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| ***Loss from Discontinued Operations*** | **2016** | 2015 |
| Revenues from product sales and services | **$ —** | $ 116.6 |
| Cost of goods sold and operating expenses | **—** | (107.3) |
| Sales margin | **—** | 9.3 |
| Other operating expense | **(1.2)** | (11.3) |
| Other expense | **—** | (0.4) |
| Loss from discontinued operations before income taxes | **(1.2)** | (2.4) |
| Impairment of long-lived assets | **—** | (73.4) |
| Income tax benefit (expense) | **(0.1)** | 0.1 |
| Loss from discontinued operations, net of tax | **$ (1.3)** | $ (75.7) |

*Recorded Assets and Liabilities*

| | (In Millions) | |
|---|---|---|
| ***Assets and Liabilities of Discontinued Operations*** [(1)] | **March 31, 2016** | December 31, 2015 |
| Other current assets | **$ 0.5** | $ 14.9 |
| Total assets of discontinued operations | **$ 0.5** | $ 14.9 |
| | | |
| Accrued liabilities | **$ 0.1** | $ — |
| Other current liabilities [(1)] | **4.2** | 6.9 |
| Total liabilities of discontinued operations | **$ 4.3** | $ 6.9 |

[(1)] At March 31, 2016 and December 31, 2015, we had $6.8 million and $7.8 million, respectively, of contingent liabilities associated with our exit from the coal business recorded on our parent company.

***Income Taxes***

We have recognized a tax expense of $0.1 million and a tax benefit of $0.1 million for the three months ended March 31, 2016 and March 31, 2015, respectively, in *Income (Loss) from Discontinued Operations, net of tax* , related to our North American Coal investments.

***Canadian Operations***

*Status of CCAA Proceedings*

On March 8, 2016, certain of the Canadian Entities completed the sale of their port and rail assets located in Pointe-Noire, Quebec to Societe Ferroviaire et Portuaire de Pointe-Noire S.E.C., an affiliate of Investissement Quebec, for CAD $66.75 million in cash and the assumption of certain liabilities.

On April 11, 2016, certain of the Canadian Entities completed the sale of the Bloom Lake Mine and Labrador Trough South mineral claims located in Quebec, as well as certain rail assets located in Newfoundland & Labrador, to Quebec Iron Ore Inc., an affiliate of Champion Iron Mines Limited, for CAD $10.5 million in cash and the assumption of certain liabilities.

After payment of sale expenses and taxes and repayment of the DIP financing, the net proceeds from these and certain other divestitures by the Canadian Entities are currently being held by the Monitor, on behalf of the Canadian Entities, to fund the costs of the CCAA proceedings and for eventual distribution to creditors of the Canadian Entities pending further order of the Montreal Court.

*Gain (Loss) on Discontinued Operations*

Our decision to exit Canada represented a strategic shift in our business. For this reason, our previously reported Eastern Canadian Iron Ore and Ferroalloys operating segment results for all periods prior to the respective deconsolidations as well as costs to exit are classified as discontinued operations.

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| ***Gain (Loss) from Discontinued Operations*** | **2016** | 2015 |
| Revenues from product sales and services | **$ —** | $ 11.3 |
| Cost of goods sold and operating expenses | **—** | (11.1) |
| Sales margin | **—** | 0.2 |
| Other operating expense | **—** | (33.3) |
| Other expense | **—** | (1.0) |
| Loss from discontinued operations before income taxes | **—** | (34.1) |
| Gain (loss) from deconsolidation | **3.8** | (818.7) |
| Gain (loss) from discontinued operations, net of tax | **$ 3.8** | $ (852.8) |

Canadian Entities gain from deconsolidation totaled $3.8 million for the three months ended March 31, 2016 and loss from deconsolidation totaled $818.7 million for the three months ended March 31, 2015, which included the following:

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Investment impairment on deconsolidation [1] | **$ 3.8** | $ (476.0) |
| Contingent liabilities | **—** | (342.7) |
| Total gain (loss) from deconsolidation | **$ 3.8** | $ (818.7) |

[1] Includes the adjustment to fair value of our remaining interest in the Canadian Entities.

We have no contingent liabilities for the three months ended March 31, 2016 . As a result of the deconsolidation we recorded accrued expenses for the estimated probable loss related to claims that may be asserted against us, primarily under guarantees of certain debt arrangements and leases for a loss on deconsolidation of $342.7 million , for the three months ended March 31, 2015 .

*Investments in the Canadian Entities*

Cliffs continues to indirectly own a majority of the interest in the Canadian Entities but has deconsolidated those entities because Cliffs no longer has a controlling interest as a result of the Bloom Filing and the Wabush Filing. At the respective date of deconsolidation, January 27, 2015 or May 20, 2015 and subsequently at each reporting period, we adjusted our investment in the Canadian Entities to fair value with a corresponding charge to *Income (Loss) from Discontinued Operations, net of tax* . As the estimated amount of the Canadian Entities' liabilities exceeded the estimated fair value of the assets available for distribution to its creditors, the fair value of Cliffs' equity investment is approximately zero .

*Amounts Receivable from the Canadian Entities*

Prior to the deconsolidations, various Cliffs wholly-owned entities made loans to the Canadian Entities for the purpose of funding its operations and had accounts receivable generated in the ordinary course of business. The loans, corresponding interest and the accounts receivable were considered intercompany transactions and eliminated in our

consolidated financial statements. Since the deconsolidations, the loans, associated interest and accounts receivable are considered related party transactions and have been recognized in our consolidated financial statements at their estimated fair value of $69.9 million and $72.9 million in the Statements of Unaudited Condensed Consolidated Financial Position at March 31, 2016 and December 31, 2015, respectively.

*Contingent Liabilities*

Certain liabilities consisting primarily of equipment loans and environmental obligations of the Canadian Entities were secured through corporate guarantees and standby letters of credit. As of March 31, 2016 , we have liabilities of $23.6 million and $38.2 million , respectively, in our consolidated results, classified as *Guarantees* and *Other liabilities* in the Statements of Unaudited Condensed Consolidated Financial Position . As of December 31, 2015, we had liabilities of $96.5 million and $35.9 million , respectively, in our consolidated results, classified as *Guarantees* and *Other liabilities* in the Statements of Unaudited Condensed Consolidated Financial Position .

*Contingencies*

The recorded expenses include an accrual for the estimated probable loss related to claims that may be asserted against us, primarily under guarantees of certain debt arrangements and leases. The beneficiaries of those guarantees may seek damages or other related relief as a result of our exit from Canada. Our probable loss estimate is based on the expectation that claims will be asserted against us and negotiated settlements will be reached, and not on any determination that it is probable we would be found liable were these claims to be litigated. Given the early stage of our exit, the Bloom Filing on January 27, 2015 and the Wabush Filing on May 20, 2015, our estimates involve significant judgment. Our estimates are based on currently available information, an assessment of the validity of certain claims and estimated payments by the Canadian Entities. We are not able to reasonably estimate a range of possible losses in excess of the accrual because there are significant factual and legal issues to be resolved. We believe that it is reasonably possible that future changes to our estimates of loss and the ultimate amount paid on these claims could be material to our results of operations in future periods. Any such losses would be reported in discontinued operations.

*Items Measured at Fair Value on a Non-Recurring Basis*

The following table presents information about the financial assets and liabilities that were measured on a fair value basis at March 31, 2016 for the Canadian Operations. The table also indicates the fair value hierarchy of the valuation techniques used to determine such fair value.

| | (In Millions) | | | | |
|---|---|---|---|---|---|
| | March 31, 2016 | | | | |
| **Description** | **Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)** | **Significant Other Observable Inputs (Level 2)** | **Significant Unobservable Inputs (Level 3)** | **Total** | **Total Gains** |
| Assets: | | | | | |
| Loans to and accounts receivables from the Canadian Entities | **$ —** | **$ —** | **$ 69.9** | **$ 69.9** | **$ 3.8** |
| Liabilities: | | | | | |
| Contingent liabilities | **$ —** | **$ —** | **$ 61.8** | **$ 61.8** | **$ —** |

We determined the fair value and recoverability of our Canadian investments by comparing the estimated fair value of the remaining underlying assets of the Canadian Entities to remaining estimated liabilities. We recorded the contingent liabilities at book value which best approximated fair value.

Outstanding liabilities include accounts payable and other liabilities, forward commitments, unsubordinated related party payables, lease liabilities and other potential claims. Potential claims include an accrual for the estimated probable loss related to claims that may be asserted against the Bloom Lake Group and Wabush Group under certain contracts. Claimants may seek damages or other related relief as a result of the Canadian Entities' exit from Canada. Based on our estimates, the fair value of liabilities exceeds the fair value of assets.

To assess the fair value and recoverability of the amounts receivable from the Canadian Entities, we estimated the fair value of the underlying net assets of the Canadian Entities available for distribution to their creditors in relation to the estimated creditor claims and the priority of those claims.

Our estimates involve significant judgment and are based on currently available information, an assessment of the validity of certain claims and estimated payments made by the Canadian Entities. Our ultimate recovery is subject to the final liquidation value of the Canadian Entities. Further, the final liquidation value and ultimate recovery of the creditors of the Canadian Entities, including Cliffs Natural Resources and various subsidiaries, may impact our estimates of contingent liability exposure described previously.

*DIP Financing*

In connection with the Wabush Filing on May 20, 2015, the Montreal Court approved an agreement to provide a debtor-in-possession credit facility (the "DIP financing") to the Wabush Group, which provided for borrowings under the facility up to $10.0 million . The DIP financing was secured by a court-ordered charge over the assets of the Wabush Group. As of December 31, 2015, there was $6.8 million drawn and outstanding under the DIP financing funded by Wabush Iron Co. Limited's parent company, Cliffs Mining Company. During the three months ended March 31, 2016, the Wabush Group made an additional draw of $1.5 million . We subsequently received a repayment of $8.3 million and as a result, there was no outstanding balance due under the DIP financing arrangement from Wabush Iron Co. Limited's parent company, Cliffs Mining Company as of March 31, 2016.

*Income Taxes*

We recognized no tax benefit for the three months ended March 31, 2016 and March 31, 2015, in *Gain (loss) from discontinued operations, net of tax* .

**NOTE 15 - CAPITAL STOCK**

**Preferred Shares Conversion to Common Shares**

On January 4, 2016, we announced that our Board of Directors determined the final quarterly dividend of our Preferred Shares would not be paid in cash, but instead, pursuant to the terms of the Preferred Shares, the conversion rate was increased such that holders of the Preferred Shares received additional common shares in lieu of the accrued dividend at the time of the mandatory conversion of the Preferred Shares on February 1, 2016. The number of our common shares in the aggregate issued in lieu of the dividend was 1.3 million . This resulted in an effective conversion rate of 0.9052 common shares, rather than 0.8621 common shares, per depositary share, each representing 1/40 $^{th}$ of a Preferred Share. Upon conversion on February 1, 2016, an aggregate of 26.5 million common shares were issued, representing 25.2 million common shares issuable upon conversion and 1.3 million that were issued in lieu of a final cash dividend.

**Debt for Equity Exchange**

During the first quarter of 2016, we entered into a privately negotiated exchange agreement whereby we issued an aggregate of 1.8 million common shares, representing less than one percent of our outstanding common shares, in exchange for $10.0 million aggregate principal amount of our 2018 Senior Notes. Accordingly, we recognized a gain of $4.5 million in *Gain on extinguishment/restructuring of debt* in the Statements of Unaudited Condensed Consolidated Operations as of March 31, 2016 . The issuance of the common shares in exchange for our 2018 Senior Notes was made in reliance on the exemption from registration provided in Section 3(a)(9) of the Securities Act.

**NOTE 16 - SHAREHOLDERS' EQUITY (DEFICIT)**

The following table reflects the changes in shareholders' equity (deficit) attributable to both Cliffs and the noncontrolling interests primarily related to Tilden and Empire of which Cliffs owns 85 percent and 79 percent , respectively, for the three months ended March 31, 2016 and March 31, 2015 :

| | (In Millions) | | |
|---|---|---|---|
| | **Cliffs Shareholders' Equity (Deficit)** | **Noncontrolling Interest (Deficit)** | **Total Equity (Deficit)** |
| **December 31, 2015** | **$ (1,981.4)** | **$ 169.8** | **$ (1,811.6)** |
| **Comprehensive income** | | | |
| **Net income** | **108.0** | **8.8** | **116.8** |
| **Other comprehensive income** | **5.7** | **0.6** | **6.3** |
| **Total comprehensive income** | **113.7** | **9.4** | **123.1** |
| **Issuance of common shares** | **5.4** | **—** | **5.4** |
| **Stock and other incentive plans** | **2.9** | **—** | **2.9** |
| **Distributions of partnership equity** | **—** | **(17.0)** | **(17.0)** |
| **Undistributed losses to noncontrolling interest** | **—** | **0.5** | **0.5** |
| **March 31, 2016** | **$ (1,859.4)** | **$ 162.7** | **$ (1,696.7)** |

| | (In Millions) | | |
|---|---|---|---|
| | Cliffs Shareholders' Equity (Deficit) | Noncontrolling Interest (Deficit) | Total Equity (Deficit) |
| December 31, 2014 | $ (1,431.3) | $ (303.0) | $ (1,734.3) |
| Comprehensive income (loss) | | | |
| Net loss | (759.8) | (1.9) | (761.7) |
| Other comprehensive income (loss) | 207.6 | (10.8) | 196.8 |
| Total comprehensive loss | (552.2) | (12.7) | (564.9) |
| Effect of deconsolidation | — | 528.2 | 528.2 |
| Stock and other incentive plans | 0.6 | — | 0.6 |
| Preferred share dividends | (12.8) | — | (12.8) |
| Undistributed losses to noncontrolling interest | — | 1.1 | 1.1 |
| March 31, 2015 | $ (1,995.7) | $ 213.6 | $ (1,782.1) |

The following table reflects the changes in *Accumulated other comprehensive income (loss)* related to Cliffs shareholders' equity for March 31, 2016 and March 31, 2015 :

| | (In Millions) | | | | |
|---|---|---|---|---|---|
| | **Changes in Pension and Other Post-Retirement Benefits, net of tax** | **Unrealized Net Gain (Loss) on Securities, net of tax** | **Unrealized Net Gain (Loss) on Foreign Currency Translation** | **Net Unrealized Gain (Loss) on Derivative Financial Instruments, net of tax** | **Accumulated Other Comprehensive Income (Loss)** |
| **Balance December 31, 2015** | **$ (241.4)** | **$ 0.1** | **$ 220.7** | **$ 2.6** | **$ (18.0)** |
| **Other comprehensive income (loss) before reclassifications** | **(1.5)** | **(0.1)** | **4.4** | **(3.4)** | **(0.6)** |
| **Net loss reclassified from accumulated other comprehensive income (loss)** | **6.3** | **—** | **—** | **—** | **6.3** |
| **Balance March 31, 2016** | **$ (236.6)** | **$ —** | **$ 225.1** | **$ (0.8)** | **$ (12.3)** |

| | (In Millions) | | | | |
|---|---|---|---|---|---|
| | Changes in Pension and Other Post-Retirement Benefits, net of tax | Unrealized Net Gain (Loss) on Securities, net of tax | Unrealized Net Gain (Loss) on Foreign Currency Translation | Net Unrealized Gain (Loss) on Derivative Financial Instruments, net of tax | Accumulated Other Comprehensive Income (Loss) |
| Balance December 31, 2014 | $ (291.1) | $ (1.0) | $ 64.4 | $ (18.1) | $ (245.8) |
| Other comprehensive income (loss) before reclassifications | 31.1 | 2.8 | (14.7) | (7.1) | 12.1 |
| Net loss (gain) reclassified from accumulated other comprehensive income (loss) | 8.5 | (2.0) | 182.7 | 6.3 | 195.5 |
| Balance March 31, 2015 | $ (251.5) | $ (0.2) | $ 232.4 | $ (18.9) | $ (38.2) |

The following table reflects the details about *Accumulated other comprehensive income (loss)* components related to Cliffs shareholders' equity for the three months ended March 31, 2016 and March 31, 2015:

| | (In Millions) | | |
|---|---|---|---|
| **Details about Accumulated Other Comprehensive Income (Loss) Components** | **Amount of (Gain)/Loss Reclassified into Income** | | **Affected Line Item in the Statement of Unaudited Condensed Consolidated Operations** |
| | **Three Months Ended March 31,** | | |
| | **2016** | 2015 | |
| Amortization of pension and postretirement benefit liability: | | | |
| Prior service costs [1] | **$ (0.4)** | $ (0.3) | |
| Net actuarial loss [1] | **6.7** | 8.5 | |
| Settlements/curtailments [1] | **—** | 0.3 | |
| | **6.3** | 8.5 | Total before taxes |
| | **—** | — | *Income tax expense* |
| | **$ 6.3** | $ 8.5 | Net of taxes |
| Unrealized gain (loss) on marketable securities: | | | |
| Impairment | **—** | (2.0) | *Other non-operating income (expense)* |
| | **—** | — | *Income tax expense* |
| | **$ —** | $ (2.0) | Net of taxes |
| Unrealized gain (loss) on foreign currency translation: | | | |
| Effect of deconsolidation [2] | **$ —** | $ 182.7 | *Income (Loss) from Discontinued Operations, net of tax* |
| | **—** | — | *Income tax expense* |
| | **$ —** | $ 182.7 | Net of taxes |
| Unrealized gain (loss) on derivative financial instruments: | | | |
| Australian dollar foreign exchange contracts | **$ —** | $ 9.0 | *Product revenues* |
| | **—** | (2.7) | *Income tax expense* |
| | **$ —** | $ 6.3 | Net of taxes |
| Total Reclassifications for the Period | **$ 6.3** | $ 195.5 | |

[1] These accumulated other comprehensive income components are included in the computation of net periodic benefit cost. See NOTE 7 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS for further information.

[2] Represents Canadian accumulated currency translation adjustments that were deconsolidated. See NOTE 14 - DISCONTINUED OPERATIONS for further information.

**NOTE 17 - CASH FLOW INFORMATION**

A reconciliation of capital additions to cash paid for capital expenditures for the three months ended March 31, 2016 and 2015 is as follows:

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Capital additions [1] | **$ 6.8** | $ 26.1 |
| Cash paid for capital expenditures | **10.4** | 15.9 |
| Difference (Non-cash accruals) | **$ (3.6)** | $ 10.2 |

[1] Includes capital additions of $6.8 million related to continuing operations for the three months ended March 31, 2016. Includes capital additions of $13.3 million and $12.8 million related to continuing operations and discontinued operations, respectively, for the three months ended March 31, 2015.

**NOTE 18 - RELATED PARTIES**

Three of our five U.S. iron ore mines are owned with various joint venture partners that are integrated steel producers or their subsidiaries. We are the manager of each of the mines we co-own and rely on our joint venture partners to make their required capital contributions and to pay for their share of the iron ore pellets that we produce. The joint venture partners are also our customers. The following is a summary of the mine ownership of these iron ore mines at March 31, 2016 :

| Mine | Cliffs Natural Resources | ArcelorMittal | U.S. Steel Corporation |
|---|---|---|---|
| Empire | 79.0% | 21.0% | — |
| Tilden | 85.0% | — | 15.0% |
| Hibbing | 23.0% | 62.3% | 14.7% |

ArcelorMittal has a unilateral right to put its interest in the Empire mine to us, but has not exercised this right to date. Furthermore, as part of the 2014 extension agreement that was entered into between us and ArcelorMittal, which amended certain terms of the Empire partnership agreement, certain minimum distributions of the partners' equity amounts are required to be made on a quarterly basis beginning in the first quarter of 2015 and will continue through the first quarter of 2017. During the three months ended March 31, 2016 , we paid distributions of $11.1 million and recorded additional distributions of $17.0 million to be paid during the second quarter of 2016 to ArcelorMittal under this agreement.

*Product revenues* from related parties were as follows:

| | (In Millions) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Product revenues from related parties | **$ 103.4** | $ 110.4 |
| Total product revenues | **275.6** | 399.5 |
| Related party product revenue as a percent of total product revenue | **37.5%** | 27.6% |

Amounts due from related parties recorded in *Accounts receivable, net* and *Other current assets ,* including trade accounts receivable, a customer supply agreement and provisional pricing arrangements, were $10.7 million and $15.8 million at March 31, 2016 and December 31, 2015 , respectively. Amounts due to related parties recorded in *Accounts payable ,* including provisional pricing arrangements, were $17.5 million at March 31, 2016 and amounts including provisional pricing arrangements and liabilities to related parties were $14.5 million at December 31, 2015 .

**NOTE 19 - EARNINGS PER SHARE**

The following table summarizes the computation of basic and diluted earnings (loss) per share:

| | (In Millions, Except Per Share Amounts) | |
|---|---|---|
| | Three Months Ended March 31, | |
| | **2016** | 2015 |
| Income from Continuing Operations | **$ 114.3** | $ 166.8 |
| Loss (Income) from Continuing Operations Attributable to Noncontrolling Interest | **(8.8)** | 1.9 |
| Net Income from Continuing Operations Attributable to Cliffs Shareholders | **$ 105.5** | $ 168.7 |
| Income (Loss) from Discontinued Operations, net of tax | **2.5** | (928.5) |
| Net Income (Loss) Attributable to Cliffs Shareholders | **$ 108.0** | $ (759.8) |
| Preferred Stock Dividends | **—** | (12.8) |
| Net Income (Loss) Attributable to Cliffs Common Shareholders | **$ 108.0** | $ (772.6) |
| Weighted Average Number of Shares: | | |
| Basic | **171.7** | 153.2 |
| Depositary Shares | **—** | 25.2 |
| Employee Stock Plans | **0.3** | 0.3 |
| Diluted | **172.0** | 178.7 |
| Earnings (Loss) per Common Share Attributable to Cliffs Common Shareholders - Basic: | | |
| Continuing operations | **$ 0.61** | $ 1.02 |
| Discontinued operations | **0.01** | (6.06) |
| | **$ 0.62** | $ (5.04) |
| Earnings (Loss) per Common Share Attributable to Cliffs Common Shareholders - Diluted: | | |
| Continuing operations | **$ 0.61** | $ 0.94 |
| Discontinued operations | **0.01** | (5.20) |
| | **$ 0.62** | $ (4.26) |

**NOTE 20 - COMMITMENTS AND CONTINGENCIES**

**Contingencies**

*Litigation*

We are currently a party to various claims and legal proceedings incidental to our operations. If management believes that a loss arising from these matters is probable and can reasonably be estimated, we record the amount of the loss, or the minimum estimated liability when the loss is estimated using a range, and no point within the range is more probable than another. As additional information becomes available, any potential liability related to these matters is assessed and the estimates are revised, if necessary. Based on currently available information, management believes that the ultimate outcome of these matters, individually and in the aggregate, will not have a material effect on our financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties, and unfavorable rulings could occur. An unfavorable ruling could include monetary damages, additional funding requirements or an injunction. If an unfavorable ruling were to occur, there exists the possibility of a material impact on the financial position and results of operations of the period in which the ruling occurs, or future periods. However, we do not believe that any pending litigation, not covered by insurance, will result in a material liability in relation to our consolidated financial statements. Currently, we have an insurance coverage receivable to cover settlement of the following putative class action and derivative shareholder lawsuits:

*Putative Class Action Lawsuits.* In May 2014, alleged purchasers of our common shares filed suit in the U.S. District Court for the Northern District of Ohio against us and certain former officers and directors of the Company. The action is captioned Department of the Treasury of the State of New Jersey and Its Division of Investment v. Cliffs Natural Resources Inc., et al. , No. 1:14-CV-1031. As amended, the action asserts violations of the federal securities laws based

on alleged false or misleading statements or omissions during the period of March 14, 2012 to March 26, 2013, regarding operations at our Bloom Lake mine in Québec, Canada, and the impact of those operations on our finances and outlook, including sustainability of the dividend, and that the alleged misstatements caused our common shares to trade at artificially inflated prices. The parties have successfully mediated this dispute and reached a settlement in principle, subject to definitive documentation, shareholder notice and court approval. The lawsuit had been referred to our insurance carriers, who have funded the entire $84 million settlement amount into an escrow account as we await the court's decision regarding approval. The settlement hearing is currently scheduled for June 30, 2016. The settlement of this lawsuit, if approved, will have no impact on our financial position or operations.

In June 2014, an alleged purchaser of the depositary shares issued by Cliffs in a public offering in February 2013 filed a putative class action, which is captioned Rosenberg v. Cliffs Natural Resources Inc., et al. , and after a round of removal and remand motions, is now pending in the Cuyahoga County, Ohio, Court of Common Pleas, No. CV-14-828140. As amended, the suit asserts claims against us, certain current and former officers and directors of the Company, and several underwriters of the offering, alleging disclosure violations in the offering documents regarding operations at our Bloom Lake mine, the impact of those operations on our finances and outlook, and about the progress of our former exploratory chromite project in Ontario, Canada. The parties successfully mediated this dispute and reached a settlement agreement in principle, subject to definitive documentation, notice to class members and court approval. The settlement provides for a payment to the proposed class of $10 million , which has been deposited into escrow by the insurance carriers. On April 14, 2016, the court determined that the documentation was complete and the notice provided was appropriate, and the court entered a final order approving the settlement.

*Shareholder Derivative Lawsuits.* In June and July 2014, alleged shareholders of Cliffs filed three derivative actions in the Cuyahoga County, Ohio, Court of Common Pleas asserting claims against certain current and former officers and directors of the Company. These actions, captioned Black v. Carrabba, et al. , No. CV-14-827803, Asmussen v. Carrabba, et al. , No. CV-14-829259, and Williams, et al. v. Carrabba, et al. , No. CV-14-829499, allege that the individually named defendants violated their fiduciary duties to the Company by, among other things, disseminating false and misleading information regarding operations at our Bloom Lake mine in Québec, Canada, and the impact of those operations on our finances and outlook, including sustainability of the dividend, failing to maintain internal controls, and failing to appropriately oversee and manage the Company. The complaints assert additional claims for unjust enrichment, abuse of control, gross mismanagement, overpayment upon departure of certain executives, and waste of corporate assets. The parties have reached a settlement in principle to settle all three cases, subject to definitive documentation, shareholder notice and court approval. Under the pending settlement, the Company will agree to enact or continue various corporate-governance related measures and to pay plaintiffs' attorneys' fees and expenses. The lawsuit had been referred to our insurance carriers who will pay $775,000 for attorneys' fees and expenses to plaintiffs' lawyers. The settlement of these actions will have no impact on our financial position. Following the announcement of the settlement in principle of these three shareholder derivative cases, an additional derivative shareholder action, captioned Mansour v. Carrabba, et al. , No. 16-CV-00390, was filed in the U.S. District Court for the Northern District of Ohio against the same defendants and alleging substantially identical claims. This additional lawsuit, which had also been referred to our insurance carriers, was dismissed on April 18, 2016.

**NOTE 21 - SUBSEQUENT EVENTS**

On April 1, 2016, we borrowed $60.0 million and on April 28, 2016, we borrowed $45.0 million under our ABL Facility for general corporate purposes.

We have evaluated subsequent events through the date of financial issuance.

**Item 2.** ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is designed to provide a reader of our financial statements with a narrative from the perspective of management on our financial condition, results of operations, liquidity and other factors that may affect our future results. We believe it is important to read our MD&A in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2015 as well as other publicly available information.

**Overview**

Cliffs Natural Resources Inc. is a leading mining and natural resources company in the United States. We are a major supplier of iron ore pellets to the North American steel industry from the five iron ore mines we currently operate located in Michigan and Minnesota. We also operate the Koolyanobbing iron ore mining complex in Western Australia. Driven by the core values of safety, social, environmental and capital stewardship, our employees endeavor to provide all stakeholders operating and financial transparency.

The key driver of our business is demand for steelmaking raw materials from U.S. steelmakers, which is heavily influenced by the global steel market and, in particular, Chinese steel production. In the first three months of 2016, the U.S. produced approximately 20 million metric tons of crude steel or about 5 percent of total global crude steel production. This represents an approximate 1 percent decrease in U.S. crude steel production when compared to the same period in 2015. U.S. total steel capacity utilization was approximately 70 percent in the first three months of 2016, which is an approximate 2 percent decrease from the same period in 2015. Additionally, in the first three months of 2016, China produced approximately 192 million metric tons of crude steel, or approximately 50 percent of total global crude steel production. These figures represent an approximate 3 percent decrease in Chinese crude steel production when compared to the same period in 2015. Through the first three months of 2016, global crude steel production decreased about 3 percent compared to the same period in 2015.

Through the first quarter of 2016, the Platts IODEX has outperformed our expectations as a result of improved sentiment about steel demand in China and signs of high-cost capacity closures in addition to less aggressive supply expansion expectations from the major iron ore producers in Australia and Brazil. Despite the rally, we remain cautious about the price sustainability at these levels until we see more meaningful changes to the iron ore supply-demand picture.

Despite outperforming our forecasts, the Platts IODEX price decreased 23 percent to an average price of $48 per dry metric ton for the three months ended March 31, 2016 compared to the respective quarter of 2015. The spot price volatility impacts our realized revenue rates, particularly in our Asia Pacific Iron Ore business segment because its contracts correlate heavily to Platts IODEX pricing, and to a lesser extent certain of our U.S. Iron Ore contracts.

The improvement in iron ore prices in the first three months of 2016 has also coincided with the increase in price for domestic steel. We believe the recent rally in steel prices has been driven by successful trade case rulings for hot-rolled, cold-rolled and corrosion resistant steel that has substantially curbed the amount of unfairly traded steel in the U.S. This, combined with restocking of domestic steel inventories which followed a period of destocking that persisted throughout 2015, has helped improve sentiment in the U.S. We expect these trends to continue through 2016, but at a more modest rate than what was seen in the first three months of 2016. Despite these recent improvements, the price of hot-rolled steel remains substantially below its five-year average of approximately $600 per short ton as a result of continued weakness in the oil and gas sector and a stronger U.S. dollar.

As a result of our long-term contracts, for the three months ended March 31, 2016, when compared to the prior year period, our U.S. Iron Ore revenues only experienced a realized revenue rate decrease of 9.5 percent , versus the 23 percent decrease in the Platts IODEX price. Additionally, the first quarter sales tons for U.S. Iron Ore in both 2016 and 2015 include a substantial amount of carry over tonnage from prior year nominations that were at higher price realizations in 2014 versus 2015.

For the three months ended March 31, 2016 , our consolidated revenues were $305.5 million and net income from continuing operations per diluted share of $0.61 . This compares with consolidated revenues of $446.0 million and net income from continuing operations per diluted share of $0.94 , for the comparable period in 2015. Net income from continuing operations in the three months ended March 31, 2016 and March 31, 2015, were impacted positively as a result of gains on the extinguishment/restructuring of debt of $178.8 million and $313.7 million , respectively. Results for the three months ended March 31, 2015, were negatively impacted by discrete income tax expense items of $167.5 million, primarily due to the placement of a valuation allowance on U.S. deferred tax assets. Sales margin decreased by $49.9 million in the three months ended March 31, 2016 , when compared to the same period in 2015 primarily driven

by the overall decreased sales volume, higher idle costs, and lower realized pricing for our products partially offset by cost cutting measures and favorable foreign exchange rates.

**Strategy**

***The Company is Focused on our Core U.S. Iron Ore Business***

We are the market-leading iron ore producer in the U.S., supplying differentiated iron ore pellets under long-term contracts, some of which begin to expire at the end of 2016, to the largest North America steel producers. We have the unique advantage of being a low cost producer of iron ore pellets in the U.S. market. Pricing structures contained in and the long-term supply provided by our existing contracts, along with our low-cost operating profile, positions U.S. Iron Ore as our most stable business. We expect to continue to strengthen our U.S. Iron Ore operating cost profile through continuous operational improvements and disciplined capital allocation policies. Strategically, we continue to develop various entry options into the EAF steel market. As the EAF steel market continues to grow in the U.S., there is an opportunity for our iron ore to serve this market by providing pellets to the alternative metallics market to produce direct reduced iron pellets, hot briquetted iron and/or pig iron. In 2015, we produced and shipped a batch trial of DR-grade pellets, a source of lower silica iron units for the production of direct reduced iron pellets. In early 2016, we reached a significant milestone with positive results from the successful industrial trial of our DR-grade pellets. While we are still in the early stages of developing our alternative metallic business, we believe this will open up a new opportunity for us to diversify our product mix and add new customers to our U.S. Iron Ore segment beyond the traditional blast furnace clientèle.

***Maintaining Discipline on Costs and Capital Spending and Improving our Financial Flexibility***

We believe our ability to execute our strategy is dependent on our financial position, balance sheet strength and financial flexibility to manage through current demand for our products and volatility in commodity prices. We have developed a highly disciplined financial and capital expenditure plan with a focus on improving our cost profile and increasing long-term profitability. We resized and streamlined our organization and support functions to better fit our new strategic direction. Our capital allocation plan is focused on strengthening our core U.S. Iron Ore operations to promote greater free cash flow generation.

**Recent Developments**

On January 4, 2016, we announced that, under the terms of our Preferred Shares, the final quarterly dividend otherwise payable upon mandatory conversion of the Preferred Shares on February 1, 2016, would not be paid in cash. In accordance with applicable law, our Board of Directors determined not to declare a dividend payable in cash. Instead, pursuant to the terms of the Preferred Shares, the conversion rate was increased such that holders of the Preferred Shares received additional common shares in lieu of the accrued dividend at the time of the mandatory conversion. The number of our common shares in the aggregate issued in lieu of the dividend was 1.3 million. This resulted in an effective conversion rate of 0.9052 common shares, rather than 0.8621 common shares, per depositary share, each representing 1/40 $^{th}$ of a Preferred Share. Upon conversion on February 1, 2016, an aggregate of 26.5 million common shares were issued, representing 25.2 million common shares issuable upon conversion and 1.3 million that were issued in lieu of a final cash dividend.

On February 29, 2016, we announced the expiration and final results of private offers to exchange with eligible holders (the "Exchange Offers") our newly issued 8.00 percent 1.5 Lien Notes due 2020 (the "1.5 Lien Notes") for certain of our outstanding senior notes (the "Existing Notes"), upon the terms and subject to the conditions set forth in our confidential offering memorandum. We accepted for exchange $512.2 million aggregate principal amount of Existing Notes that were tendered in the Exchange Offers for $218.5 million aggregate principal amount of 1.5 Lien Notes. Eligible holders of Existing Notes accepted for exchange in the Exchange Offers received a cash payment equal to the accrued and unpaid interest in respect of such Existing Notes from the applicable most recent interest payment date to, but not including, the settlement date of the Exchange Offers. Interest on the 1.5 Lien Notes will accrue from such settlement date.

On March 14, 2016, we announced we will be restarting iron ore pellet production at our Northshore operation in Minnesota by May 15, 2016. We are taking such action based on our domestic customers' demand for iron ore pellets and consistent with our previously announced production plans for the year.

***Business Segments***

Our Company's primary continuing operations are organized and managed according to geographic location: U.S. Iron Ore and Asia Pacific Iron Ore. As of March 31, 2015, management determined that our North American Coal operating segment met the criteria to be classified as held for sale under *ASC 205, Presentation of Financial Statements* . In the fourth quarter of 2015, we sold these two low-volatile metallurgical coal operations, Pinnacle mine and Oak grove mine, marking our exit from the coal business. The sale was completed on December 22, 2015. As such, all presented North American Coal operating segment results are included in our financial statements and classified within discontinued operations.

Additionally, as a result of the CCAA filing of the Bloom Lake Group on January 27, 2015, and the Wabush Group on May 20, 2015, we no longer have a controlling interest over the Bloom Lake Group and certain other wholly owned subsidiaries, and we no longer have a controlling interest over the Wabush Group. The Bloom Lake Group, Wabush Group and certain of each of their wholly owned subsidiaries were previously reported as Eastern Canadian Iron Ore and Other reportable segments. As such, we deconsolidated the Bloom Lake Group and certain other wholly-owned subsidiaries as of January 27, 2015. Additionally, as a result of the Wabush Filing on May 20, 2015, we deconsolidated certain Wabush Group wholly-owned subsidiaries effective May 20, 2015. The wholly-owned subsidiaries deconsolidated effective May 20, 2015 are Wabush Group entities that were not deconsolidated as part of the deconsolidation effective January 27, 2015. Financial results prior to the respective deconsolidations of the Bloom Lake and Wabush Groups and subsequent expenses directly associated with the Canadian Entities are included in our financial statements and classified within discontinued operations.

**Results of Operations – Consolidated**

***2016 Compared to 2015***

The following is a summary of our consolidated results of operations for the three months ended March 31, 2016 and 2015 :

| | (In Millions) | | |
|---|---|---|---|
| | Three Months Ended March 31, | | |
| | **2016** | 2015 | Variance Favorable/ (Unfavorable) |
| Revenues from product sales and services | **$ 305.5** | $ 446.0 | $ (140.5) |
| Cost of goods sold and operating expenses | **(274.6)** | (365.2) | 90.6 |
| Sales margin | **$ 30.9** | $ 80.8 | $ (49.9) |
| Sales margin % | **10.1%** | 18.1% | (8.0)% |

***Revenues from Product Sales and Services***

Sales revenue for the three months ended March 31, 2016 decreased $140.5 million , or 31.5 percent , from the comparable period in 2015 . The decrease in sales revenue during the first quarter of 2016 compared to the same period in 2015 was primarily attributable to the decrease in customer demand for our products including the termination of a customer contract in the fourth quarter of 2015. The decrease in revenues period-over-period as a result of lower iron ore sales volumes for our U.S. Iron Ore and Asia Pacific Iron Ore operations was 1,037 thousand long tons and 230 metric tons, respectively, or $107.3 million for the first quarter ended March 31, 2016 . Additionally, changes in Platts IODEX pricing impact our revenues each year. Iron ore revenues decreased $16.2 million in the first quarter of 2016 compared to the prior-year period due to the decrease in the Platts IODEX price, which declined 23 percent to an average price of $48 per dry metric ton in the first quarter of 2016, unfavorable price adjustments related to certain price indices and the decrease in the full-year estimate of hot band steel pricing. The decrease in our realized revenue rates during the first quarter of 2016 compared to the first quarter of 2015 was 9.5 percent and 3.9 percent for our U.S. Iron Ore and Asia Pacific Iron Ore operations, respectively.

Refer to "Results of Operations – Segment Information" for additional information regarding the specific factors that impacted revenue during the period.

***Cost of Goods Sold and Operating Expenses***

Cost of goods sold and operating expenses for the three months ended March 31, 2016 were $274.6 million , which represented a decrease of $90.6 million or 24.8 percent from the comparable prior-year period.

Cost of goods sold and operating expenses decreased period-over-period as a result of lower iron ore sales volumes of $58.9 million for the three months ended March 31, 2016 . Additionally, operational efficiencies and cost cutting efforts across each of our business units reduced costs for the three months ended March 31, 2016 by $34.4 million. Also, as a result of favorable foreign exchange rates in the first three months of 2016 versus the comparable period in 2015, we realized lower costs of $8.7 million for our Asia Pacific Iron Ore segment. These decreases in cost were partially offset by higher idle costs of $24.5 million due to the temporary full idle of our United Taconite mine which began in August 2015, and the temporary full idle of the Northshore mine, which began in November 2015, versus the idle of one production line at Northshore for most of the first quarter in 2015.

Refer to " Results of Operations – Segment Information " for additional information regarding the specific factors that impacted our operating results during the period.

***Other Operating Income (Expense)***

The following is a summary of other operating income (expense) for the three months ended March 31, 2016 and 2015 :

| | (In Millions) | | |
|---|---|---|---|
| | Three Months Ended March 31, | | |
| | **2016** | 2015 | Variance Favorable/ (Unfavorable) |
| Selling, general and administrative expenses | **$ (28.2)** | $ (29.1) | $ 0.9 |
| Miscellaneous - net | **(3.0)** | 20.2 | (23.2) |
| | **$ (31.2)** | $ (8.9) | $ (22.3) |

Selling, general and administrative expenses during the three months ended March 31, 2016 decreased by $0.9 million over the comparable period in 2015. This decrease was primarily due to the reduction of the workforce, generating reduced employment costs for the three months ended March 31, 2016 of $2.4 million versus the comparable period in 2015. Additionally, reduced administrative costs of $1.6 million for the three months ended March 31, 2016 contributed the decrease in expenses. These reductions were offset partially by an increase in expenses related to a lease abandonment of a corporate office space and additional insurance costs of $3.1 million, during the three months ended March 31, 2016 .

The following is a summary of Miscellaneous - net for the three months ended March 31, 2016 and 2015 :

| | (In Millions) | | |
|---|---|---|---|
| | Three Months Ended March 31, | | |
| | **2016** | 2015 | Variance Favorable/ (Unfavorable) |
| Foreign exchange remeasurement | **$ (1.2)** | $ 13.5 | $ (14.7) |
| Insurance recovery | **—** | 7.6 | (7.6) |
| Other | **(1.8)** | (0.9) | (0.9) |
| | **$ (3.0)** | $ 20.2 | $ (23.2) |

For the three months ended March 31, 2016 , net losses of $1.2 million related to the impact of transaction gains and losses resulting from remeasurement. Of these amounts, for the three months ended March 31, 2016 , gains of $0.8 million and losses of $2.4 million , respectively, resulted from remeasurement of cash and cash equivalents and remeasurement of certain obligations. For the three months ended March 31, 2015 , net gains of $13.5 million related to the impact of transaction gains and losses resulting from remeasurement. Of these transaction gains, for the three

months ended March 31, 2015 , gains of $12.4 million and gains of $1.5 million , respectively, resulted from remeasurement of short-term intercompany loans and cash and cash equivalents. Additionally, the three months ended March 31, 2015 was impacted favorably by a $7.6 million decrease in insurance recovery related to the clean-up of the Pointe Noire oil spill that occurred in September 2013.

***Other Income (Expense)***

The following is a summary of other income (expense) for the three months ended March 31, 2016 and 2015 :

| | (In Millions) | | |
|---|---|---|---|
| | Three Months Ended March 31, | | |
| | **2016** | 2015 | Variance Favorable/ (Unfavorable) |
| Interest expense, net | **$ (56.8)** | $ (42.9) | $ (13.9) |
| Gain on extinguishment/restructuring of debt | **178.8** | 313.7 | (134.9) |
| Other non-operating income (expense) | **0.1** | (0.8) | 0.9 |
| | **$ 122.1** | $ 270.0 | $ (147.9) |

Interest expense for the three months ended March 31, 2016 was impacted unfavorably by $12.9 million versus the comparable prior period as a result of the debt restructuring activities that occurred during March 2015. The First and Second Lien notes issued as part of the debt restructuring in the first quarter of 2015 have significantly higher annual effective interest rates, albeit a lower principal, than the senior notes and the revolving credit agreement that were extinguished.

The gain on extinguishment/restructuring of debt for the three months ended March 31, 2016 was $178.8 million primarily related to the issuance of 1.5 Lien Notes through the Exchange Offer on March 2, 2016 compared to $313.7 million related to the corporate debt restructuring that occurred during the three months ended March 31, 2015.

***Income Taxes***

Our effective tax rate is impacted by permanent items, such as depletion and the relative mix of income we earn in various foreign jurisdictions with tax rates that differ from the U.S. statutory rate. It also is affected by discrete items that may occur in any given period, but are not consistent from period to period. The following represents a summary of our tax provision and corresponding effective rates for the three months ended March 31, 2016 and 2015:

| | (In Millions) | | |
|---|---|---|---|
| | Three Months Ended March 31, | | |
| | **2016** | 2015 | Variance |
| Income tax benefit (expense) | **$ (7.5)** | $ (175.1) | $ 167.6 |
| Effective tax rate | **6.2%** | 51.2% | (45.0)% |

Our tax provision for the three months ended March 31, 2016 was an expense of $7.5 million and a 6.2 percent effective tax rate compared with an expense of $175.1 million for the comparable prior-year period. The decrease in the expense is due to the prior year recording of valuation allowances against existing deferred tax assets.

Discrete items for the three months ended March 31, 2016 resulted in an expense of approximately $0.2 million. These adjustments relate primarily to quarterly interest accrued on reserves for uncertain tax positions. Discrete items of $167.5 million for the three months ended March 31, 2015 related primarily to the recording of valuation allowances against existing deferred tax assets as a result of the determination that they would no longer be realizable.

Our 2016 estimated annual effective tax rate before discrete items is 6.8 percent. This estimated annual effective tax rate differs from the U.S. statutory rate of 35 percent primarily due to deductions for percentage depletion in excess of cost depletion related to U.S. operations and the placement of valuation allowances against deferred tax assets generated in the current year. A comparable annual effective tax rate has not been provided for the three months ended 2015 as our loss for the three months ended March 31, 2015 exceeded the anticipated ordinary loss for the full year and, therefore, our tax expense recorded was calculated using actual year-to-date amounts rather than an estimated annual effective tax rate.

***Income (Loss) from Discontinued Operations, net of tax***

During the three months ended March 31, 2016 , we recorded a gain from discontinued operations of $2.5 million , net of tax, primarily attributable to foreign currency remeasurement of our loans to and accounts receivable from the Canadian Entities of $3.8 million . This gain was partially offset by a net loss of $1.3 million , from the settlement of certain disputes related to the sale of our North American Coal segment.

As of March 31, 2015, management determined that our North American Coal operating segment met the criteria to be classified as held for sale under ASC 205, *Presentation of Financial Statements* . As such, all current year and historical North American Coal operating segment results are included in our financial statements and classified within discontinued operations. The loss from discontinued operations, net of tax related to the North American Coal segment was $1.3 million and $75.7 million for the three months ended March 31, 2016 and 2015, respectively.

In January 2015, we announced that the Bloom Lake Group commenced CCAA proceedings. At that time, we had suspended Bloom Lake operations and for several months had been exploring options to sell certain of our Canadian assets, among other initiatives. Effective January 27, 2015, following the CCAA filing of the Bloom Lake Group, we deconsolidated the Bloom Lake Group and certain other wholly-owned subsidiaries comprising substantially all of our Canadian operations. Additionally, on May 20, 2015, the Wabush Group commenced CCAA proceedings which resulted in the deconsolidation of the remaining Wabush Group entities that were not previously deconsolidated. The Wabush Group was no longer generating revenues and was not able to meet its obligations as they came due. As a result of this action, the CCAA protections granted to the Bloom Lake Group were extended to include the Wabush Group to facilitate the reorganization or divestiture of each of their businesses and operations. Financial results prior to the respective deconsolidations of the Bloom Lake and Wabush Groups and subsequent expenses directly associated with the Canadian Entities are included in our financial statements and classified within discontinued operations. The gain from discontinued operations, net of tax related to the deconsolidated Canadian Entities was $3.8 million for the three months ended March 31, 2016, compared to a loss from discontinued operations, net of tax of $852.8 million for the same period in 2015.

***Noncontrolling Interest***

Noncontrolling interest primarily is comprised of our consolidated, but less-than-wholly owned subsidiary at our Empire mining venture and through the CCAA filing on January 27, 2015, the Bloom Lake operations. The net income attributable to the noncontrolling interest of the Empire mining venture was $8.8 million and $5.8 million for the three months ended March 31, 2016 and March 31, 2015, respectively. There was no net income or loss attributable to the noncontrolling interest related to Bloom Lake for the three months ended March 31, 2016. The net loss attributable to the noncontrolling interest related to Bloom Lake was $7.7 million for the three months ended March 31, 2015.

***Results of Operations – Segment Information***

We have historically evaluated segment performance based on sales margin, defined as revenues less cost of goods sold, and operating expenses identifiable to each segment. Additionally, we evaluate segment performance based on EBITDA, defined as net income (loss) before interest, income taxes, depreciation, depletion and amortization, and Adjusted EBITDA, defined as EBITDA excluding certain items such as impacts of discontinued operations, extinguishment/restructuring of debt, severance and contractor termination costs, foreign currency remeasurement, and intersegment corporate allocations of SG&A costs. We use and believe that investors benefit from referring to these measures in evaluating operating and financial results, as well as in planning, forecasting and analyzing future periods as these financial measures approximate the cash flows associated with the operational earnings.

***EBITDA and Adjusted EBITDA***

| | Three Months Ended March 31, | |
|---|---|---|
| | **2016** | 2015 |
| Net Income (Loss) | **$ 116.8** | $ (761.7) |
| Less: | | |
| Interest expense, net | **(56.8)** | (44.2) |
| Income tax expense | **(7.6)** | (175.0) |
| Depreciation, depletion and amortization | **(35.2)** | (33.0) |
| EBITDA | **$ 216.4** | $ (509.5) |
| Less: | | |
| Impact of discontinued operations | **2.6** | (929.6) |
| Gain on extinguishment/restructuring of debt | **178.8** | 313.7 |
| Severance and contractor termination costs | **(0.1)** | (1.5) |
| Foreign exchange remeasurement | **(1.2)** | 13.5 |
| Adjusted EBITDA | **$ 36.3** | $ 94.4 |
| | | |
| EBITDA: | | |
| U.S. Iron Ore | **$ 41.4** | $ 101.6 |
| Asia Pacific Iron Ore | **22.3** | 18.0 |
| Other | **152.7** | (629.1) |
| Total EBITDA | **$ 216.4** | $ (509.5) |
| | | |
| Adjusted EBITDA: | | |
| U.S. Iron Ore | **$ 46.1** | $ 105.1 |
| Asia Pacific Iron Ore | **23.0** | 5.7 |
| Other | **(32.8)** | (16.4) |
| Total Adjusted EBITDA | **$ 36.3** | $ 94.4 |

EBITDA for the three months ended March 31, 2016 increased by $725.9 million , on a consolidated basis, from the comparable period in 2015. The period-over-period change was driven primarily by the items detailed above in the Adjusted EBITDA calculation. Adjusted EBITDA decreased by $58.1 million for the three months ended March 31, 2016 from the comparable period in 2015. The decrease was primarily attributable to the lower consolidated sales margin. See further detail below for additional information regarding the specific factors that impacted each reportable segments' sales margin during the three months ended March 31, 2016 and 2015.

***2016 Compared to 2015***

***U.S. Iron Ore***

The following is a summary of U.S. Iron Ore results for the three months ended March 31, 2016 and 2015 :

| | (In Millions) | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Changes due to: | | | | |
| | Three Months Ended March 31, | | Revenue and cost rate | Sales volume | Idle cost/production volume variance | Freight and reimburse-ment | Total change |
| | **2016** | 2015 | | | | | |
| Revenues from product sales and services | **$ 185.5** | $ 311.8 | $ (16.1) | $ (96.8) | $ — | $ (13.4) | $ (126.3) |
| Cost of goods sold and operating expenses | **(172.3)** | (231.8) | 21.8 | 48.8 | (24.5) | 13.4 | 59.5 |
| Sales margin | **$ 13.2** | $ 80.0 | $ 5.7 | $ (48.0) | $ (24.5) | $ — | $ (66.8) |

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| *Per Ton Information* | **2016** | 2015 | Difference | Percent change |
| Realized product revenue rate [1] | **$ 83.87** | $ 92.70 | $ (8.83) | (9.5)% |
| Cash production cost | **47.88** | 64.98 | (17.10) | (26.3)% |
| Non-production cash cost | **15.00** | (6.79) | 21.79 | (320.9)% |
| Cost of goods sold and operating expenses rate [1] (excluding DDA) | **62.88** | 58.19 | 4.69 | 8.1 % |
| Depreciation, depletion & amortization | **14.08** | 7.36 | 6.72 | 91.3 % |
| Total cost of goods sold and operating expenses rate | **76.96** | 65.55 | 11.41 | 17.4 % |
| Sales margin | **$ 6.91** | $ 27.15 | $ (20.24) | (74.5)% |
| | | | | |
| Sales tons [2] (In thousands) | **1,910** | 2,947 | | |
| Production tons [2] (In thousands) | | | | |
| Total | **4,913** | 7,182 | | |
| Cliffs' share of total | **3,047** | 5,376 | | |

[1] Excludes revenues and expenses related to domestic freight, which are offsetting and have no impact on sales margin. Revenues also exclude venture partner cost reimbursements.

[2] Tons are long tons (2,240 pounds).

Sales margin for U.S. Iron Ore was $13.2 million for the three months ended March 31, 2016 , compared with $80.0 million for the three months ended March 31, 2015. The decline compared to the prior-year period is attributable to a decrease in revenue of $126.3 million partially offset by lower cost of goods sold and operating expenses of $59.5 million . Sales margin per long ton decreased 74.5 percent to $6.91 in the first three months of 2016 compared to the first three months of 2015.

Revenue decreased by $112.9 million , excluding the freight and reimbursements decrease of $13.4 million from the prior-year period, predominantly due to:

- Lower sales volumes of 1.0 million long tons or $96.8 million due to:
  - Termination of a customer contract in the fourth quarter of the prior year; and
  - Lower demand from one customer due to the idling of one of its blast furnaces, reduced sales due to the customer's inventory management efforts and higher sales in the prior year period due to the compacted shipping season in 2014 resulting from lake ice cover.

- These decreases partially were offset by increased sales to one customer in the 2016 period compared to the prior year period due to timing and favorable weather in the current year allowing for higher shipments to certain customers.

- The average year-to-date realized product revenue rate declined by $8.83 per long ton or 9.5 percent to $83.87 per long ton in first three months of 2016, which resulted in a decrease of $16.1 million . This decline is a result of:

  - Changes in customer pricing negatively affected the realized revenue rate by $12 per long ton driven primarily by the negative inflation of certain price indices, the reduction in Platts IODEX price and the impact of higher carryover pricing in the prior year period than the 2016 period; and

  - Realized revenue rates were impacted negatively by $2 per long ton primarily as a result of one major customer contract with a pricing mechanism tied to the full-year estimate of their hot band steel pricing.

  - These decreases were partially offset by a favorable customer mix impacting realized revenue rates by $6 per long ton mainly due to higher sales tonnage from a customer contract with a higher than average rate.

Cost of goods sold and operating expenses in the first three months of 2016 decreased $46.1 million , excluding the freight and reimbursements decrease of $13.4 million from the same period in the prior-year, predominantly as a result of:

- Decreased sales volumes as discussed above that decreased costs by $48.8 million compared to the prior-year period; and

- Lower costs in the first three months of 2016 in comparison to the prior-year period primarily driven by the reduction in maintenance and repair costs based on cost reduction initiatives and condition based monitoring, year-over-year reduction in energy rates, and lower employment costs.

- Partially offset by increased idle costs of $24.5 million due to the idle of United Taconite mine which began in the first week of August 2015, and the impact of the full idle of the Northshore mine in the first quarter of 2016 that began in November 2015 versus one idled production line during the first quarter of 2015; and

- Partially offset by increased depreciation and amortization expenses primarily due to prior year revisions to our asset retirement obligation estimates.

*Production*

Cliffs' share of production in its U.S. Iron Ore segment decreased by 43.3 percent in the first quarter of 2016 when compared to the same period in 2015 . United Taconite mine had a decrease in production of 1.2 million long tons due to the idling of the mine that began the first week of August 2015 versus full production in the first quarter of 2015. Additionally, there was also a decrease in production at Northshore of 1.2 million long tons due to it being fully idled in the first quarter of 2016 versus running a three furnace operation in the first quarter of 2015.

***Asia Pacific Iron Ore***

The following is a summary of Asia Pacific Iron Ore results for the three months ended March 31, 2016 and 2015 :

| | (In Millions) | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | Change due to: | | | | |
| | Three Months Ended March 31, | | Revenue and cost rate | Sales volume | Exchange rate | Freight and reimburse-ment | Total change |
| | **2016** | 2015 | | | | | |
| Revenues from product sales and services | **$ 120.0** | $ 134.2 | $ (0.1) | $ (10.5) | $ (3.9) | $ 0.3 | $ (14.2) |
| Cost of goods sold and operating expenses | **(102.3)** | (133.4) | 12.6 | 10.1 | 8.7 | (0.3) | 31.1 |
| Sales margin | **$ 17.7** | $ 0.8 | $ 12.5 | $ (0.4) | $ 4.8 | $ — | $ 16.9 |

| | Three Months Ended March 31, | | | |
|---|---|---|---|---|
| *Per Ton Information* | **2016** | 2015 | Difference | Percent change |
| Realized product revenue rate [1] | **$ 41.16** | $ 42.81 | $ (1.65) | (3.9)% |
| Cash production cost | **26.90** | 36.77 | (9.87) | (26.8)% |
| Non-production cash cost | **5.52** | 3.70 | 1.82 | 49.2 % |
| Cost of goods sold and operating expenses rate (excluding DDA) [1] | **32.42** | 40.47 | (8.05) | (19.9)% |
| Depreciation, depletion & amortization | **2.43** | 2.08 | 0.35 | 16.8 % |
| Total cost of goods sold and operating expenses rate | **34.85** | 42.55 | (7.70) | (18.1)% |
| Sales margin | **$ 6.31** | $ 0.26 | $ 6.05 | N/A |
| | | | | |
| Sales tons [2] (In thousands) | **2,804** | 3,034 | | |
| Production tons [2] (In thousands) | **2,808** | 2,879 | | |

[1] The information above excludes revenues and expenses related to freight, which are offsetting and have no impact on sales margin.

[2] Metric tons (2,205 pounds).

Sales margin for Asia Pacific Iron Ore increased to $17.7 million for the three months ended March 31, 2016 compared with $0.8 million for the same period in 2015 and sales margin per metric ton increased $6.05 per metric ton in the first three months of 2016 compared to the first three months of 2015 primarily as a result of decreased costs as discussed below.

Revenue decreased $14.5 million in the first three months of 2016 over the prior-year period, excluding the freight and reimbursements increase of $0.3 million , primarily as a result of:

- An overall decrease in sales volume to 2.8 million metric tons during the three months ended March 31, 2016 compared with 3.0 million metric tons during the prior-year period resulting in a decrease in revenue of $10.5 million . The decrease in sales volume was primarily due to higher shipments in the first quarter 2015 in anticipation of major port maintenance immediately following the prior year quarter.

Cost of goods sold and operating expenses in the three months ended March 31, 2016 decreased $31.4 million , excluding the freight and reimbursements increases of $0.3 million , compared to the same period in 2015 primarily as a result of:

- A reduction in mining costs of $13.5 million and transportation costs of $5.2 million mainly due to decreased mining and hauling volumes and increases in productivity related to maintenance, hauling and train loading, lower headcount and the idling of the Windarling camp; and
- Favorable foreign exchange rate variances of $8.7 million or $3 per metric ton; and

- A reduction in sales volumes resulted in decreased costs of $10.1 million compared to the same period in the prior year.

*Production*

Production at Asia Pacific Iron Ore during the three months ended March 31, 2016 remained consistent when compared to the same period in 2015 .

**Liquidity, Cash Flows and Capital Resources**

Our primary sources of liquidity are cash generated from our operating and financing activities. Our capital allocation process is focused on prioritizing all potential uses of future cash flows. We are focused on the preservation of liquidity in our business through the maximization of cash generation of our operations as well as reducing operating costs, limiting capital investments to those required to meet the current business plan, including regulatory and permission-to-operate related projects and lowering SG&A expenses. We also may seek to reduce our debt, including, without limitation, through repurchases or exchange of our debt securities, including in exchange for our common shares. Despite the improving conditions we experienced during the first quarter of 2016, we believe these efforts, which have been underway for several quarters and will continue for the foreseeable future, are critical, as exemplified by the challenging market conditions from reduced demand for our products and volatility in global commodity prices we experienced during 2015.

Based on our outlook for the remainder of 2016, which is subject to continued changing demand from steel makers that utilize our products and volatility in iron ore and domestic steel prices, we expect our anticipated capital expenditures and cash requirements to service our debt obligations for the full year to exceed our estimated operating cash flows. Despite this, we maintain sufficient liquidity through the cash on our balance sheet and the availability provided by our ABL Facility to fund our normal business operations, including the servicing of our debt obligations, and we expect to be able to fund these requirements for the next 12 months.

Despite improving conditions, if we see reduced demand from our customers and/or iron ore or steel prices were to deteriorate during the remainder of 2016, we would face further pressure on our available liquidity. If this was the case, we would need to consider the sale of assets, further expense reductions and the possibility of refinancing our existing debt. There is a possibility that these further actions would not be sufficient to maintain adequate levels of available liquidity particularly if industry conditions deteriorated severely.

Refer to “Outlook” for additional guidance regarding expected future results, including projections on pricing, sales volume and production.

The following discussion summarizes the significant activities impacting our cash flows during the three months ended March 31, 2016 and 2015 as well as known expected impacts to our future cash flows over the next 12 months. Refer to the Statements of Unaudited Condensed Consolidated Cash Flows for additional information.

***Operating Activities***

Net cash used by operating activities was $126.5 million for the three months ended March 31, 2016 , compared to net cash used by operating activities of $228.2 million for the same period in 2015 . The increase in operating cash flows in the first three months of 2016 was primarily due to lower operating costs previously discussed and improved cash flows from working capital.

In our core U.S. market, we are encouraged by the modestly improved conditions in the steel industry as successful trade case rulings for hot-rolled, cold-rolled and corrosion resistant steel have substantially curbed the amount of unfairly traded steel entering in the Great Lakes market. This, combined, with a restocking of domestic steel inventories which followed a period of destocking that persisted throughout 2015, has helped improve sentiment in the U.S. We expect these trends to continue through 2016, but at a more modest rate than what was seen in the first three months. Despite these recent improvements, steel prices remain substantially below their five-year average as a result of continued weakness in the oil and gas sector and a stronger U.S. dollar. In China, we continue to believe that 2016 growth in steel production will be zero to negative compared to the prior year, but are pleased with the performance of iron ore prices through the first three months of the year in response to the improved sentiment in China and signs of high-cost capacity closures. Despite the rally, we will remain cautious about the price sustainability at these levels until we see more meaningful changes to the iron ore supply-demand picture.

We believe we have sufficient capital resources to support our operations and other financial obligations through cash generated from operations, our financing arrangements and our efficient tax structure that allows us to repatriate cash from our foreign operations, if necessary. Our U.S. cash and cash equivalents balance at March 31, 2016 was

$15.7 million, or approximately 26.2 percent of our consolidated total cash and cash equivalents balance of $59.9 million . Furthermore, historically we have been able to raise additional capital through private financings and public debt and equity offerings, the bulk of which, to date, have been U.S.-based.

***Investing Activities***

Net cash used by investing activities was $4.9 million for the three months ended March 31, 2016 , compared with $15.7 million for the comparable period in 2015 .

We are increasing our full-year 2016 capital expenditures expectation to $75 million from our previous expectation of $50 million. The increase is a result of the capital spend required to begin to invest to produce a specialized, super-flux pellet at United Taconite in order to meet a customer's pellet specification requirements.

***Financing Activities***

Net cash used by financing activities in the first three months of 2016 was $93.4 million , compared to $310.0 million provided by financing activities for the comparable period in 2015 . Net cash used by financing activities included payments on equipment loans, which resulted in cash outflows of $72.9 million . We anticipate that the remaining balance of the Canadian equipment loans that were guaranteed by the Company of approximately $24 million will be re-paid within the next 12 months. We made further cash outflows related to financing activities attributable to distributions of partnership equity of $11.1 million and debt issuance costs of $5.2 million. We anticipate approximately $46 million in partnership equity will be distributed within the next 12 months. All other financing activities for the first three months of 2016 totaled outflows of $4.2 million. Net cash provided by financing activities in the first three months of 2015 included issuance of First Lien Notes, which resulted in net proceeds excluding debt issuance costs of $503.5 million, which was offset partially by the repurchase of senior notes of $133.3 million and debt issuance costs of $33.1 million. Additionally, in the first three months of 2015 cash dividends of $12.8 million were paid on Preferred Shares. All other financing activities for the first three months of 2015 totaled outflows of $14.3 million.

***Capital Resources***

We expect to fund our business obligations from available cash, operations and existing borrowing arrangements. We also may pursue other funding strategies in the capital and/or bond markets to strengthen our liquidity. The following represents a summary of key liquidity measures as of March 31, 2016 and December 31, 2015 :

| | (In Millions) | |
|---|---|---|
| | **March 31, 2016** | December 31, 2015 |
| Cash and cash equivalents | **$ 59.9** | $ 285.2 |
| Available borrowing base on ABL Facility [1] | **368.9** | 366.0 |
| ABL Facility loans drawn | **—** | — |
| Letter of credit obligations and other commitments | **(110.3)** | (186.8) |
| Borrowing capacity available | **$ 258.6** | $ 179.2 |

[1] The ABL Facility has a maximum borrowing base of $550 million, determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

Our primary sources of funding are cash on hand, which totaled $59.9 million as of March 31, 2016 , cash generated by our business and availability under the ABL Facility. The combination of cash and availability under the ABL Facility gives us approximately $318.5 million in liquidity entering the second quarter of 2016, which is expected to be used to fund operations, letter of credit obligations, sustaining capital expenditures and other cash commitments for at least the next 12 months.

As of March 31, 2016, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum Fixed Charge Coverage Ratio of 1.0 to 1.0 was not applicable. We believe that the cash on hand and the ABL Facility provide us sufficient liquidity to support our operating, investing and financing activities. We have the capability to issue additional 1.5 Lien Notes and additional Second Lien Notes, both subject to compliance with the Fixed Charge Coverage Ratio under our ABL Facility. Available capacity of these secured notes could however be limited by market conditions. If demand for our products and pricing deteriorates further and persists for a continued period of time, we believe our ability to maintain the required Fixed Charge Coverage Ratio of

1.0 to 1.0 would be difficult, and we may have to seek a waiver from the lenders under our ABL Facility, which we may not be able to obtain.

On April 1, 2016, we borrowed $60.0 million and on April 28, 2016, we borrowed $45.0 million under our ABL Facility for general corporate purposes, which we expect to repay during the third quarter of 2016.

*Off-Balance Sheet Arrangements*

In the normal course of business, we are a party to certain arrangements that are not reflected on our Statements of Unaudited Condensed Consolidated Financial Position . These arrangements include minimum "take or pay" purchase commitments, such as minimum electric power demand charges, minimum coal, diesel and natural gas purchase commitments, minimum railroad transportation commitments and minimum port facility usage commitments; financial instruments with off-balance sheet risk, such as bank letters of credit and bank guarantees; and operating leases, which primarily relate to equipment and office space.

**Market Risks**

We are subject to a variety of risks, including those caused by changes in commodity prices, foreign currency exchange rates and interest rates. We have established policies and procedures to manage such risks; however, certain risks are beyond our control.

***Pricing Risks***

*Commodity Price Risk*

Our consolidated revenues include the sale of iron ore pellets, iron ore lump and iron ore fines. Our financial results can vary significantly as a result of fluctuations in the market prices of iron ore. World market prices for these commodities have fluctuated historically and are affected by numerous factors beyond our control. The world market price that most commonly is utilized in our iron ore sales contracts is the Platts IODEX pricing, which can fluctuate widely due to numerous factors, such as global economic growth or contraction, change in demand for steel or changes in availability of supply.

*Provisional Pricing Arrangements*

Certain of our U.S. Iron Ore and Asia Pacific Iron Ore customer supply agreements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified point in time in the future, per the terms of the supply agreements. The difference between the provisionally agreed-upon price and the estimated final revenue rate is characterized as a derivative and is required to be accounted for separately once the revenue has been recognized. The derivative instrument is adjusted to fair value through *Product revenues* each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined.

At March 31, 2016 , we have recorded $3.3 million as derivative assets included in *Other current assets* and $6.2 million as derivative liabilities included in *Other current liabilities* in the Statements of Unaudited Condensed Consolidated Financial Position related to our estimate of the final revenue rate with our U.S. Iron Ore and Asia Pacific Iron Ore customers. These amounts represent the difference between the provisional price agreed upon with our customers based on the supply agreement terms and our estimate of the final sales rate based on the price calculations established in the supply agreements. As a result, we recognized a net $1.5 million decrease in *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three months ended March 31, 2016 related to these arrangements.

*Customer Supply Agreements*

A certain supply agreement with one U.S. Iron Ore customer provides for supplemental revenue or refunds based on the customer’s average annual steel pricing at the time the product is consumed in the customer’s blast furnace. The supplemental pricing is characterized as a freestanding derivative, which is finalized based on a future price, and is adjusted to fair value as a revenue adjustment each reporting period until the pellets are consumed and the amounts are settled. The fair value of the instrument is determined using an income approach based on an estimate of the annual realized price of hot-rolled steel at the steelmaker’s facilities.

At March 31, 2016 , we had a derivative asset of $5.7 million , representing the fair value of the pricing factors, based upon the amount of unconsumed tons and an estimated average hot-band steel price related to the period in which the tons are expected to be consumed in the customer’s blast furnace at each respective steelmaking facility,

subject to final pricing at a future date. This compares with a derivative asset of $5.8 million as of December 31, 2015 . We estimate that a $75 positive change in the average hot-band steel price realized from the March 31, 2016 estimated price recorded would cause the fair value of the derivative instrument to increase by approximately $15.6 million and a $75 negative change in the average hot-band steel price realized from the March 31, 2016 estimated price recorded would cause the fair value of the derivative instrument to decrease by approximately $5.7 million, thereby impacting our consolidated revenues by the same amount.

We have not entered into any hedging programs to mitigate the risk of adverse price fluctuations; however certain of our term supply agreements contain price collars, which typically limit the percentage increase or decrease in prices for our products during any given year.

***Volatile Energy and Fuel Costs***

The volatile cost of energy is an important issue affecting our production costs at our iron ore operations. Our consolidated U.S. Iron Ore mining ventures consumed approximately 5.1 million MMBtu's of natural gas at an average delivered price of $3.08 per MMBtu inclusive of the natural gas hedge impact or $3.00 per MMBtu net of the natural gas hedge impact during the first three months of 2016 . Additionally, our consolidated U.S. Iron Ore mining ventures consumed approximately 4.3 million gallons of diesel fuel at an average delivered price of $1.41 per gallon inclusive of the diesel fuel hedge impact or $1.25 per gallon net of the diesel fuel hedge impact during the first three months of 2016 . The hedging of natural gas and diesel is further discussed later in this section. Consumption of diesel fuel by our Asia Pacific operations was approximately 2.3 million gallons at an average delivered price of $1.21 per gallon for the same period.

In the ordinary course of business, there may also be increases in prices relative to electrical costs at our U.S. mine sites. Specifically, our Tilden and Empire mines in Michigan have entered into large curtailable special contracts with Wisconsin Electric Power Company. Charges under those special contracts are subject to a power supply cost recovery mechanism that is based on variations in the utility's actual fuel and purchase power expenses.

Our strategy to address increasing energy rates includes improving efficiency in energy usage, identifying alternative providers and utilizing the lowest cost alternative fuels. An energy hedging program has been implemented in order to manage the price risk of diesel and natural gas at our U.S. Iron Ore mines during the winter months of 2016. We will continue to monitor relevant energy markets for risk mitigation opportunities and may make additional forward purchases or employ other hedging instruments in the future as warranted and deemed appropriate by management. Assuming we do not enter into further hedging activity in the near term, a 10 percent change in electrical, natural gas and diesel fuel prices would result in a change of approximately $4.7 million in our annual fuel and energy cost based on expected consumption for 2016.

***Valuation of Other Long-Lived Assets***

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances that would indicate that the carrying value of the assets may not be recoverable. Such indicators may include, among others: a significant decline in expected future cash flows; a sustained, significant decline in market pricing; a significant adverse change in legal or environmental factors or in the business climate; changes in estimates of our recoverable reserves; unanticipated competition; and slower growth or production rates. Any adverse change in these factors could have a significant impact on the recoverability of our long-lived assets and could have a material impact on our consolidated statements of operations and statement of financial position.

A comparison of each asset group's carrying value to the estimated undiscounted future cash flows expected to result from the use of the assets, including cost of disposition, is used to determine if an asset is recoverable. Projected future cash flows reflect management's best estimates of economic and market conditions over the projected period, including growth rates in revenues and costs, estimates of future expected changes in operating margins and capital expenditures. If the carrying value of the asset group is higher than its undiscounted future cash flows, the asset group is measured at fair value and the difference is recorded as a reduction to the long-lived assets. We estimate fair value using a market approach, an income approach or a cost approach.

***Foreign Currency Exchange Rate Risk***

We are subject to changes in foreign currency exchange rates as a result of our operations in Australia, which could impact our financial condition. With respect to Australia, foreign exchange risk arises from our exposure to fluctuations in foreign currency exchange rates because our reporting currency is the U.S. dollar, but the functional currency of our Asia Pacific operations is the Australian dollar. Our Asia Pacific operations receive funds in U.S. currency for their iron ore sales and incur costs in Australian currency.

At March 31, 2016 , we had no outstanding Australian foreign exchange rate contracts for which we elected hedge accounting. Our last outstanding Australian foreign exchange rate contract held as a cash flow hedge matured in October 2015. Due to the uncertainty of 2016 hedge exposures, we have suspended entering into new foreign exchange rate contracts. We have waived compliance with our current derivative financial instruments and hedging activities policy through December 31, 2016. In the future, we may enter into additional hedging instruments as needed in order to further hedge our exposure to changes in foreign currency exchange rates.

***Interest Rate Risk***

Interest payable on our senior notes is at fixed rates. Interest payable under our ABL Facility is at a variable rate based upon the base rate plus the base rate margin depending on the excess availability. As of March 31, 2016 , we had no amounts drawn on the ABL Facility.

The interest rate payable on our 2018 Senior Notes may be subject to adjustments from time to time if either Moody's or S&P or, in either case, any Substitute Rating Agency thereof downgrades (or subsequently upgrades) the debt rating assigned to the notes. In no event shall (1) the interest rate for the notes be reduced to below the interest rate payable on the notes on the date of the initial issuance of notes or (2) the total increase in the interest rate on the notes exceed 2.00 percent above the interest rate payable on the notes on the date of the initial issuance of notes. Throughout 2014, the interest rate payable on our 2018 Senior Notes was increased from 3.95 percent ultimately to 5.70 percent based on Substitute Rating Agency downgrades throughout the year. During the first quarter of 2015, subsequent to a downgrade, the interest rate was further increased to 5.95 percent. This maximum rate increase of 2.00 percent has resulted in an additional interest expense of $5.7 million per annum based upon the $283.6 million principal balance outstanding as of March 31, 2016 .

***Supply Concentration Risks***

Many of our mines are dependent on one source each of electric power and natural gas. A significant interruption or change in service or rates from our energy suppliers could impact materially our production costs, margins and profitability.

**Outlook**

We provide full-year expected revenues-per-ton ranges based on different assumptions of seaborne iron ore prices. We indicated that each different pricing assumption holds all other assumptions constant, including customer mix, as well as industrial commodity prices, freight rates, energy prices, production input costs and/or hot-band steel prices (all factors contained in certain of our supply agreements).

The U.S. Iron Ore table further assumes full-year hot-band steel pricing of approximately $450 per short ton. We note that this estimate is based on our customers' realized prices and not an index or spot market price. For every $50 per short ton change in the customers' hot-rolled steel prices, our U.S. Iron Ore revenue realizations per long ton would be expected to change by $2.00 if steel prices increase, and $1.50 if steel prices decrease.

The table below provides certain Platts IODEX averages for the remaining nine months of 2016 and the corresponding full-year realization for the U.S. Iron Ore and Asia Pacific Iron Ore segments. The estimates consider actual Platts IODEX rates and our actual revenue realizations for the first three months of 2016.

| 2016 Full-Year Realized Revenues-Per-Ton Range Summary | | |
|---|---|---|
| **Apr. - Dec. Platts IODEX (1)** | **U.S. Iron Ore (2)** | **Asia Pacific Iron Ore (3)** |
| **$40** | $72 - $74 | $33 - $35 |
| **$45** | $73 - $75 | $36 - $38 |
| **$50** | $74 - $76 | $39 - $41 |
| **$55** | $74 - $76 | $43 - $45 |
| **$60** | $75 - $77 | $46 - $48 |
| **$65** | $76 - $78 | $49 - $51 |
| **$70** | $76 - $78 | $53 - $55 |
| **$75** | $77 - $79 | $56 - $58 |
| **$80** | $78 - $80 | $59 - $61 |

**(1)** The Platts IODEX is the benchmark assessment based on a standard specification of iron ore fines with 62% iron content (C.F.R. China).

**(2)** U.S. Iron Ore tons are reported in long tons of pellets. This table assumes full-year hot-rolled steel pricing of approximately $450 per short ton, which is based on customer realizations and not a public index.

**(3)** Asia Pacific Iron Ore tons are reported in metric tons of lumps and fines, F.O.B. the port.

**U.S. Iron Ore Outlook** (Long Tons)

For 2016, we are maintaining our full-year sales volume expectation of approximately 17.5 million tons from our U.S. Iron Ore business. We are also maintaining our 2016 production forecast of 16 million tons of iron ore pellets.

We are maintaining our cash production cost per long ton [2] expectation of $50 - $55 and the cash cost of goods sold per long ton [2] expectation of $55 - $60. The cash cost of goods sold per long ton [2] expectation includes expected idle costs of $65 million for the full year.

We anticipate depreciation, depletion and amortization to be approximately $5 per long ton for full-year 2016.

**Asia Pacific Iron Ore Outlook** (Metric Tons, F.O.B. the port)

We are maintaining our full-year 2016 Asia Pacific Iron Ore sales and production volume forecast of approximately 11.5 million metric tons. The product mix is expected to contain 51 percent lump and 49 percent fines.

Based on a full-year average exchange rate of $0.75 U.S. Dollar to Australian Dollar, we are expecting a full-year 2016 Asia Pacific Iron Ore cash production cost per metric ton [2] of $25 - $30. Our cash cost of goods sold per metric ton [2] is expected to be $30 - $35. We have indicated that for every $0.01 change in this exchange rate for the remainder of the year, our full-year cash cost of goods sold is impacted by approximately $4 million.

We anticipate depreciation, depletion and amortization to be approximately $2 per metric ton for full-year 2016.

The following table provides a summary of our 2016 guidance for our two business segments:

| | 2016 Outlook Summary | |
|---|---|---|
| | **U.S. Iron Ore (A)** | **Asia Pacific Iron Ore (B)** |
| **Sales volume (million tons)** | **17.5** | **11.5** |
| **Production volume (million tons)** | **16** | **11.5** |
| **Cash production cost per ton [2]** | **$50 - $55** | **$25 - $30** |
| **Cash cost of goods sold per ton [2]** | **$55 - $60** | **$30 - $35** |
| **DD&A per ton** | **$5** | **$2** |

**(A)** U.S. Iron Ore tons are reported in long tons of pellets.

**(B)** Asia Pacific Iron Ore tons are reported in metric tons of lumps and fines.

**SG&A Expenses and Other Expectations**

Full-year 2016 SG&A expenses are expected to be approximately $100 million. We also note that of the $100 million expectation, approximately $30 million is considered non-cash. This represents a $5 million increase over the previous expectation of $95 million as a result of higher-than-anticipated legal expenses and impairment charges associated with vacant office space in Cleveland.

We expect full-year 2016 interest expense to be approximately $220 million, of which approximately $185 million is cash interest. This represents a $20 million dollar decrease from the previous interest expense expectation of $240 million dollars, as a result of liability management activities during the first quarter of 2016.

Consolidated full-year 2016 depreciation, depletion and amortization is expected to be approximately $120 million.

**Capital Budget Update**

We are increasing our full-year 2016 capital expenditures expectation to $75 million from our previous expectation of $50 million. The increase is a result of the capital spend required to begin to invest to produce a specialized, super-flux pellet at United Taconite in order to meet a customer's pellet specification requirements.

**Forward-Looking Statements**

This report contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. As a general matter, forward-looking statements relate to anticipated trends and expectations rather than historical matters. Forward-looking statements are subject to uncertainties and factors relating to Cliffs' operations and business environment that are difficult to predict and may be beyond our control. Such uncertainties and factors may cause actual results to differ materially from those expressed or implied by the forward-looking statements. These statements speak only as of the date of this report, and we undertake no ongoing obligation, other than that imposed by law, to update these statements. Uncertainties and risk factors that could affect Cliffs' future performance and cause results to differ from the forward-looking statements in this report include, but are not limited to:

- trends affecting our financial condition, results of operations or future prospects, particularly the continued volatility of iron ore prices;
- availability of capital and our ability to maintain adequate liquidity, in particular considering borrowing base reductions from the sale of non-core assets such as North American Coal;
- our level of indebtedness could limit cash flow available to fund working capital, capital expenditures, acquisitions and other general corporate purposes or ongoing needs of our business, which could prevent us from fulfilling our debt obligations;
- continued weaknesses in global economic conditions, including downward pressure on prices caused by oversupply or imported products, including the impact of any reduced barriers to trade, recently filed and forthcoming trade cases, reduced market demand and any change to the economic growth rate in China;
- our ability to reach agreement with our iron ore customers regarding any modifications to sales contract provisions, renewals or new arrangements, including ArcelorMittal;
- uncertainty relating to restructurings in the steel industry and/or affecting the steel industry;
- our ability to maintain appropriate relations with unions and employees and enter into or renew collective bargaining agreements on satisfactory terms;
- the impact of our customers reducing their steel production or using other methods to produce steel;
- our ability to successfully execute an exit option for our Canadian Entities that minimizes the cash outflows and associated liabilities of such entities, including the CCAA process;
- our ability to successfully identify and consummate any strategic investments and complete planned divestitures;
- our ability to successfully diversify our product mix and add new customers beyond our traditional blast furnace clientele;
- the outcome of any contractual disputes with our customers, joint venture partners or significant energy, material or service providers or any other litigation or arbitration;
- the ability of our customers and joint venture partners to meet their obligations to us on a timely basis or at all;
- the impact of price-adjustment factors on our sales contracts;
- changes in sales volume or mix;
- our actual levels of capital spending;

- our actual economic iron ore reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve;
- events or circumstances that could impair or adversely impact the viability of a mine and the carrying value of associated assets, as well as any resulting impairment charges;
- the results of prefeasibility and feasibility studies in relation to projects;
- impacts of existing and increasing governmental regulation and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorization of, or from, any governmental or regulatory entity and costs related to implementing improvements to ensure compliance with regulatory changes;
- our ability to cost-effectively achieve planned production rates or levels;
- uncertainties associated with natural disasters, weather conditions, unanticipated geological conditions, supply or price of energy, equipment failures and other unexpected events;
- adverse changes in currency values, currency exchange rates, interest rates and tax laws;
- risks related to international operations;
- availability of capital equipment and component parts;
- the potential existence of significant deficiencies or material weakness in our internal control over financial reporting; and
- problems or uncertainties with productivity, tons mined, transportation, mine-closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry.

For additional factors affecting the business of Cliffs, refer to *Part I – Item 1A. Risk Factors.* You are urged to carefully consider these risk factors.

**Item 3.** ***Quantitative and Qualitative Disclosures About Market Risk***

Information regarding our Market Risk is presented under the caption *Market Risks* , which is included in our Annual Report on Form 10-K for the year ended December 31, 2015 and in the Management's Discussion and Analysis section of this report.

**Item 4.** ***Controls and Procedures***

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our President and Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based solely on the definition of “disclosure controls and procedures” in Rule 13a-15(e) promulgated under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, we carried out an evaluation under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our President and Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

There have been no changes in our internal control over financial reporting or in other factors that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. See "Management's Report on Internal Control Over Financial Reporting" and "Report of Independent Registered Public Accounting Firm" in our Annual Report on Form 10-K for the year ended December 31, 2015.

## PART II

**Item 1.** ***Legal Proceedings***

*ERISA Litigation.* On May 14, 2015, a lawsuit was filed in the United States District Court for the Northern District of Ohio captioned Paul Saumer, individually and on behalf of all others similarly situated, v. Cliffs Natural Resources Inc. et al., No. 1:15-CV-00954. This action was purportedly brought on behalf of the Northshore and Silver Bay Power Company Retirement Savings Plan (the "Plan") and certain participants and beneficiaries of the Plan during the class period, defined in the complaint as April 2, 2012 to the present, against Cliffs Natural Resources Inc., its investment committee, Northshore, the Employee Benefits Administration Department of Northshore, and certain current and former officers. Plaintiff amended the complaint to name as defendants additional current and former employees who served on the investment committee. The suit alleges that the defendants breached their duties to the plaintiffs and the Plan in violation of ERISA fiduciary rules by, among other things, continuing to offer and hold Cliffs Natural Resources Inc. stock as a Plan investment option during the class period. The relief sought includes a request for a judgment ordering the defendants to make good to the Plan all losses to the Plan resulting from the alleged breaches of fiduciary duties. The lawsuit has been referred to our insurance carriers. Defendants filed a motion to dismiss the class action. On April 1, 2016, the Court granted defendants' motion to dismiss with prejudice as to certain claims and without prejudice as to other claims, and dismissed the entire case without prejudice.

*Essar Litigation.* On January 12, 2015, The Cleveland-Cliffs Iron Company, Northshore Mining Company and Cliffs Mining Company (collectively, the "Cliffs Plaintiffs") filed a complaint against Essar in the U.S. District Court for the Northern District of Ohio, Eastern Division, asserting that Essar breached the parties' Pellet Sale and Purchase Agreement, as amended (the "Pellet Agreement") by, among other things, failing to take delivery of and pay for its nominated ore in 2014, failing to make certain payments under a true up provision, and disclosing confidential information. The complaint also seeks a declaration that Essar is not entitled to receive certain credit payments under the terms of the Pellet Agreement. The Cliffs Plaintiffs seek damages in excess of $90 million. Essar filed an Answer and Counterclaim on February 11, 2015, seeking damages in excess of $160 million for various alleged breaches of the Pellet Agreement, including failure to deliver ore, overcharging for certain deliveries, failure to pay certain credit payments and disclosing confidential information. The parties started the discovery process, with a discovery cutoff date set for October 30, 2015, and a trial date set for December 7, 2015. The parties agreed to attempt mediation of the claims. Two mediation sessions took place on March 7 and April 21, 2015. The mediations were unsuccessful. The Cliffs Plaintiffs filed a Motion for Partial Summary Judgment on July 31, 2015, which was granted in part on October 8, 2015. With respect to the Cliffs Plaintiffs' claim that Essar had breached by failing to take its 2014 nomination, the Court found that Essar had breached and had failed to take between 500,000 and 700,000 tons of its 2014 nomination. The summary judgment ruling also dismissed Essar’s counterclaim that the Cliffs Plaintiffs had overcharged Essar by improperly measuring moisture levels. With respect to this claim, the Court found that there was "no basis" for Essar's claim that the Cliffs Plaintiffs had breached the contract. On October 5, 2015, the Cliffs Plaintiffs terminated the Pellet Agreement because of Essar’s continual breach of the Pellet Agreement. On October 6, 2015, Essar filed motions for temporary restraining order and preliminary injunction. Essar withdrew both motions on October 15, 2015, before any order was entered on either motion.

On November 9, 2015, Essar filed for protection under CCAA in Canada in the Ontario Superior Court of Justice and Chapter 15 bankruptcy protection in the United States in the U.S. District Court for the District of Delaware. As a result of the stay related to Essar's bankruptcy proceedings, the litigation in U.S. District Court for the Northern District of Ohio was dismissed without prejudice stating that either party could reinstate the case upon application, if necessary, when the bankruptcy proceedings have concluded. Essar moved the CCAA Court to determine that the Cliffs Plaintiffs' termination of the Pellet Agreement was invalid and to reinstate the Pellet Agreement. The Cliffs Plaintiffs have objected based upon inappropriate jurisdiction and other grounds. On January 25, 2016, the CCAA Court determined that it has proper jurisdiction and instructed the parties to determine an appropriate procedure to try the facts in front of the CCAA Court. The Cliffs Plaintiffs filed an appeal of the CCAA Court's decision regarding proper jurisdiction on February 8, 2016. The CCAA Court retained jurisdiction of the contract dispute and ordered the parties to mediation in April. On April 25, 2016, the Cliffs Plaintiffs settled their contract dispute with Essar. The settlement, which resolves all claims between the parties, is subject to documentation and requisite court approval. Pursuant to the settlement, the Cliffs Plaintiffs will resume supplying iron ore pellets to Essar beginning in the second half of 2016.

*Exchange Offer Litigation.* On March 14, 2016, a putative class action was filed in the U.S. District Court for the Southern District of New York captioned Waxman et al. v. Cliffs Natural Resources Inc. , No. 1:16-cv-01899. Generally, the lawsuit alleges that the Exchange Offers announced on January 27, 2016 violated the Trust Indenture Act of 1939 (the "TIA") and breached the indentures governing the senior notes subject to the Exchange Offers because the Exchange Offers were offered only to certain noteholders that were qualified institutional buyers ("QIBs") and not to non-QIBs. The suit seeks class certification with respect to non-QIB noteholders of the 5.90% Senior Notes due 2020 and the 6.25% Senior Notes due 2040 (collectively, the “Class Notes”), which QIBs were permitted to exchange for newly-issued 1.5

Lien Notes. Plaintiffs allege that the Exchange Offers had the effect of subordinating their Class Notes to those of the QIBs who elected to exchange their notes and also impaired the Plaintiffs' rights to receive payment of the principal and interest under the Class Notes and to institute suit to compel such payment. In addition to alleged violation of the TIA and breach of contract, Plaintiffs seek unspecified damages for breach of the implied covenant of good faith and fair dealing and unjust enrichment, and also seek declaratory judgment that the Exchange Offers are null and void. We believe that this claim is without merit and intend to defend vigorously against the claims.

*Putative Class Action Lawsuits.* See Note 20 of the notes to our condensed consolidated financial statements included in Item 1 of Part 1 of this report for a description of the putative class action lawsuits, settlement of one which is pending final court approval and the other settlement of which has been approved by the court. Such description is incorporated by reference into this Item 1 by reference.

*Shareholder Derivative Lawsuits.* See Note 20 of the notes to our condensed consolidated financial statements included in Item 1 of Part 1 of this report for a description of the three settled shareholder derivative lawsuits and the additional derivative shareholder action that has been dismissed. Such description is incorporated by reference into this Item 1 by reference.

**Item 1A.** ***Risk Factors***

Our Annual Report on Form 10-K for the year ended December 31, 2015 includes a detailed discussion of our risk factors.

**Item 2.** ***Unregistered Sales of Equity Securities and Use of Proceeds***

The following table presents information with respect to repurchases by the Company of our common shares during the periods indicated.

**ISSUER PURCHASES OF EQUITY SECURITIES**

| Period | Total Number of Shares (or Units) Purchased | Average Price Paid per Share (or Unit) | Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs |
|---|---|---|---|---|
| January 1 - 31, 2016 | 330 | $ 1.59 | — | $ — |
| February 1 - 29, 2016 | 9,184 | $ 1.79 | — | $ — |
| March 1 - 31, 2016 | — | $ — | — | $ — |
| | **9,514** | **$ 1.78** | **—** | **$ —** |

During the first quarter of 2016, we entered into a privately negotiated exchange agreement whereby we issued an aggregate of 1.8 million common shares, representing less than one percent of our outstanding common shares, in exchange for $10.0 million aggregate principal amount of our 2018 Senior Notes. The issuance of the common shares in exchange for our 2018 Senior Notes was made in reliance on the exemption from registration provided in Section 3(a)(9) of the Securities Act.

**Item 4.** ***Mine Safety Disclosures***

We are committed to protecting the occupational health and well-being of each of our employees. Safety is one of our Company's core values and we strive to ensure that safe production is the first priority for all employees. Our internal objective is to achieve zero injuries and incidents across the Company by focusing on proactively identifying needed prevention activities, establishing standards and evaluating performance to mitigate any potential loss to people, equipment, production and the environment. We have implemented intensive employee training that is geared toward maintaining a high level of awareness and knowledge of safety and health issues in the work environment through the development and coordination of requisite information, skills and attitudes. We believe that through these policies our Company has developed an effective safety management system.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results within its periodic reports filed with the SEC. As required by the reporting requirements included in §1503(a) of the Dodd-Frank Act and Item 104 of Regulation S-K, the required mine safety results regarding certain mining safety and health matters for each of our mine locations that are covered under the scope of the Dodd-Frank Act are included in Exhibit 95 of *Item 6. Exhibits* of this Quarterly Report on Form 10-Q.

**Item 6.** **Exhibits**

(a) List of Exhibits — Refer to Exhibit Index on pg. 57 .

**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, thereunto duly authorized.

CLIFFS NATURAL RESOURCES INC.

By: /s/ Timothy K. Flanagan

Name: Timothy K. Flanagan

Title: Vice President, Corporate Controller, Treasurer and Chief Accounting Officer

Date: April 28, 2016

## EXHIBIT INDEX

All documents referenced below have been filed pursuant to the Securities Exchange Act of 1934 by Cliffs Natural Resources Inc., file number 1-09844, unless otherwise indicated.

| Exhibit Number | Exhibit |
|---|---|
| 4.1 | Indenture between Cliffs Natural Resources Inc., the guarantors parties thereto, and U.S. Bank National Association, as trustee and notes collateral agent, dated March 2, 2016, including Form of 8.00% 1.5 Lien Senior Secured Notes due 2020 (filed herewith) |
| 10.1 | *Form of Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan Restricted Stock Unit Award Memorandum (Vesting December 31, 2018) and Restricted Stock Unit Award Agreement (filed herewith) |
| 10.2 | *Form of Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan Cash Incentive Award Memorandum (TSR) (Vesting December 31, 2018) and Cash Incentive Award Agreement (TSR) (filed herewith) |
| 10.3 | *Form of Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan Cash Incentive Award Memorandum (EBITDA) (January 1, 20XX - December 31, 20XX) and Cash Incentive Award Agreement (EBITDA) (filed herewith) |
| 31.1 | Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves as of April 28, 2016 (filed herewith) |
| 31.2 | Certification Pursuant to 15 U.S.C. Section 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, signed and dated by P. Kelly Tompkins as of April 28, 2016 (filed herewith) |
| 32.1 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by Lourenco Goncalves, Chairman, President and Chief Executive Officer of Cliffs Natural Resources Inc., as of April 28, 2016 (furnished herewith) |
| 32.2 | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, signed and dated by P. Kelly Tompkins, Executive Vice President and Chief Financial Officer of Cliffs Natural Resources Inc., as of April 28, 2016 (furnished herewith) |
| 95 | Mine Safety Disclosures (filed herewith) |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |

* Indicates management contract or other compensatory arrangement.

**EXHIBIT 4.1**

**CLIFFS NATURAL RESOURCES INC.,**
**THE GUARANTORS PARTIES HERETO**

**AND**

**U.S. BANK NATIONAL ASSOCIATION,**
**AS TRUSTEE AND NOTES COLLATERAL AGENT**

**8.00% 1.5 Senior Secured Notes due 2020**

**INDENTURE**

**Dated as of March 2, 2016**

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| (a)(1)(B) | 6.04 |
| (a)(2) | N.A. |
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| (c) | 6.05 |
| 317(a)(1) | 6.08 |
| (a)(2) | 6.09 |
| (b) | 2.05 |
| 318(a) | 13.01 |

N.A. means Not Applicable
Note: The Cross-Reference Table shall not, for any purpose, be deemed to be part of this Indenture.

INDENTURE, dated as of March 2, 2016, among CLIFFS NATURAL RESOURCES INC., an Ohio corporation (the " **Company** "), THE GUARANTORS (as defined herein) party hereto and U.S. BANK NATIONAL ASSOCIATION, as trustee (the " **Trustee** ") and Junior First Lien Notes Collateral Agent (as defined herein).

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of (i) the Company's 8.00% 1.5 Lien Senior Secured Notes due 2020 issued on the date hereof and the guarantees thereof by the Guarantors party 6.hereto (the " **Initial Notes** "), and (ii) if and when issued, an unlimited principal amount of additional notes having identical terms and conditions as the Notes other than issue date, issue price and the first interest payment date (the " **Additional Notes** " and together with the Initial Notes, the " **Notes** "):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. *Definitions* .

" **ABL Agent** " means Bank of America, N.A., acting in its capacity as collateral agent under the ABL Credit Facility, or any successor thereto in such capacity.

" **ABL Collateral** " means the portion of the Collateral as to which the Junior First Lien Notes Secured Parties have a junior second-priority security interest subject to certain Permitted Liens.

" **ABL Credit Facility** " means the agreement, dated as of March 30, 2015, among the Company, the Subsidiaries of the Company that borrow or guarantee obligations under such agreement from time to time, as "Credit Parties," the lenders parties thereto from time to time and Bank of America, N.A., as agent (or its successor in such capacity), together with the related notes, letters of credit, guarantees and security documents, and as the same may be amended, restated, amended and restated, supplemented or modified from time to time and any renewal, increase, extension, refunding, restructuring, replacement or refinancing thereof (whether with the original administrative agent and lenders or another administrative agent, collateral agent or agents or one or more other lenders or additional borrowers or guarantors and whether provided under the original ABL Credit Facility or one or more other credit or other agreements or indentures).

" **ABL Credit Facility Obligations** " means all ABL Obligations under the ABL Credit Facility.

" **ABL Intercreditor Agreement** " means the intercreditor agreement, dated as of March 30, 2015, among Bank of America, N.A., as ABL Agent (as defined therein), U.S. Bank National Association, as First Lien Notes Collateral Agent and Controlling Fixed Asset Collateral Agent (each as defined therein), and U.S. Bank National Association, as Second Lien Notes Collateral Agent (as defined therein), and acknowledged by the Company, the Guarantors and the other Subsidiaries of the Company from time to time party thereto, as supplemented by the Additional Fixed Asset Joinder and as it may be further amended, restated, supplemented or otherwise modified from time to time in accordance with the Indenture.

" **ABL Obligations** " means (i) Debt outstanding under any Debt Facility incurred under clause (i) or clause (viii) of Section 3.05 so long as such Debt complies with the provisos thereunder, and all other Obligations (not constituting Debt) of the Company or any Guarantor under such Debt Facility and (ii) Bank Product Obligations owed to an agent, arranger or lender or other secured party under such Debt Facility (even if the respective agent, arranger or lender or other secured party subsequently ceases to be an agent arranger or lender or other secured party under such Debt Facility for any reason) or any of their respective affiliates, assigns or successors and more particularly described in the ABL Intercreditor Agreement.

" **Additional First Lien Indebtedness** " means any additional Debt that is secured by Liens on the Collateral that are pari passu with the Liens securing the First Lien Notes and is permitted to be incurred pursuant to Section 3.05; provided that with respect to such additional Debt (i) the representative of the holders of such additional Debt executes a joinder agreement to the applicable collateral documents in respect of the First Lien Notes, in each case in the form attached thereto, agreeing to be bound thereby and (ii) the Company has designated such additional Debt as "Additional First Lien Indebtedness" thereunder.

" **Additional Fixed Asset Joinder** " means the additional fixed asset joinder, dated as of the Issue Date, among U.S. Bank National Association, as Additional Fixed Asset Collateral Agent (as defined therein), Bank of America, N.A., as ABL Agent (as defined therein), U.S. Bank National Association, as First Lien Notes Collateral

Agent and Controlling Fixed Asset Collateral Agent (each as defined in the agreement referred to in clause (a) of the definition of "Notes Intercreditor Agreements"), U.S. Bank National Association, as Second Lien Notes Collateral Agent (as defined in the agreement referred to in clause (a) of the definition of "Notes Intercreditor Agreements"), and acknowledged by the Company and the Guarantors, supplementing the ABL Intercreditor Agreement.

" **Additional Junior First Lien Indebtedness** " means any Additional Notes and any additional Debt that is secured by Liens on the Collateral that are pari passu with the Liens securing the Notes and is permitted to be incurred pursuant to Section 3.05; provided that with respect to such additional Debt (i) the representative of the holders of such additional Debt executes a joinder agreement to the applicable collateral documents in respect of the Notes, in each case in the form attached thereto, agreeing to be bound thereby and (ii) the Company has designated such additional Debt as "Additional Junior First Lien Indebtedness" thereunder.

" **Additional Notes** " has the meaning set forth in the second introductory paragraph of this Indenture.

" **Additional Second Lien Indebtedness** " means any additional Debt that is secured by Liens on the Collateral that are pari passu with the Liens securing the Second Lien Notes and is permitted to be incurred pursuant to Section 3.05; provided that with respect to such additional Debt (i) the representative of the holders of such Debt executes a joinder agreement to the applicable collateral documents in respect of the Second Lien Notes, in each case in the form attached thereto, agreeing to be bound thereby and (iii) the Company has designated such Debt as "Additional Second Lien Indebtedness" thereunder.

" **Additional Secured Indebtedness** " means any Debt (including any guarantee thereof) other than the Notes, the First Lien Notes, Additional First Lien Indebtedness, Additional Junior First Lien Indebtedness, Second Lien Notes and Additional Second Lien Indebtedness secured by Liens on the Collateral.

" **Adjusted Treasury Rate** " means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after September 30, 2017, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day immediately preceding the Redemption Date, plus 0.50%.

" **Affiliate** " means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with") with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

" **Applicable Premium** " means with respect to a Note at any Redemption Date the excess of (if any) (A) the present value at such redemption date of (1) the redemption price of such Note on September 30, 2017 (such redemption price being described in Section 5.07(d) plus (2) all required remaining scheduled interest payments due on such note through September 30, 2017, excluding in each case accrued and unpaid interest to, but excluding, the Redemption Date, computed by the Company using a discount rate equal to the Adjusted Treasury Rate, over (B) the principal amount of such Note on such Redemption Date.

" **Arbitration Award** " means that certain arbitration award granted pursuant to Case No. 18209/VRO/AGF/ZF by the ICC International Court of Arbitration in favor of Worldlink Resources Limited against Cliffs Quebec Iron Mining ULC, The Bloom Lake Iron Ore Mine Limited Partnership and Bloom Lake General Partner Limited.

“ **Asset Disposition** ” means

(a) the sale, lease, conveyance or other disposition of any assets other than in the ordinary course of business; provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole will be governed by Section 3.06 and/or Section 4.01 and not by Section 3.02; and

(b) the issuance of Capital Stock in any of the Company’s Subsidiaries or the sale of Capital Stock in any of its Subsidiaries (other than directors’ qualifying shares or nominal shares required to be held by applicable law to be held by a Person other than the Company or any of its Subsidiaries).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Disposition:

(i) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than $50.0 million;

(ii) a transfer of assets between or among the Company and the Guarantors;

(iii) an issuance of Capital Stock by a Subsidiary of the Company to the Company or to a Subsidiary of the Company;

(iv) the sale or lease of inventory, products or services in the ordinary course of business;

(v) the sale of accounts receivable in the ordinary course of business in connection with the compromise or collection thereof;

(vi) any transfer of property or assets that consists of grants by the Company or its Subsidiaries in the ordinary course of business of licenses or sub-licenses, including with respect to intellectual property rights;

(vii) (a) the sale or other disposition of damaged, obsolete, unusable or worn out equipment that is no longer needed in the conduct of the business of the Company and its Subsidiaries, (b) the sale or other disposition of inventory, used or surplus equipment or reserves and dispositions related to the burn-off of mines or (c) the abandonment or allowance to lapse or expire or other disposition of intellectual property no longer needed in the conduct of business of the Company and its Subsidiaries;

(viii) the sale or other disposition of cash or Cash Equivalents;

(ix) operating leases entered into in the ordinary course of business;

(x) the granting of a Lien otherwise permitted under this Indenture; and

(xi) the surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind.

“ **Attributable Debt** ” means the present value (discounted at the rate of interest implicit in the terms of the lease) of the obligation of a lessee for net rental payments during the remaining term of any lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended).

“ **Bank Product** ” means any one or more of the following financial products or accommodations extended to the Company or its Subsidiaries by a holder of ABL Credit Facility Obligations or an affiliate of such person: (a) credit cards (including commercial cards (including so-called “purchase cards”, “procurement cards” or “p-cards”)), (b) credit card processing services, (c) debit cards, (d) stored value cards, (e) cash management services, (f) supply chain financing, or (g) transactions under Hedge Agreements.

“ **Bank Product Agreements** ” means those agreements entered into from time to time by the Company or its Subsidiaries in connection with the obtaining of any of the Bank Products.

“ **Bank Product Obligations** ” means (a) all obligations, liabilities, reimbursement obligations, fees, or expenses owing by the Company and its Subsidiaries to any holder of ABL Credit Facility Obligations or any of their

respective affiliates pursuant to or evidenced by a Bank Product Agreement and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, (b) all Hedging Obligations and (c) all amounts that ABL Agent or any holder of ABL Credit Facility Obligations is obligated to pay as a result of ABL Agent or such holder of the ABL Credit Facility Obligations purchasing participations from, or executing guarantees or indemnities or reimbursement obligations with respect to the Bank Products to the Company or any of its Subsidiaries.

" **Bankruptcy Code** " means Title 11 of the United States Code entitled "Bankruptcy," as now and hereafter in effect, or any successor statute.

" **Board of Directors** " means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

" **Board Resolution** " means a copy of a resolution certified by the Secretary or an Assistant Secretary of a Person to have been duly adopted by the Board of Directors of such Person and to be in full force and effect on the date of such certification, and delivered to the Trustee.

" **Bonds** " means each of the series of notes issued pursuant to the Existing Notes Documents.

" **Borrowing Base** " means as of any date of determination, the sum of (a) 85% of the face amount of all accounts, payment intangibles and other receivables of the Company and its Subsidiaries, plus (b) 80% of the gross book value of all inventory and as-extracted collateral of the Company and its Subsidiaries, plus (c) 100% of the gross book value of all Mobile Equipment of the Company and its Subsidiaries, minus any applicable reserves, in each case determined in accordance with GAAP.

" **Business Day** " means a day other than a Saturday, Sunday or other day on which banking institutions are authorized or required by law to close in New York City or the place of payment.

" **Calculation Date** " means the date on which the event for which the calculation of the Consolidated Secured Leverage Ratio shall occur.

" **Canadian Entities** " means (a) Cliffs Quebec Iron Mining ULC (f/k/a Cliffs Quebec Iron Mining Limited), an unlimited liability company organized under the laws of British Columbia, Canada, (b) Wabush Iron Co. Limited, an Ohio corporation, (c) The Bloom Lake Iron Ore Mine Limited Partnership, a limited partnership formed under the laws of Ontario, (d) Bloom Lake General Partner Limited, an Ontario corporation, (e) Wabush Resources Inc., a corporation organized under the laws of Canada, (f) each other Subsidiary of the Company organized under the laws of Canada or any province thereof, including, for the avoidance of doubt, Wabush Mines, an unincorporated joint venture, and Knoll Lake Minerals Limited, a company organized under the laws of Canada and (g) Northern Land Company Limited, a company organized under the laws of Newfoundland & Labrador.

" **Canadian Existing Indebtedness** " means any Debt of the applicable Canadian Entities and the Company under (x) that certain Master Loan and Security Agreement, dated as of September 27, 2013, among Key Equipment Finance Inc., as lender and as administrative agent, The Bloom Lake Iron Ore Mine Limited Partnership, a limited partnership formed under the laws of the Province of Ontario, Wabush Mines, an unincorporated joint venture of Wabush Iron Co. Limited and Wabush Resources Inc., by its managing agent, Cliffs Mining Company and each other person designated as a borrower from time to time pursuant to the terms thereof, and the other Account Documentation referred to in such Master Loan and Security Agreement, including all loan schedules thereto, as the same may be amended, restated, supplemented or otherwise modified from time to time, and (y) the Corporate Guaranty dated September 27, 2013 provided by the Company in respect thereof, as it may be amended, restated, supplemented or otherwise modified from time to time.

" **Capital Stock** " means:

(1) in the case of a corporation, corporate stock or shares;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) or corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing Person.

" **Cash Equivalents** " means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government, Canada or any member of the European Union (provided that the full faith and credit of the United States, Canada or such member of the European Commission is pledged in support of those securities) having maturities of not more than twelve months from the date of acquisition;

(3) certificates of deposit and Eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months from the date of acquisition, and overnight bank deposits, in each case, with any lender party to the ABL Credit Facility or any affiliate thereof or with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P, in each case, maturing within twelve months after the date of acquisition;

(6) money market funds, substantially all of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition; and

(7) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof, in each case maturing within one year after such date and having, at the time of the acquisition thereof, a rating of at least A-1 from S&P or at least P-1 from Moody's.

" **CFC** " means a "controlled foreign corporation", as such term is defined in Section 957 of the Internal Revenue Code of 1986, as amended.

" **Change of Control** " means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any "person" or "group" (as those terms are used in Section 13(d)(3) of the Exchange Act) other than to the Company or one of its Subsidiaries;

(2) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" or "group"(as those terms are used in Section 13(d)(3) of the Exchange Act, it being agreed that an employee of the Company or any of its Subsidiaries for whom shares are held under an employee stock ownership, employee retirement, employee savings or similar plan and whose shares are voted in accordance with the instructions of such employee shall not be a member of a "group" (as that term is used in

Section 13(d)(3) of the Exchange Act) solely because such employee's shares are held by a trustee under said plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of Voting Stock representing more than 50 percent of the voting power of our outstanding Voting Stock or of the Voting Stock of any of the Company's direct or indirect parent companies;

(3) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merge with or into, the Company, in any such event pursuant to a transaction in which any of the Company's outstanding Voting Stock or Voting Stock of such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Company's Voting Stock outstanding immediately prior to such transaction constitutes, or is converted into or exchanged for, Voting Stock representing at least a majority of the voting power of the Voting Stock of the surviving Person immediately after giving effect to such transaction;

(4) the first day on which a majority of the members of the Company's Board of Directors or the Board of Directors of any of the Company's direct or indirect parent companies are not Continuing Directors; or

(5) the adoption of a plan relating to the Company's liquidation or dissolution.

Notwithstanding the foregoing, a transaction will not be deemed to involve a Change of Control solely because the Company becomes a direct or indirect Wholly-Owned Subsidiary of a holding company if the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction.

" **Change of Control Offer** " has the meaning assigned to that term in Section 3.06(a).

" **Change of Control Triggering Event** " means, with respect to the Notes, (i) the rating of the Notes is lowered by each of the Rating Agencies on any date during the period (the " **Trigger Period** ") commencing on the earlier of (a) the occurrence of a Change of Control and (b) the first public announcement by us of any Change of Control (or pending Change of Control), and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change), and (ii) the Notes are rated below Investment Grade by each of the Rating Agencies on any day during the Trigger Period; provided that a Change of Control Triggering Event will not be deemed to have occurred in respect of a particular Change of Control if each Rating Agency making the reduction in rating does not publicly announce or confirm or inform the Trustee at the Company's request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the Change of Control.

Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

" **CNTA Covered Debt** " means (a) Debt secured by a Lien on Principal Property or Principal Subsidiary Interests and (b) Attributable Debt relating to any sale and leaseback transaction of any Principal Property, in each case, to the extent restricted by Section 3.03 or Section 3.04.

" **CNTA Limit** " means, as of any time of incurring any CNTA Covered Debt, 15% of Consolidated Net Tangible Assets at such time.

" **Collateral** " means all property and assets, whether now owned or hereafter acquired, in which Liens are, from time to time, purported to be granted to secure the Junior First Lien Notes Obligations pursuant to the Collateral Documents.

" **Collateral Account** " means any segregated deposit account under the control of the First-Priority Collateral Agent pursuant to a control agreement and subject to the Notes Intercreditor Agreements, which account is free from all other Liens (other than Liens securing the ABL Obligations, Additional Secured Indebtedness, the First Lien Notes Obligations, the Junior First Lien Notes Obligations and the Second Lien Notes Obligations), and only includes all cash, Cash Equivalents and proceeds of Designated Non-cash Consideration received by the Trustee, the First Lien Notes Collateral Agent, the Junior First Lien Notes Collateral Agent or the Second Lien Notes Collateral Agent from Asset Dispositions of Notes Collateral, Recovery Events of Notes Collateral, foreclosures on

or sales of Notes Collateral or any other awards or proceeds pursuant to the Collateral Documents, including earnings, revenues, rents, issues, profits and income from the Notes Collateral received pursuant to the Collateral Documents, and interest earned thereon.

" **Collateral Documents** " means the Mortgages, security agreements, pledge agreements, agency agreements, the Intercreditor Agreements and any other intercreditor agreement executed and delivered pursuant to this Indenture, including any intercreditor agreement related to Additional Secured Indebtedness, and other instruments and documents executed and delivered pursuant to this Indenture or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which Collateral is pledged, assigned or granted to or on behalf of the Junior First Lien Notes Collateral Agent for the benefit of the Junior First Lien Notes Secured Parties or notice of such pledge, assignment or grant is given.

" **Commission** " means the Securities and Exchange Commission.

" **Comparable Treasury Issue** " means the United States Treasury security selected by the Company as having a maturity comparable to the remaining term of the Notes from the Redemption Date to September 30, 2017, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to September 30, 2017.

" **Comparable Treasury Price** " means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

" **Consolidated EBITDA** " means, with respect to any Person and its consolidated Subsidiaries in reference to any period, Consolidated Net Income for such period plus, without duplication,

(a) all amounts deducted in arriving at such Consolidated Net Income amount in respect of (i) the sum of all interest charges for such period determined on a consolidated basis in accordance with GAAP, (ii) federal, state and local income taxes as accrued for such period, (iii) depreciation of fixed assets and amortization of intangible assets for such period, (iv) non-cash items decreasing Consolidated Net Income for such period, including, without limitation, non-cash compensation expense, (v) transaction costs, fees and expenses associated with the issuance of Debt or the extension, renewal, refunding, restructuring, refinancing or replacement of Debt (whether or not consummated) (but excluding any such costs amortized through or otherwise included or to be included in interest expense for any period), (vi) Debt extinguishment costs, (vi) losses on discontinued operations, (vii) amounts attributable to minority interests and (viii) any additional non-cash losses, expenses and charges, minus, without duplication,

(b) the sum of (i) cash payments made during such period in respect of items added to the calculation of Consolidated Net Income pursuant to clause (a)(iv) or clause (a)(viii) above during such period or any previous period, and (ii) non-cash items increasing Consolidated Net Income for such period.

" **Consolidated Net Income** " means with respect to any Person and its consolidated Subsidiaries in reference to any period, the net income (or net loss) of such Person and its Subsidiaries for such period computed on a consolidated basis in accordance with GAAP; provided that there shall be excluded, without duplication, from Consolidated Net Income (to the extent otherwise included therein):

(i) the net income (or net loss) of any Person accrued prior to the date it becomes a Subsidiary of, or has merged into or consolidated with, such person or another Subsidiary of such Person;

(ii) the net income (or net loss) of any Person (other than a Subsidiary) in which such Person or any of its Subsidiaries has an equity interest in, except to the extent of the amount of dividends or other distributions actually paid to the such Person or its Subsidiaries during such period;

(iii) any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to asset sales or dispositions, in each case other than in the ordinary course of business;

(iv) any net after-tax extraordinary gains or losses;

(v) the cumulative effect of a change in accounting principles; and

(vi) any gains or losses due to fluctuations in currency values and the related tax effects calculated in accordance with GAAP.

" **Consolidated Net Tangible Assets** " means the aggregate amount of assets (less applicable reserves and other properly deductible items) after deducting therefrom (a) all current liabilities (excluding any indebtedness for money borrowed having a maturity of less than 12 months from the date of the most recent consolidated balance sheet of the Company but which by its terms is renewable or extendable beyond 12 months from such date at the option of the borrower) and (b) all goodwill, trade names, patents, unamortized debt discount and expense and any other like intangibles, all as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with GAAP.

" **Consolidated Secured Leverage Ratio** " means, with respect to any specified Person on any Calculation Date, the ratio of (1) the sum of the aggregate outstanding amount of Debt of such Person and its Subsidiaries secured by a Lien, determined on a consolidated basis as of the last day of the most recent fiscal quarter for which internal financial statements are available immediately preceding the Calculation Date, in effect on such Calculation Date, to (2) the Consolidated EBITDA of such Person and its consolidated Subsidiaries for the most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the Calculation Date.

For purposes of calculating the Consolidated Secured Leverage Ratio:

(1) (A) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries acquired by the specified Person or any of its Subsidiaries, and including any related financing transactions and including increases in ownership of Subsidiaries, (B) discontinued operations (as determined in accordance with GAAP), and (C) operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, in each case, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect (as determined in good faith by the chief financial officer of the Company calculated on a basis that is consistent with Regulation S-X under the Securities Act) as if they had occurred on the first day of the four-quarter reference period;

(2) in the event that such Person or any Subsidiary incurs, assumes, guarantees, redeems, repays, retires or extinguishes any Debt (other than Debt incurred or repaid under any revolving credit facility in the ordinary course of business for working capital purposes), subsequent to the end of the most recent fiscal quarter for which internal financial statements are available but on or prior to or simultaneously with the Calculation Date, then the Consolidated Secured Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, redemption, repayment, retirement or extinguishment of Debt, as if the same had occurred on the last day of such most recent fiscal quarter; and

(3) the U.S. dollar-equivalent principal amount of any Debt denominated in a foreign currency will reflect the currency translation effects, determined in accordance with GAAP, of Hedging Obligations for currency exchange risks with respect to the applicable currency in effect on the date of determination of the U.S. dollar equivalent principal amount of such Debt.

" **Continuing Director** " means, as of any date of determination, any member of the applicable Board of Directors who: (1) was a member of such Board of Directors on the Issue Date or (2) was nominated for election, elected or appointed to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination, election or appointment (either by a specific vote or by approval of a proxy statement in which such member was named as a nominee for election as a director).

" **Corporate Trust Office** " means, with respect to the Trustee, the principal office at which at any particular time the corporate trust business of the Trustee, shall be administered, which offices at the date of execution of this Indenture are located, in the case of the Trustee, (i) solely for purposes of (A) transfer, surrender, or exchange of the Notes, and (B) acting as the Paying Agent or Registrar, at U.S. Bank Corporate Trust Services, Attn: Original Issuance, P.O. Box 64111, St. Paul, MN 55164-0111 (by registered or certified mail) or U.S. Bank Corporate Trust Services, Attn: Original Issuance, 2 nd Floor, 60 Livingston Avenue, St. Paul, MN 55107 (by hand or overnight mail), and (ii) for all other purposes, the principal office of the Trustee at which at any particular time its corporate trust business shall be administered, which office at the date of execution of this Indenture is located at U.S. Bank

National Association, Attention: Corporate Trust Services/Account Administrator, 1350 Euclid Avenue, Mail Code: CN-OH-RN11, Cleveland, Ohio 44114.

" **Debt** " means indebtedness for money borrowed that in accordance with applicable generally accepted accounting principles would be reflected on the balance sheet of the obligor as a liability as of the date on which Debt is to be determined.

" **Debt Facility** " or " **Debt Facilities** " means, with respect to the Company or any of its Subsidiaries, one or more debt facilities (which may be outstanding, at the same time and including, without limitation, the ABL Credit Facility) or commercial paper facilities with banks or other lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit or bankers' acceptances or issuances of debt securities evidenced by notes, debentures, bonds or similar instruments, in each case, as amended, restated, supplemented, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities to institutional investors, including convertible or exchangeable debt securities) in whole or in part from time to time (and whether or not with the original trustee, administrative agent, holders and lenders or another trustee, administrative agent or agents or other holders or lenders or additional borrowers or guarantors and whether provided under the ABL Credit Facility or any other credit agreement or other agreement or indenture).

" **Default** " means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

" **Definitive Notes** " means certificated Notes registered in the name of the Holder thereof and issued in accordance with Section 2.01, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Increases or Decreases in Global Security" attached thereto.

" **Designated Non-cash Consideration** " means the Fair Market Value of non-cash consideration received by the Company or any Guarantor in connection with an Asset Disposition of Notes Collateral that is so designated as Designated Non-cash Consideration pursuant to an officer's certificate, less the amount of cash or Cash Equivalents, received in connection with a subsequent sale of or collection on such Designated Non-cash Consideration.

" **Discharge of ABL Obligations** " means, except to the extent otherwise expressly provided in the ABL Intercreditor Agreement,

(a) payment in full in cash of all ABL Obligations (other than (i) Bank Product Obligations, (ii) undrawn letters of credit and (iii) contingent obligations or indemnification obligations, except as provided in clauses (c) and (d) below);

(b) termination or expiration of all commitments, if any, to extend credit under the ABL Credit Facility;

(c) either (x) the delivery of cash collateral (pursuant to documentation reasonably satisfactory to the ABL Agent) in respect of Bank Product Obligations in such amount as required by the ABL Credit Facility or (y) the termination and unwinding of the applicable Hedge Agreement or Bank Product Agreement and the payment in full in cash of the Hedge Obligations and/or Bank Product Obligations (other than contingent obligations or indemnification obligations, in each case for which no claim has been asserted) due and payable in connection with such termination and unwinding or the execution and implementation of alternative arrangements reasonably satisfactory to the applicable holder of such obligations,

(d) termination, cash collateralization (in an amount and manner reasonably satisfactory to the ABL Agent, but in no event greater than 103% of the aggregate undrawn face amount, plus commissions, fees, and expenses) or backstop of all letters of credit issued under the ABL Credit Facility in compliance with the terms of the ABL Credit Facility; and

(e) cash collateralization (or support by a letter of credit) for any costs, expenses and indemnification obligations consisting of ABL Obligations not yet due and payable but with respect to which a claim has been asserted in writing under the ABL Credit Facility (in an amount and manner reasonably satisfactory to the ABL Agent).

“ **Discharge of First Lien Notes Obligations** ” means, except to the extent otherwise expressly provided in the Intercreditor Agreements, (a) payment in full in cash of all First Lien Notes Obligations (other than contingent obligations or indemnification obligations, in each case for which no claim has been asserted) or (b) any defeasance of the First Lien Notes as provided for in Article 8 of the First Lien Notes Indenture or a discharge of the First Lien Notes Indenture as provided for in Article 12 thereof and each other First Lien Notes Obligation in accordance with the express terms thereof.

“ **Discharge of Junior First Lien Notes Obligations** ” means, except to the extent otherwise expressly provided in the Intercreditor Agreements, (a) payment in full in cash of all Junior First Lien Notes Obligations (other than contingent obligations or indemnification obligations, in each case for which no claim has been asserted) or (b) any defeasance of the Notes as provided for in Article 8 or a discharge of this Indenture as provided for in Article 12 and each other Junior First Lien Notes Obligation in accordance with the express terms thereof.

“ **Domestic Subsidiary** ” means a Subsidiary that owns or leases any Principal Property except a Subsidiary (a) that transacts any substantial portion of its business and regularly maintains any substantial portion of its fixed assets outside of the United States or (b) that is engaged primarily in financing the operation of us or our Subsidiaries, or both, outside the United States.

“ **DTC** ” means The Depository Trust Company, its nominees and their respective successors and assigns, or such other depository institution hereinafter appointed by the Company.

“ **Equity Offering** ” means any public or private issuance and sale of the Company’s common shares by the Company. Notwithstanding the foregoing, the term “Equity Offering” shall not include:

(1) any issuance and sale with respect to the Company’s common shares registered on Form S-4 or Form S-8; or

(2) any issuance and sale to any Subsidiary of the Company.

“ **Exchange Act** ” means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder.

“ **Excluded Equity** ” means (a) Voting Stock in any CFC or FSHCO, to the extent (but only to the extent) required to prevent the Collateral from including more than 65% of all Voting Stock in such CFC or FSHCO, (b) Capital Stock in any Subsidiary that is not a Wholly-Owned Subsidiary, to the extent, and for so long as, the pledge of such Capital Stock would be prohibited by the terms of any organizational document, joint venture agreement or shareholders’ agreement applicable to such Subsidiary, (c) Voting Stock in Cleveland-Cliffs International Holding Company in excess of 65% and (d) Capital Stock in Wabush Iron Co. Limited.

“ **Excluded Property** ” means:

(1) Excluded Equity;

(2) motor vehicles (excluding, for the avoidance of doubt, Mobile Equipment), the perfection of a security interest in which cannot be accomplished by filing a UCC financing statement in the central filing office in which the Company or the Guarantor that owns such property is located;

(3) (i) any individual parcel of Real Property with a Fair Market Value (as reasonably determined by the Company) not to exceed $25.0 million; provided that such parcel is not necessary to operate the relevant complex or facility associated with such parcel (as reasonably determined by the Company), (ii) any Real Property or interest therein used or held in connection with a mine owned by a joint venture of which the Company or a Guarantor is a party, to the extent that the joint venture agreement or other relevant agreement with the relevant joint venture partner prohibits (or requires the consent of a party other than the Company or a Guarantor or any of their respective Subsidiaries) the creation of a security interest therein, except to the extent that such term in such contract, license, lease, agreement, instrument, general intangible or other document or shareholder, joint venture or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law; and (iii) any leasehold interest in the office headquarters of the Company located at 200 Public Square, Cleveland, Ohio 44114;

(4) any Principal Property and Principal Subsidiary Interests to the extent that the Obligations secured by any Principal Property or Principal Subsidiary Interests (together with any other CNTA Covered Debt) would exceed, at any time that any CNTA Covered Debt is incurred, the CNTA Limit at such time;

(5) any property to the extent that the grant of a security interest therein (x) is prohibited by any applicable law or regulation, requires a consent not obtained of any governmental authority pursuant to any applicable law or regulation, or (y) is prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any contract, lease, license, agreement, instrument, general intangible or other document evidencing or giving rise to such property or creating or governing a Permitted Lien applicable to such property or, in the case of any Capital Stock, any applicable shareholder, joint venture or similar agreement (for the avoidance of doubt, whether applying to any joint venture or parent of any joint venture), except to the extent that such law or regulation or the term in such contract, license, lease, agreement, instrument, general intangible or other document or shareholder, joint venture or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law; provided that in the case of clause (y), such contractual obligation (other than any such contractual obligation entered into in the ordinary course of business) existed on the Issue Date or, with respect to any Subsidiary acquired after the Issue Date (and so long as such contractual obligation was not incurred in contemplation of such acquisition), on the date such Subsidiary is so acquired;

(6) any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law, provided that upon submission and acceptance by the PTO of an amendment to allege use pursuant to 15 U.S.C. Section 1060(a) (or any successor provision), such intent-to-use trademark application shall be considered Collateral;

(7) any timber to be cut, the perfection of a security interest in which cannot be accomplished by the filing of an initial financing statement;

(8) any property as to which the Notes Collateral Agent and the Company reasonably agree in writing that the cost of creating or perfecting a security interest in such property is excessive in relation to the benefit afforded thereby;

provided, however, that any proceeds, substitutes or replacements of Excluded Property shall not constitute Excluded Property unless such proceeds, substitutes or replacements would themselves constitute Excluded Property; provided, further, however, that Excluded Property shall not include as-extracted collateral or to the extent not otherwise as-extracted collateral, all minerals whether or not severed or extracted from the ground of the Company or any Guarantor (including all severed or extracted minerals purchased, acquired or obtained from other persons), and all accounts, general intangibles and products and proceeds thereof or related thereto, regardless of whether any such minerals are in raw form or processed for sale and regardless of whether or not the Company or any Guarantor had an interest in the minerals before extraction or severance.

" **Excluded Subsidiaries** " means (i) any direct or indirect Foreign Subsidiary of the Company, (ii) any non-Foreign Subsidiary that is treated as a disregarded entity for U.S. income tax purposes if substantially all of its assets consist of the Voting Stock of one or more direct or indirect Foreign Subsidiaries of the Company, (iii) any non-Foreign Subsidiary of a Foreign Subsidiary, (iv) any Subsidiary that is an Immaterial Subsidiary, (v) any non-Wholly-Owned Subsidiary, to the extent, and for so long as, a guarantee by such Subsidiary of the obligations of the Company under the Junior First Lien Notes Documents would be prohibited by the terms of any organizational document, joint venture agreement or shareholder's agreement applicable to such Subsidiary; provided that such prohibition existed on the Issue Date or, with respect to any Subsidiary formed or acquired after the Issue Date (and, in the case of any Subsidiary acquired after the Issue Date, for so long as such prohibition was not incurred in contemplation of such acquisition), on the date such Subsidiary is so formed or acquired, (vi) any parent entity of any non-Wholly-Owned Subsidiary, to the extent, and for so long as, a guarantee by such Subsidiary of the obligations of the Company under the Junior First Lien Notes Documents would be prohibited by the terms of any organizational document, joint venture agreement or shareholder's agreement applicable to the non-Wholly-Owned Subsidiary to which such Subsidiary is a parent; provided that (A) such prohibition existed on the Issue Date or, with respect to any Subsidiary formed or acquired after the Issue Date (and, in the case of any Subsidiary acquired after the Issue Date, for so long as such prohibition was not incurred in contemplation of such acquisition), on the date such Subsidiary is so formed or acquired and (B) a direct or indirect parent company of such parent entity (1) shall be a Guarantor and (2) shall be a holding company not engaged in any business activities or having any assets or

liabilities other than (x) its ownership and acquisition of the Capital Stock of the applicable joint venture (or any other entity holding an ownership interest in such joint venture), together with activities directly related thereto, (y) actions required by law to maintain its existence and (z) activities incidental to its maintenance and continuance and to the foregoing activities; (vii) Cleveland-Cliffs International Holding Company, so long as substantially all of its assets consist of equity interests in one or more Foreign Subsidiaries, (viii) Wabush Iron Co. Limited and (ix) any Subsidiary of a Person described in the foregoing clauses (i), (ii), (iii), (iv), (v), (vi), (vii) or (viii), provided in each case that such Subsidiary has not guaranteed any Obligations of the Company or any co-borrowers or guarantors under (x) the Second Lien Notes Documents, (y) the First Lien Notes Documents, or (z) the ABL Credit Facility (other than any Obligations of a co-borrower or guarantor that is a Foreign Subsidiary).

" **Existing Indebtedness** " means Debt of the Company and, as applicable, any of its Subsidiaries (other than Debt under the ABL Credit Facility, the First Lien Notes, the Notes or the Second Lien Notes) in existence on the Issue Date, until such amounts are repaid.

" **Existing Notes Documents** " means the Indenture between the Company and U.S. Bank National Association, as trustee, dated March 17, 2010; the 5.90% Notes due 2020 First Supplemental Indenture between the Company and U.S. Bank National Association, as trustee, dated March 17, 2010; the 4.80% Notes due 2020 Second Supplemental Indenture between the Company and U.S. Bank National Association, as trustee, dated September 20, 2010; the 6.25% Notes due 2040 Third Supplemental Indenture between the Company and U.S. Bank National Association, as trustee, dated September 20, 2010; the 4.875% Notes due 2021 Fourth Supplemental Indenture between the Company and U.S. Bank National Association, as trustee, dated March 23, 2011; Fifth Supplemental Indenture between the Company and U.S. Bank National Association, as trustee, dated March 31, 2011; and the 3.95% Notes due 2018 Sixth Supplemental Indenture between the Company and U.S. Bank National Association, as trustee, dated December 13, 2012.

" **Fair Market Value** " means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party.

" **First Lien Notes** " means the 8.250% Senior Secured Notes due 2020 of the Company issued on March 30, 2015, the Obligations of which are guaranteed by the Guarantors.

" **First Lien Notes Collateral Agent** " means such agent or trustee as is designated "First Lien Notes Collateral Agent" by the First Lien Notes Secured Parties holding a majority in principal amount of the First Lien Notes Obligations then outstanding; it being understood that U.S. Bank National Association has been so designated First Lien Notes Collateral Agent.

" **First Lien Notes Documents** " means any documents or instrument evidencing or governing any First Lien Notes Obligations, including the First Lien Notes Indenture.

" **First Lien Notes Obligations** " means Obligations secured on a senior first-priority Lien basis by the Notes Collateral, including the First Lien Notes and any Additional First Lien Indebtedness.

" **First Lien Notes Secured Parties** " means any persons holding any First Lien Notes Obligations, including the First Lien Notes Collateral Agent.

" **First-Priority Collateral Agent** " means (a) until the Discharge of First Lien Notes Obligations has occurred, the First Lien Notes Collateral Agent (or another representative for the First Lien Notes Secured Parties, the Junior First Lien Notes Secured Parties and the Second Lien Notes Secured Parties under the Notes Intercreditor Agreements or other applicable First Lien Notes Documents, Junior First Lien Notes Documents and Second Lien Notes Documents), (b) following the Discharge of the First Lien Notes Obligations and until the Discharge of Junior First Lien Notes Obligations has occurred, the Junior First Lien Notes Collateral Agent (or another representative for the Junior First Lien Notes Secured Parties and the Second Lien Notes Secured Parties under the Notes Intercreditor Agreements or other applicable Junior First Lien Notes Documents and Second Lien Notes Documents) and (c) following the Discharge of Junior First Lien Notes Obligations, the Second Lien Notes Collateral Agent (or another representative for the Second Lien Notes Secured Parties under the Notes Intercreditor Agreements or other applicable Second Lien Notes Documents). As of the Issue Date, U.S. Bank National Association, in its capacity as the First Lien Notes Collateral Agent, shall be the First-Priority Collateral Agent.

“ **First-Priority Notes Intercreditor Agreements** ” means (a) the intercreditor agreement, dated as of the Issue Date, between U.S. Bank National Association, as Senior First Lien Notes Collateral Agent and Senior First-Priority Collateral Agent (each as defined therein), and U.S. Bank National Association, as Junior First Lien Notes Collateral Agent and Junior First-Priority Collateral Agent (each as defined therein), and acknowledged by the Company and the Guarantors, as it may be amended, restated, supplemented or otherwise modified from time to time in accordance with this Indenture; and (b) any intercreditor agreement to be entered into in connection with the incurrence of any Additional Junior First Lien Indebtedness or Additional First Lien Indebtedness, to be substantially similar to the First-Priority Notes Intercreditor Agreement entered into on the Issue Date described in clause (a), in each case, as it may be amended, restated, supplemented or otherwise modified from time to time in accordance with this Indenture.

“ **Foreign Subsidiary** ” means any Subsidiary of the Company that was not formed under the laws of the United States or any state of the United States or the District of Columbia.

“ **FSHCO** ” means any direct or indirect U.S. Subsidiary that has no material assets other than Capital Stock of one or more CFCs.

“ **GAAP** ” means generally accepted accounting principles in the United States, consistently applied, as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States, which are in effect as of the Issue Date.

“ **Global Note Legend** ” means the legend set forth in Section 2.01(d)(iii) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“ **Grantors** ” has the meaning assigned to such term in the Security Agreement.

“ **Guarantee** ” means any guarantee of the obligations of the Company under this Indenture and the Notes by any Person in accordance with the provisions of this Indenture.

“ **Guarantors** ” means any Person that incurs a Guarantee with respect to the Notes; provided, however, that upon the release or discharge of such Person from its Guarantee in accordance with this Indenture, such Person ceases to be a Guarantor.

“ **Hedge Agreement** ” means a “swap agreement” as that term is defined in Section 101(53B)(A) of the Bankruptcy Code.

“ **Hedging Obligations** ” means any and all obligations or liabilities, whether absolute or contingent, due or to become due, now existing or hereafter arising of the Company or any of their Subsidiaries arising under, owing pursuant to, or existing in respect of Hedge Agreements entered into with one or more of the holders of ABL Credit Facility Obligations or one or more of their affiliates.

“ **Holder** ” means a person in whose name a Note is registered.

“ **Immaterial Subsidiary** ” means, as of any date, any Subsidiary of the Company (that is not an Excluded Subsidiary of the type described in clause (i), (ii), (iii), (v), (vi), (vii), (viii) or (ix) in the definition thereof) that, together with its Subsidiaries, does not have (i) consolidated total assets in excess of 3.0% of the consolidated total assets of the Company and its Subsidiaries on a consolidated basis as of the date of the most recent consolidated balance sheet of the Company or (ii) consolidated total revenues in excess 3.0% of the consolidated total revenues of the Company and its Subsidiaries on a consolidated basis for the most recently ended four fiscal quarters for which internal financial statements of the Company are available immediately preceding such calculation date; provided that any such Subsidiary, when taken together with all other Immaterial Subsidiaries does not, in each case together with their respective Subsidiaries, have (i) consolidated total assets with a value in excess of 7.5% of the consolidated total assets of the Company and its Subsidiaries on a consolidated basis or (ii) consolidated total revenues in excess of 7.5% of the consolidated total revenues of the Company and its Subsidiaries on a consolidated basis.

“ **Indenture** ” means this Indenture, as amended or supplemented from time to time.

“ **Initial Notes** ” has the meaning ascribed to it in the second introductory paragraph of this Indenture.

“ **Intercreditor Agreements** ” means the ABL Intercreditor Agreement and the Notes Intercreditor Agreements.

“ **Investment Grade** ” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating category of Moody’s) and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us under the circumstances permitting us to select a replacement agency and in the manner for selecting a replacement agency, in each case as set forth in the definition of “Rating Agency.”

“ **Issue Date** ” means the date on which the Notes are initially issued.

“ **Junior First Lien Notes Collateral Agent** ” means such agent or trustee as is designated “Junior First Lien Notes Collateral Agent” by the Junior First Lien Notes Secured Parties holding a majority in principal amount of the Junior First Lien Notes Obligations then outstanding; it being understood that as of the Issue Date, U.S. Bank National Association shall be so designated Junior First Lien Notes Collateral Agent.

“ **Junior First Lien Notes Documents** ” means any documents or instrument evidencing or governing any Junior First Lien Notes Obligations, including this Indenture.

“ **Junior First Lien Notes Obligations** ” means Obligations secured on a junior first-priority Lien basis by the Notes Collateral, including the Notes and any Additional Junior First Lien Indebtedness.

“ **Junior First Lien Notes Secured Parties** ” means persons holding any Junior First Lien Notes Obligations, including the Junior First Lien Notes Collateral Agent.

“ **Junior Lien Debt** ” means Debt incurred by the Company or any Guarantor in the form of one or more series of secured debt securities or loans; provided that (i) the final maturity date of any such Debt shall be no earlier than 91 days after the maturity date of the Notes, (ii) the terms of such Debt shall not provide for any scheduled repayment, mandatory redemption, sinking fund obligations or other payment (other than periodic interest payments) prior to 91 days after the final maturity date of the Notes, other than customary offers to purchase upon a change of control, asset sale or casualty or condemnation event and customary acceleration rights upon an event of default, (iii) such Debt shall only be secured by a Lien on the Collateral that is junior to the ABL Obligations, the First Lien Notes Obligations, the Junior First Lien Notes Obligations and the Second Lien Notes Obligations (including with respect to the control of remedies) and shall not be secured by any property or assets of the Company or any Subsidiary other than Collateral, (iv) a representative of the holders of such Debt shall have become party to or otherwise subject to the provisions of a junior lien intercreditor agreement or collateral trust agreement reasonably satisfactory to the First Lien Notes Collateral Agent, the Junior First Lien Notes Collateral Agent, the Second Lien Notes Collateral Agent and the ABL Agent reflecting the junior lien status of the Liens securing such Debt on customary terms for junior lien Debt at the time of incurrence (as determined in good faith by the Company), and (v) none of the obligors or guarantors with respect to such Debt shall be a Person that is not the Company or a Guarantor.

“ **Liens** ” means any mortgage, pledge, lien or other encumbrance.

“ **Material Real Property** ” means any Real Property owned or leased by the Company or any Guarantor; provided that such Material Real Property shall not include any Excluded Property.

“ **Mobile Equipment** ” means all of the right, title and interest of the Company or any of its Subsidiaries in any forklifts, trailers, graders, dump trucks, water trucks, grapple trucks, lift trucks, flatbed trucks, fuel trucks, other trucks, dozers, cranes, loaders, skid steers, excavators, back hoes, shovels, drill crawlers, other drills, scrappers, graders, gondolas, flat cars, ore cars, shuttle cars, conveyors, locomotives, miners, other rail cars, and any other vehicles, mobile equipment and other equipment similar to any of the foregoing.

“ **Moody’s** ” means Moody’s Investors Service, Inc., a subsidiary of Moody’s Corporation, and its successors.

“ **Mortgage** ” means a mortgage or deed of trust, deed to secure debt, trust deed or other security document entered into by the owner or lessee, as the case may be, of a Material Real Property in favor of the Junior First Lien Notes Collateral Agent for its benefit and the benefit of the Junior First Lien Notes Secured Parties creating a Lien on such Material Real Property, substantially in such form as may be reasonably agreed between the Company and the Junior First Lien Notes Collateral Agent (other than Excluded Property.)

“ **Net Insurance Proceeds** ” means any awards or proceeds in respect of any casualty insurance claim, condemnation or other eminent domain proceeding relating to any Notes Collateral deposited in the Collateral Account pursuant to the Collateral Documents.

“ **Net Proceeds** ” means, with respect to any Asset Disposition of Notes Collateral, the aggregate proceeds received by the Company or any of its Subsidiaries in respect of such Asset Disposition of Notes Collateral (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in such Asset Disposition), net of the direct costs relating to such Asset Disposition of Notes Collateral, including, without limitation, (i) legal accounting and investment banking fees, (ii) taxes paid or payable as a result of such Asset Disposition of Notes Collateral or as a result of any transactions occurring or deemed to occur in connection with a prepayment hereunder, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and (iii) appropriate amounts to be provided as a reserve against any adjustment in the sale price of such asset or assets or liabilities associated with such Asset Disposition of Notes Collateral, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and indemnification obligations associated with such Asset Disposition of Notes Collateral with any subsequent reduction of the reserve other than by payments made and charged against the reserved amount to be deemed a receipt of cash.

“ **Non-U.S. Person** ” means a Person who is not a U.S. Person (as defined in Regulation S).

“ **Note** ” has the meaning ascribed to it in the second introductory paragraph of this Indenture.

“ **Notes Collateral** ” means the portion of the Collateral as to which the Junior First Lien Notes Secured Parties have a junior first-priority security interest subject to certain Permitted Liens.

“ **Notes Custodian** ” means the custodian with respect to the Global Note (on behalf of DTC), or any successor Person thereto and shall initially be the Trustee.

“ **Notes Documents** ” means, collectively, the First Lien Notes Documents, the Junior First Lien Notes Documents and the Second Lien Notes Documents and, for the avoidance of doubt, shall include the Intercreditor Agreements.

“ **Notes Intercreditor Agreements** ” means (a) the intercreditor agreement, dated as of March 30, 2015, among U.S. Bank National Association, as First Lien Notes Collateral Agent and First-Priority Collateral Agent (each as defined therein), and U.S. Bank National Association, as Second Lien Notes Collateral Agent and Second-Priority Collateral Agent (each as defined therein), and acknowledged by the Company and the Guarantors, as supplemented by the Other First-Priority Representative Joinder and as it may be further amended, restated, supplemented or otherwise modified from time to time in accordance with this Indenture; (b) any intercreditor agreement to be entered into in connection with the incurrence of any Additional First Lien Indebtedness, to be substantially similar to the Notes Intercreditor Agreement described in clause (a), as it may be amended, restated, supplemented or otherwise modified from time to time in accordance with this Indenture; and (c) the First-Priority Notes Intercreditor Agreements.

“ **Notes Obligations** ” means, collectively, the First Lien Notes Obligations, the Junior First Lien Notes Obligations and the Second Lien Notes Obligations.

“ **Notes Secured Parties** ” means, collectively, the First Lien Notes Secured Parties, the Junior First Lien Notes Secured Parties and the Second Lien Notes Secured Parties.

“ **Obligations** ” means all principal, premium, interest (including any interest accruing subsequent to the filing of a petition in bankruptcy, reorganization or similar proceeding at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under any such proceeding or under applicable state, federal or foreign law), penalties, fees, indemnifications, reimbursements (including reimbursement

obligations with respect to letters of credit and banker's acceptances), damages and other liabilities, and guarantees of payment of such principal, premium, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities, payable under the documentation governing any indebtedness.

" **Offering Memorandum** " means that certain offering memorandum dated January 27, 2016 relating to the Company's 8.00% 1.5 Lien Senior Secured Notes due 2020.

" **Officer** " means anyone of the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Operating Officer, any Vice President, the Treasurer, the Secretary or the Controller of the Company.

" **Officer's Certificate** " means a certificate signed by any one of the principal executive officer, principal financial officer or principal accounting officer of the Company or a Guarantor, as applicable.

" **Opinion of Counsel** " means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

" **Other First-Priority Representative Joinder"** means the joinder agreement, dated as of the Issue Date, among U.S. Bank National Association, as Other First-Priority Representative and Other First-Priority Collateral Agent (each as designated therein), U.S. Bank National Association, as First Lien Notes Collateral Agent and First-Priority Collateral Agent (each as defined in the agreement referred to in clause (a) of the definition of "Notes Intercreditor Agreements"), and U.S. Bank National Association, as Second Lien Notes Collateral Agent and Second-Priority Collateral Agent (each as defined therein), acknowledged by the Company and the Guarantors and supplementing the intercreditor agreement referred to in clause (a) of the definition of the "Notes Intercreditor Agreements".

" **Permitted Liens** " means:

(i) Liens securing Obligations (including ABL Obligations, First Lien Notes Obligations and Second Lien Notes Obligations) in respect of Debt incurred pursuant to clauses (i), (ii), (iii), (iv), (v), (vi) or (xi) of Section 3.05; provided, that: (A) any Liens on the Notes Collateral granted pursuant to this clause must be junior in priority to the Liens on such Notes Collateral (other than Liens securing First Lien Notes Obligations and Additional Junior First Lien Indebtedness) granted in favor of the Junior First Lien Notes Collateral Agent for the benefit of the Trustee and the Holders of the Notes pursuant to the Collateral Documents and the terms of such Liens must be pursuant to the Intercreditor Agreements or on terms no more favorable than the terms contained in the Intercreditor Agreements as in effect from time to time and (B) any Liens on the ABL Collateral (other than Liens securing the ABL Obligations, First Lien Note Obligations and Additional Junior First Lien Indebtedness) granted pursuant to this clause must be junior in priority to the Liens on such ABL Collateral granted in favor of the Junior First Lien Notes Collateral Agent for the benefit of the Trustee and the Holders of the Notes pursuant to the Collateral Documents and the terms of such Liens must be pursuant to the Intercreditor Agreements or on terms no more favorable than the terms contained in the Intercreditor Agreements as in effect from time to time;

(ii) Liens existing on assets at the time of acquisition thereof, or incurred to secure the payment of all or part of the cost of the purchase or construction price of property, or to secure Debt incurred or guaranteed for the purpose of financing all or part of the purchase or construction price of property or the cost of improvements on property, which Debt is incurred or guaranteed prior to, at the time of, or within 180 days after the later of such acquisition or completion of such improvements or construction or commencement of commercial operation of the assets;

(iii) Liens in favor of the Company or any Subsidiary;

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with us or a Subsidiary or at the time of a purchase, lease or other acquisition of the property of a Person as an entirety or substantially as an entirety by us or a Subsidiary;

(v) Liens on the Company's property or that of a Subsidiary in favor of the United States of America or any State thereof, or any political subdivision thereof, or in favor of any other country, or any political subdivision thereof, to secure certain payments pursuant to any contract or statute or to secure any indebtedness incurred or

guaranteed for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Liens (including, but not limited to, Liens incurred in connection with pollution control industrial revenue bond or similar financing);

(vi) (a) pledges or deposits under worker's compensation laws, unemployment insurance and other social security laws or regulations or similar legislation, or to secure liabilities to insurance carriers under insurance arrangements in respect of such obligations, or good faith deposits, prepayments or cash payments in connection with bids, tenders, contracts or leases, or to secure public or statutory obligations, surety and appeal bonds, customs duties and the like, or for the payment of rent, in each case incurred in, the ordinary course of business and (b) Liens securing obligations incurred in the ordinary course of business to secure performance of obligations with respect to statutory or regulatory requirements, performance or return-of-money bonds, contractual arrangements with suppliers, reclamation bonds, surety bonds or other obligations of a like nature and incurred in a manner consistent with industry practice;

(vii) Liens imposed by law, such as landlords' carriers', vendors', warehousemen's and mechanics', materialmen's and repairmen's, supplier of materials, architects' and other like Liens arising in the ordinary course of business;

(viii) pledges or deposits under workmen's compensation or similar legislation or in certain other circumstances;

(ix) Liens in connection with legal proceedings;

(x) Liens for taxes or assessments or governmental charges or levies not yet due or delinquent, of which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings;

(xi) Liens consisting of restrictions on the use of real property that do not interfere materially with the property's use;

(xii) Liens on property or shares of Capital Stock or other assets of a Person at the time such Person becomes a Subsidiary of the Company, provided such Liens were not created in contemplation thereof and do not extend to any other property of the Company or any Subsidiary;

(xiii) Liens on property at the time the Company or any of its Subsidiaries acquires such property, including any acquisition by means of a merger or consolidation with or into the Company or a Subsidiary of such Person, provided such Liens were not created in contemplation thereof and do not extend to any other property of the Company or any Subsidiary;

(xiv) contract mining agreements and leases or subleases granted to others that do not materially interfere with the ordinary conduct of business of the Company or any of its Subsidiaries;

(xv) easements, rights of way, zoning and similar restrictions, reservations (including severances, leases or reservations of oil, gas, coal, minerals or water rights), restrictions or encumbrances in respect of real property or title defects that were not incurred in connection with indebtedness and do not in the aggregate materially impair their use in the operation of the business of the Company and its Subsidiaries;

(xvi) Liens in favor of collecting or payor banks having a right of setoff, revocation, refund or chargeback with respect to money or instruments of the Company or any Subsidiary on deposit with or in possession of such bank;

(xvii) deposits made in the ordinary course of business to secure liability to insurance carriers; and

(xviii) Liens arising from UCC (or equivalent statute) financing statement filings regarding operating leases or consignments entered into by the Company or any Subsidiary in the ordinary course of business;

(xix) Liens securing Existing Indebtedness;

(xx) any refinancing, extension, renewal or replacement (or successive refinancings, extensions, renewals or replacements), in whole or in part, of any Lien (a " **Refinanced Lien** ") referred to in any of the foregoing

clauses (“ **Permitted Refinancing Lien** ”); provided that any such Permitted Refinancing Lien shall not extend to any other property, secure a greater principal amount (or accreted value, if applicable) or have a higher priority than the Refinanced Lien;

(xxi) Liens securing Bank Product Obligations;

(xxii) options, put and call arrangements, rights of first refusal and similar rights relating to investments in joint ventures and partnerships;

(xxiii) rights of owners of interests in overlying, underlying or intervening strata and/or mineral interests not owned by the Company or any of its Subsidiaries, with respect to tracts of real property where the Company or the applicable Subsidiary’s ownership is only surface or severed mineral or is otherwise subject to mineral severances in favor of one or more third parties;

(xxiv) royalties, dedication of reserves under supply agreements, mining leases, or similar rights or interests granted, taken subject to, or otherwise imposed on properties consistent with normal practices in the mining industry and any precautionary UCC financing statement filings in respect of leases or consignment arrangements (and not any Debt) entered into in the ordinary course of business;

(xxv) surface use agreements, easements, zoning restrictions, rights of way, encroachments, pipelines, leases, subleases, rights of use, licenses, special assessments, trackage rights, transmission and transportation lines related to mining leases or mineral rights and/or other real property including any re-conveyance obligations to a surface owner following mining, royalty payments, and other obligations under surface owner purchase or leasehold arrangements necessary to obtain surface disturbance rights to access the subsurface mineral deposits and similar encumbrances on real property imposed by law or arising in the ordinary course of business which, in the aggregate, are not substantial in amount and which do not materially detract from the value of the affected property or materially interfere with the ordinary conduct of business of the Company or any Subsidiary;

(xxvi) Liens securing Debt incurred under clause (xi) and clause (xiii) of Section 3.05; provided that Liens securing Debt incurred under clause (xiii) are on a junior lien basis as set forth in clauses (iii) and (iv) of the definition of Junior Lien Debt;

(xxvii) Liens securing Additional Junior First Lien Indebtedness permitted to be incurred under clause (iv) of Section 3.05;

(xxviii) Liens securing Debt permitted to be incurred under clauses (ii), (iii) or (v) of Section 3.05; and

(xxiv) Liens securing the Notes and the related Guarantees issued on the Issue Date.

“ **Permitted Refinancing Indebtedness** ” means any Debt of the Company or any Guarantor issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Debt of the Company or any Guarantor (other than intercompany Debt); provided, that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Debt renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Debt and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a weighted average life to maturity equal to or greater than the weighted average life to maturity of, the Debt being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Permitted Refinancing Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or a Guarantee, as applicable, such Permitted Refinancing Indebtedness is subordinated in right of payment to, the Notes or the Guarantees, as applicable, on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Debt being renewed, refunded, refinanced, replaced, defeased or discharged, as determined in good faith by the Company; and

(4) such Permitted Refinancing Indebtedness is incurred either by the Company or by the Guarantor who is the obligor on the Debt being renewed, refunded, refinanced, replaced, defeased or discharged.

" **Person** " means any individual, corporation, partnership, limited liability company, business trust, association, joint-stock company, joint venture, trust, incorporated or unincorporated organization or government or any agency or political subdivision thereof.

" **Principal Property** " means a single manufacturing or processing plant, warehouse distribution facility or office owned or leased by the Company or a Domestic Subsidiary which has a net book value in excess of 5 percent of Consolidated Net Tangible Assets other than a plant, warehouse, office, or portion thereof which, in the opinion of the Company's Board of Directors, is not of material importance to the business conducted by the Company and its Subsidiaries as an entirety.

" **Principal Subsidiary Interests** " means any shares of stock or indebtedness of a Domestic Subsidiary (whether now owned or hereafter acquired).

" **QIB** " means any " **qualified institutional buyer** " as such term is defined in Rule 144A.

" **Rating Agency** " means each of Moody's and S&P; provided, that if any of Moody's or S&P ceases to provide rating services to issuers or investors, the Company may appoint another "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act as a replacement for such Rating Agency.

" **Real Property** " means, collectively, all right, title and interest in and to any and all the parcels of or interests in real property owned or leased by a person, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures.

" **Recovery Event** " means any event, occurrence, claim or proceeding that results in any Net Insurance Proceeds being deposited into the Collateral Account pursuant to the Collateral Documents.

" **Redemption Date** " means, with respect to any redemption of Notes, the date of redemption with respect thereto.

" **Reference Treasury Dealer** " means each of Merrill Lynch, Pierce, Fenner & Smith Incorporated and its respective successors and assigns, and any other nationally recognized investment banking firm selected by the Company and identified to the Trustee by written notice from the Company that is a primary U.S. Government securities dealer.

" **Reference Treasury Dealer Quotations** " means with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day immediately preceding such Redemption Date.

" **Regulation S** " means Regulation S under the Securities Act.

" **Restricted Notes** " means Initial Notes and Additional Notes bearing the restrictive legend described in Section 2.01(d).

" **Restricted Notes Legend** " means the legend set forth in Section 2.01(d)(i), and, in the case of the Temporary Regulation S Global Note, the additional legend set forth in Section 2.01(d)(ii).

" **Rule 144A** " means Rule 144A under the Securities Act.

" **S&P** " means Standard & Poor's Ratings Services, a division of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and its successors.

“ **Second Lien Notes** ” means the 7.75% Second Lien Senior Secured Notes due March 31, 2020 of the Company issued on March 30, 2015 pursuant to the Second Lien Notes Indenture, the Obligations of which are guaranteed by the Guarantors.

“ **Second Lien Notes Collateral Agent** ” means such agent or trustee as is designated “Second Lien Notes Collateral Agent” by Second Lien Notes Secured Parties holding a majority in principal amount of the Second Lien Notes Obligations then outstanding; it being understood that U.S. Bank National Association has been so designated Second Lien Notes Collateral Agent.

“ **Second Lien Notes Documents** ” means any documents or instrument evidencing or governing any Second Lien Notes Obligations.

“ **Second Lien Notes Indenture** ” means the indenture governing the Second Lien Notes, among the Company, the Guarantors party thereto, the Trustee and the Second Lien Notes Collateral Agent, as amended or supplemented from time to time.

“ **Second Lien Notes Obligations** ” means Obligations secured on a second-priority Lien basis by the Notes Collateral, including the Second Lien Notes and any Additional Second Lien Indebtedness.

“ **Second Lien Notes Secured Parties** ” means persons holding any Second Lien Notes Obligations, including the Trustee for the Second Lien Notes and the Second Lien Notes Collateral Agent.

“ **Securities Act** ” means the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder.

“ **Security Agreement** ” means the Security Agreement (Junior First Lien) dated as of the Issue Date, among the Company, certain of its Subsidiaries party thereto and the Junior First Lien Notes Collateral Agent, as amended, supplemented or modified from time to time.

“ **Significant Subsidiary** ” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02(w)(1) or (2) of Regulation S-X promulgated under the Securities Act, as such regulation is in effect on the Issue Date.

“ **Stated Maturity** ” means, with respect to any installment of interest or principal on any Debt, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Debt, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“ **Subsidiary** ” means any corporation, partnership or other legal entity (a) the accounts of which are consolidated with the Company’s in accordance with GAAP and (b) of which, in the case of a corporation, more than 50 percent of the outstanding voting stock is owned, directly or indirectly, by the Company or by one or more other Subsidiaries, or by the Company and one or more other Subsidiaries or, in the case of any partnership or other legal entity, more than 50 percent of the ordinary equity capital interests is, at the time, directly or indirectly owned or controlled by the Company or by one or more of the Subsidiaries or by the Company and one or more of the Subsidiaries.

“ **TIA** ” or “ **Trust Indenture Act** ” means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbbb).

“ **Treasury Rate** ” means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two Business Days prior to the date fixed for redemption (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the then remaining average life to September 30, 2017, provided, however, that if the average life to September 30, 2017, of the Notes is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the average life to September 30, 2017, of the Notes is less than one year, the

weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

" **Trust Officer** " means, when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any managing director, director, vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the Persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

" **Trustee** " means the party named as such in this Indenture until a successor replaces it and, thereafter, means the successor.

" **UCC** " means the Uniform Commercial Code (or any similar equivalent legislation) as in effect from time to time in the State of New York.

" **U.S. Government Obligations** " means debt securities that are:

(a) direct obligations of The United States of America for the payment of which its full faith and credit is pledged; or

(b) obligations of a person controlled or supervised by and acting as an agency or instrumentality of The United States of America the full and timely payment of which is unconditionally guaranteed as full faith and credit obligation by The United States of America, which, in either case, are not callable or redeemable at the option of the issuer itself and shall also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt. Except as required by law, such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation evidenced by such depository receipt.

" **U.S. Subsidiary** " of any specified Person means a Subsidiary of such Person that is organized under the laws of any state of the United States or the District of Columbia.

" **Voting Stock** " of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote generally in the election of the Board of Directors of such Person.

" **Wholly-Owned Subsidiary** " of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares or investments by foreign nationals mandated by applicable law) shall at the time be owned by such Person or by one or more Wholly Owned Subsidiaries of such Person and one or more Wholly Owned Subsidiaries of such Person.

Section 1.02. *Other Definitions* .

| **Term** | **Section** |
|---|---|
| "Additional Restricted Notes" | 2.01(b) |
| "Affiliate Transaction" | 3.05(a) |
| "Agent Members" | 2.01(e)(iii) |
| "Applicable Law" | 7.12 |
| "Authenticating Agent" | 2.02 |
| "Change of Control Offer" | 3.06(a) |
| "Change of Control Payment" | 3.06(a) |
| "Change of Control Payment Date" | 3.06(b) |
| "Clearstream" | 2.01(b) |
| "Collateral Disposition Offer" | 3.02(e) |
| "Company Order" | 2.02 |

| | |
|---|---|
| “Covenant Defeasance” | 8.03 |
| “Covenant Suspension Event” | 3.09(a) |
| “Defaulted Interest” | 2.14 |
| “Euroclear” | 2.01(b) |
| “Event of Default” | 6.01 |
| “Excess Collateral Proceeds” | 3.02(e) |
| “Excess Proceeds” | 3.05 (i) |
| “Global Notes” | 2.01(b) |
| “Guaranteed Obligations” | 10.01 |
| “incur” | 3.05(a) |
| “Intercreditor Agreement Order” | 11.09(n) |
| “Legal Defeasance” | 8.02 |
| “Notes Register” | 2.03 |
| “Notice of Change of Control Offer” | 3.06(b) |
| “Paying Agent” | 2.03 |
| “Payment Default” | 6.01(e) |
| “Permanent Regulation S Global Note” | 2.01(b) |
| “Permitted Debt” | 3.05(a) |
| “Permitted Refinancing Loan | 1.01 |
| “Post-Closing Collateral Documents” | 11.05 |
| “protected purchaser” | 2.10 |
| “Refinanced Debt” | 3.05(a) |
| “Refinanced Lien” | 1.01 |
| “Registrar” | 2.03 |
| “Regulation S Global Note” | 2.01(b) |
| “Regulation S Notes” | 2.01(b) |
| “Resale Restriction Termination Date” | 2.06(b) |
| “Restricted Payment” | 3.03(a) |
| “Restricted Period” | 2.01(b) |
| “Reversion Date” | 3.09(b) |
| “Rule 144A Global Note” | 2.01(b) |
| “Rule 144A Notes” | 2.01(b) |
| “Security Document Order” | 11.09(m) |
| “Special Record Date” | 2.14(a) |
| “Successor Company” | 4.01(a) |
| “Successor Guarantor” | 4.01(b) |
| “Successor Parent” | 4.01(b) |
| “Suspended Covenants” | 3.09(a) |
| “Suspension Period” | 3.09(c) |
| “Temporary Regulation S Global Note” | 2.01(b) |

Section 1.03. *Incorporation by Reference of Trust Indenture Act.* The following TIA terms have the following meanings:

“ **Commission** ” means the Securities and Exchange Commission.

“ **indenture securities** ” means the Notes.

“ **indenture security holder** ” means a Holder.

“ **indenture to be qualified** ” means this Indenture.

“ **indenture trustee** ” or “ **institutional trustee** ” means the Trustee.

“ **obligor** ” on the Indenture securities means the Company and any other obligor on the Indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined in the TIA by reference to another statute or defined by Commission rule have the meanings assigned to them by such definitions. For the avoidance of doubt, the Company shall not be required to qualify this Indenture under the TIA.

Section 1.04. *Rules of Construction.* Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) “or” is not exclusive;

(d) the words “including **,** ” “includes” and similar words shall be deemed to be followed by “without limitation”;

(e) words in the singular include the plural and words in the plural include the singular;

(f) the principal amount of any non-interest bearing or other discount security at any date shall be the principal amount thereof that would be shown on a balance sheet of the issuer dated such date prepared in accordance with GAAP;

(g) all amounts expressed in this Indenture or in any of the Notes in terms of money refer to the lawful currency of the United States of America;

(h) the words “herein **,** ” “hereof” and “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision;

(i) “will” shall be interpreted to express a command;

(j) provisions apply to successive events and transactions;

(k) references to sections of, or rules under, the Securities Act or the Exchange Act will be deemed to include substitute, replacement or successor sections or rules adopted by the Commission from time to time;

(l) unless the context otherwise requires, any reference to an “Article,” “Section” or “clause” refers to an Article, Section or clause, as the case may be, of this Indenture; and

(m) words used herein implying any gender shall apply to both genders.

## ARTICLE 2
## THE NOTES

Section 2.01. *Form, Dating and Terms* .

(a) The aggregate principal amount of Notes that may be authenticated and delivered under this Indenture is unlimited. The Initial Notes issued on the date hereof will be in an aggregate principal amount of $218,545,000. In addition, the Company may issue, from time to time in accordance with the provisions of this Indenture, Additional Notes (as provided herein). Furthermore, Notes may be authenticated and delivered upon registration of transfer, exchange or in lieu of, other Notes pursuant to Sections 2.02, 2.06, 2.10, 2.12, 5.06 or 9.05 or in connection with a Collateral Disposition Offer or an Optional Collateral Disposition Offer pursuant to Section 3.02 or in connection with a Change of Control Offer pursuant to Section 3.06.

Notwithstanding anything to the contrary contained herein, the Company may not issue any Additional Notes, unless immediately after giving effect to such issuance, no Event of Default shall have occurred and be continuing.

The Initial Notes shall be known and designated as "8.00% 1.5 Lien Senior Secured Notes due 2020" of the Company. Any Additional Notes shall be known and designated as "8.00% 1.5 Lien Senior Secured Notes due 2020" of the Company. Any Additional Notes that are not fungible with the Initial Notes for U.S. federal income tax purposes will have a separate CUSIP number.

With respect to any Additional Notes, the Company shall set forth in (i) an Officer's Certificate or (ii) one or more indentures supplemental hereto, the following information:

(i) the aggregate principal amount of such Additional Notes to be authenticated and delivered pursuant to this Indenture; and

(ii) the issue price and the issue date of such Additional Notes, including the date from which interest shall accrue.

In authenticating and delivering Additional Notes, the Trustee shall be entitled to receive and shall be fully protected in relying upon, in addition to the Opinion of Counsel and Officer's Certificate required by Section 13.04, an Opinion of Counsel as to the due authorization, execution, delivery, validity and enforceability of such Additional Notes.

The Initial Notes and the Additional Notes shall be considered collectively as a single class for all purposes of this Indenture. Holders of the Initial Notes and the Additional Notes will vote and consent together on all matters to which such Holders are entitled to vote or consent as one class, and none of the Holders of the Initial Notes or the Additional Notes shall have the right to vote or consent as a separate class on any matter to which such Holders are entitled to vote or consent.

The terms of any Additional Notes shall be established by action taken pursuant to a Board Resolution of the Company and a copy of an appropriate record of such action shall be certified by the Secretary or any Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officer's Certificate or this Indenture supplemental hereto setting forth the terms of the Additional Notes.

(b) The Initial Notes are being offered and issued by the Company pursuant to the Offering Memorandum. The Initial Notes and any Additional Notes (if issued as Restricted Notes) (the " **Additional Restricted Notes** ") will be placed initially only with (A) QIBs in reliance on Rule 144A and (B) Non-U.S. Persons in reliance on Regulation S. Such Initial Notes and Additional Restricted Notes may thereafter be transferred to, among others, QIBs and purchasers in reliance on Regulation S, in each case, in accordance with the procedure described herein. Additional Notes offered after the date hereof may be offered and sold by the Company from time to time pursuant to one or more purchase agreements in accordance with applicable law.

Initial Notes and Additional Restricted Notes offered and sold to QIBs in the United States of America in reliance on Rule 144A (the " **Rule 144A Notes** ") shall be issued in the form of a permanent global Note substantially in the form of Exhibit A hereto, which is hereby incorporated by reference and made a part of this Indenture, including appropriate legends as set forth in (d) (the " **Rule 144A Global Note** "), deposited with the Trustee, as custodian for DTC, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Rule 144A Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Rule 144A Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

Initial Notes and any Additional Restricted Notes offered and sold outside the United States of America in reliance on Regulation S (the " **Regulation S Notes** ") shall initially be issued in the form of a temporary global Note (the " **Temporary Regulation S Global Note** "), without interest coupons. Beneficial interests in the Temporary Regulation S Global Note will be exchanged for beneficial interests in a corresponding permanent global Note, without interest coupons, substantially in the form of Exhibit A hereto including appropriate legends as set forth in (d) (the " **Permanent Regulation S Global Note** " and, together with the Temporary Regulation S Global Note, each a " **Regulation S Global Note** ") within a reasonable period after the expiration of the Restricted Period (as defined

below) and upon (i) delivery by the Company of a certification or other evidence in a form reasonably acceptable to the Trustee of non-United States beneficial ownership of 100% of the aggregate principal amount of the Temporary Regulation S Global Note or (ii) receipt by the Trustee of an Officer's Certificate certifying as to the expiration of the Restricted Period and instructing the Trustee to authenticate a Permanent Regulation S Global Note. Each Regulation S Global Note will be deposited upon issuance with, or on behalf of, the Trustee as custodian for DTC in the manner described in this Article 2 for credit to the respective accounts of the purchasers (or to such other accounts as they may direct), including, but not limited to, accounts at Euroclear Bank S.A./N.V. (" **Euroclear** ") or Clearstream Banking, societe anonyme (" **Clearstream** "). Prior to the 40th day after the later of the commencement of the offering of the Initial Notes and the Issue Date (such period through and including such 40th day, the " **Restricted Period** "), interests in the Temporary Regulation S Global Note may only be transferred to Non-U.S. Persons pursuant to Regulation S, unless exchanged for interests in a Rule 144A Global Note in accordance with the transfer and certification requirements described herein.

Investors may hold their interests in the Regulation S Global Note through organizations other than Euroclear or Clearstream that are participants in DTC's system or directly through Euroclear or Clearstream, if they are participants in such systems, or indirectly through organizations which are participants in such systems. If such interests are held through Euroclear or Clearstream, Euroclear and Clearstream will hold such interests in the applicable Regulation S Global Note on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries. Such depositaries, in turn, will hold such interests in the applicable Regulation S Global Note in customers' securities accounts in the depositaries' names on the books of DTC.

The Regulation S Global Note may be represented by more than one certificate, if so required by DTC's rules regarding the maximum principal amount to be represented by a single certificate. The aggregate principal amount of the Regulation S Global Note may from time to time be increased or decreased by adjustments made on the records of the Trustee, as custodian for DTC or its nominee, as hereinafter provided.

The Rule 144A Global Note and the Regulation S Global Note are sometimes collectively herein referred to as the " **Global Notes** ."

The principal of (and premium, if any) and interest on the Notes shall be payable at the office or agency of the Paying Agent or Registrar designated by the Company (or the Trustee when it is acting as the Registrar and Paying Agent) as may be maintained for such purpose pursuant to Section 2.03; provided, *however* , that, at the option of the Company, each installment of interest may be paid by (i) check mailed (or otherwise delivered) to Holders of the Notes at their registered addresses as they appear on the Notes Register (as defined in Section 2.03) or (ii) wire transfer to an account located in the United States maintained by the payee, subject to the last sentence of this paragraph. Payments in respect of Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by DTC. Payments in respect of Notes represented by Definitive Notes (including principal, premium, if any, and interest) held by a Holder of at least $1,000,000 aggregate principal amount of Notes represented by Definitive Notes will be made by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage, in addition to those set forth on Exhibit A hereto and in (d). The Company shall approve any notation, endorsement or legend on the Notes. Each Note shall be dated the date of its authentication. The terms of the Notes set forth in Exhibit A hereto are part of the terms of this Indenture and, to the extent applicable, the Company, the Guarantors and the Trustee and the Junior First Lien Notes Collateral Agent, by their execution and delivery of this Indenture, expressly agree to be bound by such terms.

(c) *Denominations* . The Notes shall be issuable only in fully registered form, without coupons, and only in minimum denominations of $2,000 and any integral multiples of $1,000 in excess of $2,000.

(d) *Restrictive Legends* . Unless and until an Initial Note or an Additional Note issued as a Restricted Note is sold under an effective registration statement:

(i) each Rule 144A Global Note and Regulation S Global Note shall bear the following legend on the face thereof:

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER

(1) REPRESENTS THAT

(A) IT AND ANY ACCOUNT FOR WHICH IT IS ACTING IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) AND THAT IT EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO EACH SUCH ACCOUNT, OR

(B) IT IS NOT A "U.S. PERSON" (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND

(2) AGREES FOR THE BENEFIT OF CLIFFS NATURAL RESOURCES INC. THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE OR ANY BENEFICIAL INTEREST HEREIN, EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT AND ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND ONLY

(A) TO CLIFFS NATURAL RESOURCES INC.,

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT,

(C) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT,

(D) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR

(E) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (2)(C) ABOVE OR (2)(D) ABOVE, A DULY COMPLETED AND SIGNED CERTIFICATE (THE FORM OF WHICH MAY BE OBTAINED FROM THE TRUSTEE) MUST BE DELIVERED TO THE TRUSTEE. PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH (E) ABOVE, CLIFFS NATURAL RESOURCES INC. RESERVES THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY RULE 144 EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

(ii) the Temporary Regulation S Global Note shall bear the following additional legend on the face thereof:

THIS NOTE IS A TEMPORARY GLOBAL NOTE. PRIOR TO THE EXPIRATION OF THE RESTRICTED PERIOD APPLICABLE HERETO, BENEFICIAL INTERESTS HEREIN MAY NOT BE HELD BY ANY PERSON OTHER THAN (1) A NON-U.S. PERSON OR (2) A U.S. PERSON THAT PURCHASED SUCH INTEREST IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). BENEFICIAL INTERESTS HEREIN ARE NOT EXCHANGEABLE FOR PHYSICAL NOTES OTHER THAN A PERMANENT GLOBAL NOTE IN

ACCORDANCE WITH THE TERMS OF THE INDENTURE. TERMS IN THIS LEGEND ARE USED AS USED IN REGULATION S UNDER THE SECURITIES ACT.

(iii) each Global Note, whether or not an Initial Note, shall bear the following legend on the face thereof

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), NEW YORK, NEW YORK, TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO DTC, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.

(iv) any Note issued hereunder that has more than a de minimis amount of original issue discount for U.S. federal income tax purposes shall bear a legend in substantially the following form:

THIS NOTE IS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR PURPOSES OF SECTION 1271 ET SEQ. OF THE INTERNAL REVENUE CODE. A HOLDER MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY FOR SUCH NOTE BY SUBMITTING A WRITTEN REQUEST FOR SUCH INFORMATION TO:

Cliffs Natural Resources Inc.
200 Public Square
Suite 3300
Cleveland, Ohio 44114
Attention: Chief Financial Officer

(e) *Book-Entry Provisions* . (i) This Section 2.01(e) shall apply only to Global Notes deposited with the Trustee, as custodian for DTC.

(ii) Each Global Note initially shall (x) be registered in the name of DTC or the nominee of DTC, (y) be delivered to the Trustee as custodian for DTC and (z) bear legends as set forth in Section 2.01(d). Transfers of a Global Note (but not a beneficial interest therein) will be limited to transfers thereof in whole, but not in part, to DTC, its successors or their respective nominees, except as set forth in Section 2.01(e)(v) and Section 2.01(f). If a beneficial interest in a Global Note is transferred or exchanged for a beneficial interest in another Global Note, the Trustee will (x) record a decrease in the principal amount of the Global Note being transferred or exchanged equal to the principal amount of such transfer or exchange and (y) record a like increase in the principal amount of the other Global Note. Any beneficial interest in one Global Note that is transferred to a Person who takes delivery in the form of an interest in another Global Note, or exchanged for an interest in another Global Note, will, upon transfer or exchange, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer and exchange restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(iii) Members of, or participants in, DTC (" **Agent Members** ") shall have no rights under this Indenture with respect to any Global Note held on their behalf by DTC or by the Trustee as the custodian of DTC or under such Global Note, and DTC shall be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Trustee or any agent of the Company or the Trustee from giving effect to any written certification, proxy or other authorization furnished

by DTC or impair, as between DTC and its Agent Members, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(iv) In connection with any transfer of a portion of the beneficial interest in a Global Note pursuant to Section 2.01(f) to beneficial owners who are required to hold Definitive Notes, the Notes Custodian shall reflect on its books and records the date and a decrease in the principal amount of such Global Note in an amount equal to the principal amount of the beneficial interest in the Global Note to be transferred, and the Company shall execute, and the Trustee shall, upon written request of the Company, authenticate and make available for delivery, one or more Definitive Notes of like tenor and amount.

(v) In connection with the transfer of an entire Global Note to beneficial owners pursuant to Section 2.01(f), such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall, upon written request of the Company, authenticate and make available for delivery, to each beneficial owner identified by DTC in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Definitive Notes of authorized denominations.

(vi) The registered Holder of a Global Note may grant proxies and otherwise authorize any person, including Agent Members and persons that may hold interests through Agent Members, to take any action which a Holder is entitled to take under this Indenture or the Notes.

(vii) Any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interests in such Global Note may be effected only through a book-entry system maintained by (A) the Holder of such Global Note (or its agent) or (B) any holder of a beneficial interest in such Global Note, and that ownership of a beneficial interest in such Global Note shall be required to be reflected in a book entry.

(f) Definitive Notes. (i) Except as provided below, owners of beneficial interests in Global Notes will not be entitled to receive Definitive Notes. If required to do so pursuant to any applicable law or regulation, beneficial owners may obtain Definitive Notes in exchange for their beneficial interests in a Global Note upon written request in accordance with DTC's and the Registrar's procedures. In addition, Definitive Notes shall be transferred to all beneficial owners in exchange for their beneficial interests in a Global Note if (A) DTC notifies the Company that it is unwilling or unable to continue as depositary for such Global Note or DTC ceases to be a clearing agency registered under the Exchange Act, at a time when DTC is required to be so registered in order to act as depositary, and in each case a successor depositary is not appointed by the Company within 90 days of such notice or, (B) the Company in its sole discretion executes and delivers to the Trustee and Registrar an Officer's Certificate stating that such Global Note shall be so exchangeable or (C) an Event of Default has occurred and is continuing and the Registrar has received a request from DTC. In the event of the occurrence of any of the events specified in the preceding sentence or in clause (A), (B) or (C) of the second preceding sentence, the Company shall promptly make available to the Trustee a reasonable supply of Definitive Notes.

(ii) Any Definitive Note delivered in exchange for an interest in a Global Note pursuant to Section 2.01(e)(iv) shall, (A) except as otherwise provided by Section 2.06(d), bear the applicable legend regarding transfer restrictions applicable to the Definitive Note set forth in Section 2.01(d) and (B) be registered in the name of the Holder of the Definitive Note.

(iii) If a Definitive Note is transferred or exchanged for a beneficial interest in a Global Note, the Trustee will (x) cancel such Definitive Note, (y) record an increase in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (z) in the event that such transfer or exchange involves less than the entire principal amount of the canceled certificated Note, the Company shall execute, and the Trustee shall, upon written request of the Company, authenticate and make available for delivery, to the transferring Holder a new Definitive Note representing the principal amount not so transferred.

(iv) If a Definitive Note is transferred or exchanged for another Definitive Note, (x) the Trustee will cancel the Definitive Note being transferred or exchanged, (y) the Company shall execute, and the Trustee shall authenticate and make available for delivery, one or more new Definitive Notes in authorized denominations having an aggregate principal amount equal to the principal amount of such transfer or exchange to the transferee (in the case of a transfer) or the Holder of the canceled Definitive Note (in the case of an exchange), registered in the name of such transferee or Holder, as applicable, and (z) if such

transfer or exchange involves less than the entire principal amount of the canceled Definitive Note, the Company shall execute, and the Trustee shall, upon written request of the Company, authenticate and make available for delivery to the Holder thereof, one or more Definitive Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Definitive Notes, registered in the name of the Holder thereof.

(vi) Notwithstanding anything to the contrary in this Indenture, in no event shall a Definitive Note be delivered upon exchange or transfer of a beneficial interest in the Temporary Regulation S Global Note prior to the end of the Restricted Period.

Section 2.02. *Execution and Authentication.* One Officer shall sign the Notes for the Company by manual, facsimile or electronic (including "pdf") signature. If the Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

A Note shall not be valid until an authorized officer of the Trustee manually authenticates the Note. The signature of the Trustee on a Note shall be conclusive evidence that such Note has been duly and validly authenticated and issued under this Indenture. A Note shall be dated the date of its authentication.

At any time and from time to time after the execution and delivery of this Indenture, the Trustee shall, upon written request of the Company, authenticate and make available for delivery: (a) Initial Notes for original issue on the Issue Date in an aggregate principal amount of $218,545,000, (b) subject to the terms of this Indenture, Additional Notes for original issue in an unlimited principal amount and (c) under the circumstances set forth in Section 2.06(d), Initial Notes in the form of an Unrestricted Global Note, in each case after receipt of: (i) a written order of the Company signed by one Officer of the Company (the " **Company Order** "), and (ii) an Opinion of Counsel, addressed to the Trustee and the Junior First Lien Notes Collateral Agent, which in the case of (a) above shall be to the effect that this Indenture, the Notes and the Collateral Documents executed prior to or as of the Issue Date (other than the Intercreditor Agreements) have been duly authorized, executed and delivered by the Grantors and are enforceable against them, subject to customary enforceability exceptions, and that the issuance of the Notes has been duly authorized. Such Company Order shall specify whether the Notes will be in the form of Definitive Notes or Global Notes, the amount of the Notes to be authenticated and the date on which the original issue of Notes is to be authenticated and whether the Notes are to be Initial Notes or Additional Notes.

The Trustee may appoint an agent (the " **Authenticating Agent** ") reasonably acceptable to the Company to authenticate the Notes. Any such appointment shall be evidenced by an instrument signed by a Trust Officer of the Trustee, a copy of which shall be furnished to the Company. Unless limited by the terms of such appointment, any such Authenticating Agent may authenticate Notes whenever the Trustee is authorized to do so. Each reference in this Indenture to authentication by the Trustee includes authentication by the Authenticating Agent. An Authenticating Agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

In case the Company or any Guarantor, pursuant to Article 4 or Section 10.02 as applicable, shall be consolidated or merged with or into any other Person or shall convey, transfer, lease or otherwise dispose of its properties and assets substantially as an entirety to any Person, and the successor Person resulting from such consolidation, or surviving such merger, or into which the Company or any Guarantor shall have been merged, or the Person which shall have received a conveyance, transfer, lease or other disposition as aforesaid, shall have executed an indenture supplemental hereto with the Trustee pursuant to Article 4, as applicable, any of the Notes authenticated or delivered prior to such consolidation, merger, conveyance, transfer, lease or other disposition may, from time to time, at the request of the successor Person, be exchanged for other Notes executed in the name of the successor Person with such changes in phraseology and form as may be appropriate, but otherwise in substance of like tenor as the Notes surrendered for such exchange and of like principal amount; and the Trustee, upon Company Order of the successor Person, shall authenticate and make available for delivery Notes as specified in such order for the purpose of such exchange. If Notes shall at any time be authenticated and delivered in any new name of a successor Person pursuant to this Section 2.02 in exchange or substitution for or upon registration of transfer of any Notes, such successor Person, at the option of the Holders but without expense to them, shall provide for the exchange of all Notes at the time outstanding for Notes authenticated and delivered in such new name.

Section 2.03. *Registrar and Paying Agent.* The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange (the " **Registrar** ") and an office or agency where

Notes may be presented for payment (the " **Paying Agent** "). The Registrar shall keep a register of the Notes and of their transfer and exchange (the " **Notes Register** "). The Company may have one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent and the term "Registrar" includes any co-registrar.

The Company shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to this Indenture. The agreement shall implement the provisions of this Indenture that relate to such agent. The Company shall notify the Trustee of the name and address of each such agent. If the Company fails to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. The Company or any of its Wholly-Owned Subsidiaries organized in the United States may act as Paying Agent, Registrar or transfer agent.

The Company initially appoints the Trustee as Registrar and Paying Agent for the Notes. So long as U.S. Bank National Association acts as the Registrar and Paying Agent for the Notes, the Notes may be presented for registration of transfer or for exchange at the Corporate Trust Office of the Trustee. The Company may remove any Registrar or Paying Agent without prior notice to the Holders of the Notes, but upon written notice to such Registrar or Paying Agent and to the Trustee; provided, however, that no such removal shall become effective until (a) acceptance of any appointment by a successor as evidenced by an appropriate agreement entered into by the Company and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (b) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with clause (a) above. The Registrar or Paying Agent may resign at any time upon written notice to the Company and the Trustee.

Section 2.04. *Paying Agent to Hold Money in Trust.* By no later than 10:00 a.m. (New York City time) on the date on which any principal of, premium, if any, or interest on any Note is due and payable, the Company shall deposit with the Paying Agent a sum sufficient in immediately available funds to pay such principal, premium or interest when due. The Company shall require each Paying Agent (other than the Trustee) to agree in writing that such Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by such Paying Agent for the payment of principal of, premium, if any, or interest on the Notes (whether such assets have been distributed to it by the Company or other obligors on the Notes), shall notify the Trustee in writing of any default by the Company or any Guarantor in making any such payment and shall during the continuance of any default by the Company (or any other obligor upon the Notes) in the making of any payment in respect of the Notes, upon the written request of the Trustee, forthwith deliver to the Trustee all sums held in trust by such Paying Agent for payment in respect of the Notes together with a full accounting thereof. If the Company or a Subsidiary of the Company acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Company at any time may require a Paying Agent (other than the Trustee) to pay all money held by it to the Trustee and to account for any funds or assets disbursed by such Paying Agent. Upon complying with this Section 2.04 the Paying Agent (if other than the Company or a Subsidiary of the Company) shall have no further liability for the money delivered to the Trustee. Upon any bankruptcy, reorganization or similar proceeding with respect to the Company, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05. *Holder Lists* . The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available and known to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Company, on its own behalf and on behalf of each of the Guarantors, shall furnish or cause the Registrar to furnish to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

Section 2.06. *Transfer and Exchange* .

(a) *Transfer of Notes.* A Holder may transfer a Note (or a beneficial interest therein) to another Person or exchange a Note (or a beneficial interest therein) for another Note or Notes of any authorized denomination by presenting to the Trustee a written request therefor stating the name of the proposed transferee or requesting such an exchange, accompanied by any certification, opinion or other document required by this Section 2.06. The Trustee will promptly register any transfer or exchange that meets the requirements of this Section 2.06 by noting the same in the register maintained by the Trustee for the purpose, and no transfer or exchange will be effective until it is registered in such register. The transfer or exchange of any Note (or a beneficial interest therein) may only be made in accordance with this Section 2.06 and Section 2.01(e) and Section 2.01(f), as applicable, and, in the case of a Global Note (or a beneficial interest therein), the applicable rules and procedures of DTC, Euroclear and

Clearstream. The Trustee shall refuse to register any requested transfer or exchange that does not comply with this paragraph.

(b) *Transfers of Rule 144A Notes* . The following provisions shall apply with respect to any proposed registration of transfer of a Rule 144A Note prior to the date which is one year after the later of the date of its original issue and the last date on which the Company or any Affiliate of the Company was the owner of such Notes or the relevant beneficial interest therein (or any predecessor thereto) (the " **Resale Restriction Termination Date** "):

(i) a registration of transfer of a Rule 144A Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee in the form as set forth on the reverse of the Note that it is purchasing for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; provided that no such written representation or other written certification shall be required in connection with the transfer of a beneficial interest in the Rule 144A Global Note to a transferee in the form of a beneficial interest in that Rule 144A Global Note in accordance with this Indenture and the applicable procedures of DTC; and

(ii) a registration of transfer of a Rule 144A Note or a beneficial interest therein to a Non-U.S. Person shall be made upon receipt by the Trustee or its agent of a certificate substantially in the form set forth in Section 2.09 from the proposed transferee and, if requested by the Company, the delivery of an opinion of counsel, certification and/or other information satisfactory to it.

(c) *Transfers of Regulations S Notes* . The following provisions shall apply with respect to any proposed transfer of a Regulation S Note prior to the expiration of the Restricted Period:

(i) a transfer of a Regulation S Note or a beneficial interest therein to a QIB shall be made upon the representation of the transferee, in the form of assignment on the reverse of the certificate, that it is purchasing the Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB, is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon its foregoing representations in order to claim the exemption from registration provided by Rule 144A; and

(ii) a transfer of a Regulation S Note or a beneficial interest therein to a Non- U.S. Person shall be made upon receipt by the Trustee or its agent of a certificate substantially in the form set forth in Section 2.09 from the proposed transferee and, if requested by the Company, receipt by the Trustee or its agent of an opinion of counsel, certification and/or other information satisfactory to the Company.

After the expiration of the Restricted Period, interests in the Regulation S Note may be transferred in accordance with applicable law without requiring the certification set forth in Section 2.09 or any additional certification.

(d) *Restricted Notes Legend* . Upon the transfer, exchange or replacement of Notes not bearing a Restricted Notes Legend, the Registrar shall deliver Notes that do not bear a Restricted Notes Legend. Upon the transfer, exchange or replacement of Notes bearing a Restricted Notes Legend, the Registrar shall deliver only Notes that bear a Restricted Notes Legend unless (i) an Initial Note is being transferred pursuant to an effective registration statement, (ii) Initial Notes are being exchanged for Notes that do not bear the Restricted Notes Legend in accordance with this (d) or (iii) there is delivered to the Registrar an Opinion of Counsel reasonably satisfactory to the Company and the Trustee to the effect that neither such legend nor the related restrictions on transfer are required in order to maintain compliance with the provisions of the Securities Act. Any Additional Notes sold in an offering registered under the Securities Act shall not be required to bear the Restricted Notes Legend.

(e) *[Intentionally Omitted].*

(f) *Retention of Written Communications* . The Registrar shall retain copies of all letters, notices and other written communications received pursuant to Section 2.01 or this Section 2.06. The Company shall have the right to inspect and make copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable prior written notice to the Registrar.

(g) *Obligations with Respect to Transfers and Exchanges of Notes* .

(i) To permit registrations of transfers and exchanges, the Company shall, subject to the other terms and conditions of this Article 2, execute and the Trustee shall, upon written request from the Company, authenticate Definitive Notes and Global Notes at the Registrar's request.

(ii) No service charge shall be made to a Holder for any registration of transfer or exchange, but the Company may require the Holder to pay a sum sufficient to cover any transfer tax assessments or similar governmental charge payable in connection therewith (other than any such transfer taxes, assessments or similar governmental charges payable upon exchange or transfer pursuant to Sections 2.02, 2.06, 2.10, 2.12, 3.02, 3.06, 5.06 or 9.05).

(iii) The Company (and the Registrar) shall not be required to register the transfer of or exchange of any Note (A) for a period beginning (1) 15 days before the mailing of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing or (2) 15 days before an interest payment date and ending on such interest payment date or (B) called for redemption, except the unredeemed portion of any Note being redeemed in part.

(iv) Prior to the due presentation for registration of transfer of any Note, the Company, the Trustee, the Paying Agent or the Registrar shall deem and treat the person in whose name a Note is registered as the owner of such Note for the purpose of receiving payment of principal or premium, if any, and (subject to paragraph 2 of the forms of Notes attached hereto as Exhibits A) interest on such Note and for all other purposes whatsoever, including without limitation the transfer or exchange of such Note, whether or not such Note is overdue, and none of the Company, the Trustee, the Paying Agent or the Registrar shall be affected by notice to the contrary.

(v) Any Definitive Note delivered in exchange for an interest in a Global Note pursuant to Section 2.01(f) shall, except as otherwise provided by (d), bear the applicable legend regarding transfer restrictions applicable to the Definitive Note set forth in Section 2.01(d).

(vi) All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.

(h) *No Obligation of the Trustee* . (i) The Trustee shall have no responsibility or obligation to any beneficial owner of a Global Note, a member of, or a participant in, DTC or other Person with respect to the accuracy of the records of DTC or its nominee or of any participant or member thereof, with respect to any ownership interest in the Notes or with respect to the delivery to any participant, member, beneficial owner or other Person (other than DTC) of any notice (including any notice of redemption or purchase) or the payment of any amount or delivery of any Notes (or other security or property) under or with respect to such Notes. All notices and communications to be given to the Holders and all payments to be made to Holders in respect of the Notes shall be given or made only to the registered Holders (which shall be DTC or its nominee in the case of a Global Note). The rights of beneficial owners in any Global Note shall be exercised only through DTC subject to the applicable rules and procedures of DTC. The Trustee may rely and shall be fully protected in relying upon information furnished by DTC with respect to its members, participants and any beneficial owners.

(ii) The Trustee shall have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among DTC participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance on their face as to form with the express requirements hereof.

(i) *Affiliate Holders* . By accepting a beneficial interest in a Global Note, any Person that is an Affiliate of the Company agrees to give written notice to the Company, the Trustee and the Registrar of the acquisition and its Affiliate status.

Section 2.07. *[Reserved]* .

Section 2.08. *[Reserved]* .

Section 2.09. *Form of Certificate to be Delivered in Connection with Transfers Pursuant to Regulation S* . The form of certificate to be delivered in connection with transfers of a Regulation S Note or a beneficial interest therein shall be substantially in the form set forth in Exhibit C hereto.

Section 2.10. *Mutilated, Destroyed, Lost or Stolen Notes.* If a mutilated Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Company shall issue and the Trustee shall, upon written request from the Company, authenticate a replacement Note if the requirements of Section 8.01-405 of the Uniform Commercial Code are met, such that the Holder (a) satisfies the Company or the Trustee that such Note has been lost, destroyed or wrongfully taken within a reasonable time after such Holder has notice of such loss, destruction or wrongful taking and the Registrar has not registered a transfer prior to receiving such notification, (b) makes such request to the Company or Trustee prior to the Note being acquired by a protected purchaser as defined in Section 8.01-303 of the Uniform Commercial Code (a " **protected purchaser** ") and (c) satisfies any other reasonable requirements of the Trustee; provided, however, if after the delivery of such replacement Note, a protected purchaser of the Note for which such replacement Note was issued presents for payment or registration such replaced Note, the Trustee or the Company shall be entitled to recover such replacement Note from the Person to whom it was issued and delivered or any Person taking therefrom, except a protected purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Company or the Trustee in connection therewith. If required by the Trustee or the Company, such Holder shall furnish an indemnity bond sufficient in the judgment of the Company and the Trustee to protect the Company, the Trustee, the Paying Agent and the Registrar from any loss which any of them may suffer if a Note is replaced, and, in the absence of written notice to the Company, any Guarantor or the Trustee that such Note has been acquired by a protected purchaser, the Company shall execute, and upon receipt of a Company Order the Trustee shall authenticate and make available for delivery, in exchange for any such mutilated Note or in lieu of any such destroyed, lost or stolen Note, a replacement Note of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost or stolen Note has become or is about to become due and payable, the Company in its discretion may, instead of issuing a replacement Note, pay such Note.

Upon the issuance of any replacement Note under this Section 2.10, the Company may require that such Holder pay a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of counsel and of the Trustee) in connection therewith.

Subject to the proviso in the initial paragraph of this Section 2.10 every replacement Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, any Guarantor (if applicable) and any other obligor upon the Notes, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.10 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 2.11. *Outstanding Notes* . Notes outstanding at any time are all Notes authenticated by the Trustee except for those cancelled by it, those delivered to it for cancellation and those described in this Section as not outstanding. A Note does not cease to be outstanding in the event the Company or an Affiliate of the Company holds the Note; provided, however, that in determining whether the Trustee shall be protected in making a determination whether the Holders of the requisite principal amount of outstanding Notes are present at a meeting of Holders of Notes for quorum purposes or have consented to or voted in favor of any request, demand, authorization, direction, notice, consent, waiver, amendment or modification hereunder, or relying upon any such quorum, consent or vote, only Notes which a Trust Officer of the Trustee actually knows to be held by the Company or a Subsidiary of the Company shall not be considered outstanding. If a Note is replaced pursuant to Section 2.10

(other than a mutilated Note surrendered for replacement), it ceases to be outstanding unless the Trustee and the Company receive proof satisfactory to them that the replaced Note is held by a protected purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement pursuant to Section 2.10.

If the Paying Agent segregates and holds in trust, in accordance with this Indenture, on a Redemption Date or maturity date money sufficient to pay all principal, premium, if any, and accrued interest payable on that date with respect to the Notes (or portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

Section 2.12. *Temporary Notes.* In the event that Definitive Notes are to be issued under the terms of this Indenture, until such Definitive Notes are ready for delivery, the Company may prepare and the Trustee shall, upon written request from the Company, authenticate temporary Notes, which shall be maintained in registered form in accordance with Section 2.03. Temporary Notes shall be substantially in the form, and shall carry all rights, of Definitive Notes but may have variations that the Company considers appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare and the Trustee shall, upon written request from the Company, authenticate Definitive Notes. After the preparation of Definitive Notes, the temporary Notes shall be exchangeable for Definitive Notes upon surrender of the temporary Notes at any office or agency maintained by the Company for that purpose and such exchange shall be without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Company shall execute, and the Trustee shall, upon written request from the Company, authenticate and make available for delivery in exchange therefor, one or more Definitive Notes representing an equal principal amount of Notes. Until so exchanged, the Holder of temporary Notes shall in all respects be entitled to the same benefits under this Indenture as a Holder of Definitive Notes.

Section 2.13. *Cancellation. The Company at any time may deliver Notes to the Trustee for cancellation* . The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment or cancellation and dispose of such Notes in accordance with its internal policies and customary procedures including delivery of a certificate describing such Notes disposed (subject to the record retention requirements of the Exchange Act) or deliver canceled Notes to the Company pursuant to written direction by one Officer of the Company. If the Company or any Guarantor acquires any of the Notes, such acquisition shall not operate as a redemption or satisfaction of the Debt represented by such Notes unless and until the same are surrendered to the Trustee for cancellation pursuant to this Section 2.13. The Company may not issue new Notes to replace Notes it has paid or delivered to the Trustee for cancellation for any reason other than in connection with a transfer or exchange.

At such time as all beneficial interests in a Global Note have either been exchanged for Definitive Notes, transferred, redeemed, repurchased or canceled, such Global Note shall be returned by DTC to the Trustee for cancellation or retained and canceled by the Trustee. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for Definitive Notes, transferred in exchange for an interest in another Global Note, redeemed, repurchased or canceled, the principal amount of Notes represented by such Global Note shall be reduced and an adjustment shall be made on the books and records of the Trustee (if it is then the Notes Custodian for such Global Note) with respect to such Global Note, by the Trustee or the Notes Custodian, to reflect such reduction.

Section 2.14. *Payment of Interest; Defaulted Interest* . Interest on any Note which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the Person in whose name such Note (or one or more predecessor Notes) is registered at the close of business on the regular record date for such payment at the office or agency of the Company maintained for such purpose pursuant to Section 2.03.

Any interest on any Note which is payable, but is not paid when the same becomes due and payable and such nonpayment continues for a period of 30 days shall forthwith cease to be payable to the Holder on the regular record date, and such defaulted interest and (to the extent lawful) interest on such defaulted interest at the rate borne by the Notes (such defaulted interest and interest thereon herein collectively called " **Defaulted Interest** ") shall be paid by the Company, at its election in each case, as provided in clause (a) or (b) below:

(a) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Notes (or their respective predecessor Notes) are registered at the close of business on a Special Record Date (as defined below) for the payment of such Defaulted Interest, which shall be fixed in the following

manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Note and the date (not less than 25 days after Trustee's receipt of such notice) of the proposed payment (the " **Special Interest Payment Date** "), and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Company shall fix a record date (the " **Special Record Date** ") for the payment of such Defaulted Interest, which date shall be not more than 15 days and not less than 10 days prior to the Special Interest Payment Date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Company shall promptly notify the Trustee in writing of such Special Record Date, and in the name and at the expense of the Company, the Trustee shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor to be given in the manner provided for in Section 13.02, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date and Special Interest Payment Date therefor having been so given, such Defaulted Interest shall be paid on the Special Interest Payment Date to the Persons in whose names the Notes (or their respective predecessor Notes) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following clause (b).

(b) The Company may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Notes may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section 2.14, each Note delivered under this Indenture upon registration of, transfer of or in exchange for or in lieu of any other Note shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Note.

Section 2.15. *Computation of Interest.* Interest on the Notes shall be computed on the basis of a 360-day year of twelve 30-day months.

Section 2.16. *CUSIP, Common Code and ISIN Numbers* . The Company in issuing the Notes may use "CUSIP", "Common Code" and "ISIN" numbers and, if so, the Trustee shall use "CUSIP", "Common Code" and "ISIN" numbers in notices of redemption or purchase as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption or purchase and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption or purchase shall not be affected by any defect in or omission of such CUSIP, Common Code and ISIN numbers. The Company shall promptly notify the Trustee in writing of any change in the CUSIP, Common Code and ISIN numbers.

## ARTICLE 3
## COVENANTS

Section 3.01. *Payment of Notes* .

The Company will pay or cause to be paid the principal of, premium, if any, and interest on, the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

The Company will pay interest (including post-petition interest in any proceeding under the Bankruptcy Code) on overdue principal at the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under the Bankruptcy Code) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 3.02. *Limitation on Asset Dispositions of Notes Collateral* .

(a) The Company will not, and will not permit any of the Guarantors to, make any Asset Disposition of Notes Collateral unless:

(i) the Company or such Guarantor, as the case may be, receives consideration at least equal to the Fair Market Value of the Notes Collateral subject to such Asset Disposition;

(ii) at least 75% of the consideration from such Asset Disposition received by the Company or such Guarantor, as the case may be, is in the form of cash or Cash Equivalents; and

(iii) the remaining consideration from such Asset Disposition that is not in the form of cash or Cash Equivalents is thereupon with its acquisition pledged as the Notes Collateral to secure the Notes.

(b) For purposes of (a)(ii), the following shall be deemed to be cash: (i) the repayment or assumption by the transferee of Debt secured by Liens with a priority to the Liens in favor of the Notes and the Guarantees (other than Debt incurred in contemplation of such Asset Disposition), (ii) the repayment or assumption by the transferee of liabilities (as shown on the Company's most recent balance sheet or in the notes thereto), other than liabilities that are subordinated in right of payment to the Notes, (iii) any securities, notes or other obligations received by the Company or any such Guarantor in such Asset Disposition that are, within 180 days of the disposition of Notes Collateral, converted by the Company or such Guarantor into cash or Cash Equivalents and (iv) any Designated Non-cash Consideration received by the Company or such Guarantor in such Asset Disposition having an aggregate Fair Market Value, taken together with all other Designated Non-cash Consideration received pursuant to this paragraph that has at that time not been converted into cash or Cash Equivalents not to exceed the greater of (x) $75.0 million and (y) 2.0% of Consolidated Net Tangible Assets at the time of the receipt of such Designated Non-cash Consideration (with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

(c) All of the Net Proceeds from Asset Dispositions and Recovery Events in respect of Notes Collateral shall be deposited directly into the Collateral Account; provided, that the Company and the Guarantors will not be required to cause any Net Proceeds to be held in the Collateral Account except to the extent the aggregate amount of Net Proceeds from all Asset Dispositions and Recovery Events in respect of Notes Collateral that are not held in the Collateral Account, or have not been previously applied in accordance with the provision of Section 3.02(d) or Section 3.02(e), exceeds $50.0 million in the aggregate.

(d) Any Net Proceeds deposited in the Collateral Account from any Asset Disposition or Recovery Event in respect of Notes Collateral may be withdrawn (i) to be invested by the Company or a Guarantor in additional assets constituting Notes Collateral (including, without limitation, through capital expenditures or acquisitions of assets constituting Notes Collateral, or in the case of Net Proceeds from any Recovery Event in respect of Notes Collateral, the performance of a restoration of the affected Notes Collateral) within 365 days of the date of such Asset Disposition or Recovery Event in respect of Notes Collateral, which additional assets are thereupon with their acquisition added to the Notes Collateral securing the Notes or (ii) to repay (and correspondingly reduce commitments with respect to) (a) Junior First Lien Notes Obligations or (b) Additional Junior First Lien Indebtedness; provided, that the Company makes an offer to all Holders of Notes to purchase at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest, of Notes on a pro rata basis with the principal amount of Additional Junior First Lien Indebtedness repaid, such offer to be conducted in accordance with the procedures set forth below for a Collateral Disposition Offer but without any further limitation in amount or (iii) to make an Optional Collateral Disposition Offer.

(e) Any Net Proceeds from Asset Dispositions or Recovery Events in respect of Notes Collateral that are not applied or invested as provided in (d) or in accordance with the Collateral Documents will be deemed to constitute " **Excess Collateral Proceeds** ," provided that any Net Proceeds from Asset Dispositions of Notes Collateral or Recovery Events in respect of Notes Collateral that remain after an Optional Collateral Disposition Offer will not be deemed to constitute Excess Collateral Proceeds and the Company may use any remaining Excess Collateral Proceeds for any purpose not prohibited by this Indenture, including, without limitation, general corporate purposes. When the aggregate amount of Excess Collateral Proceeds exceeds $50.0 million, within 45 days thereof, the Company will be required to make an offer (" **Collateral Disposition Offer** ") to all Holders of Notes and all holders of Additional Junior First Lien Indebtedness containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales or insurance recovery events in respect of Notes Collateral to purchase the maximum principal amount of the Notes and such Additional Junior First Lien Indebtedness (on a pro rata basis) to which the Collateral Disposition Offer applies that may be purchased out of the Excess Collateral Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount of the Notes, plus accrued and unpaid interest to, but excluding, the date of purchase, in accordance with the procedures set forth in this Indenture. Notwithstanding anything to the contrary in the foregoing, the Company, at

its option, may make a Collateral Disposition Offer with Net Proceeds from Asset Dispositions or Recovery Events in respect of Notes Collateral that are not deemed Excess Collateral Proceeds (an " **Optional Collateral Disposition Offer** ") pursuant to clause (iii) of subsection (d) at any time following consummation of a Notes Collateral Asset Disposition. To the extent that the aggregate amount of Notes and other Additional Junior First Lien Indebtedness so validly tendered and not properly withdrawn pursuant to a Collateral Disposition Offer is less than the Excess Collateral Proceeds, subject to the ABL Credit Facility, the First Lien Notes Documents and the Second Lien Notes Documents, the Company may use any remaining Excess Collateral Proceeds for any purpose not prohibited by this Indenture, including, without limitation, general corporate purposes. If the aggregate principal amount of Notes surrendered by Holders and Additional Junior First Lien Indebtedness tendered into such Collateral Disposition Offer exceeds the amount of Excess Collateral Proceeds, the Notes and Additional Junior First Lien Indebtedness to be purchased shall be selected on a pro rata basis. Upon completion of such Collateral Disposition Offer, the amount of Excess Collateral Proceeds shall be reset at zero.

(f) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to a Collateral Disposition Offer or an Optional Collateral Disposition Offer. To the extent that the provisions of any securities laws or regulations conflict with the Collateral Disposition Offer or Optional Collateral Disposition Offer provisions of this Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Collateral Disposition Offer or Optional Collateral Offer provisions of this Indenture by virtue of such compliance.

Section 3.03. *Restrictions on Liens.* (a)The Company will not, nor will it permit any Domestic Subsidiary to, incur, issue, assume or guarantee any Debt secured by a Lien upon any Principal Property or on any shares of stock or Debt of any Domestic Subsidiary (whether such Principal Property, shares of stock or Debt is now owned or hereafter acquired) without in any such case effectively providing that the Notes (together with, if the Company shall so determine, any other indebtedness of or guaranteed by the Company or such Domestic Subsidiary ranking equally with the Notes then existing or thereafter created) shall be secured equally and ratably with such Debt.

(b) The restrictions set forth in paragraph (a) in this Section 3.03 shall not apply to:

(i) Liens on property, shares of stock or indebtedness of or guaranteed by any Person existing at the time such Person becomes a Domestic Subsidiary;

(ii) Liens on property existing at the time of acquisition thereof, or to secure the payment of all or part of the purchase or construction price of property, or to secure Debt incurred or guaranteed for the purpose of financing all or part of the purchase or construction price of property or the cost of improvements on property, which Debt is incurred or guaranteed prior to, at the time of, or within 180 days after the later of such acquisition or completion of such improvements or construction or commencement of commercial operation of the property;

(iii) Liens in favor of the Company or any Subsidiary;

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or a Domestic Subsidiary or at the time of a purchase, lease or other acquisition of the property of a Person as an entirety or substantially as an entirety by the Company or a Domestic Subsidiary;

(v) Liens on the property of the Company or that of a Domestic Subsidiary in favor of the United States of America or any State thereof, or any political subdivision thereof, or in favor of any other country, or any political subdivision thereof, to secure certain payments pursuant to any contract or statute or to secure any indebtedness incurred or guaranteed for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Liens (including, but not limited to, Liens incurred in connection with pollution control industrial revenue bond or similar financing);

(vi) Liens imposed by law, for example mechanics', workmen's, repairmen's or other similar Liens arising in the ordinary course of business;

(vii) pledges or deposits under workmen's compensation or similar legislation or in certain other circumstances;

(viii) Liens in connection with legal proceedings;

(ix) Liens for taxes or assessments or governmental charges or levies not yet due or delinquent, of which can thereafter be paid without penalty, or which are being contested in good faith by appropriate proceedings;

(x) Liens consisting of restrictions on the use of real property that do not interfere materially with the property's use;

(xi) Liens existing on the date of this Indenture; and

(xii) any refinancing, extension, renewal or replacement (or successive refinancings, extensions, renewals or replacements), in whole or in part, of any Lien referred to in any of the foregoing clauses.

(c) Notwithstanding the above, the Company and any one or more of its Subsidiaries may, without securing the Notes, incur, issue, assume or guarantee secured Debt which would otherwise be subject to the foregoing restrictions, provided that after giving effect thereto the aggregate amount of Debt which would otherwise be subject to the foregoing restrictions then outstanding (not including secured Debt permitted under the foregoing exceptions) plus Attributable Debt relating to sale and leaseback transactions (as described below) does not exceed 15% of the Company's Consolidated Net Tangible Assets.

Section 3.04. *Restrictions on Sale and Leaseback Transactions.* (a) The Company shall not, nor shall it permit any Domestic Subsidiary to enter into a sale and leaseback transaction of any Principal Property (whether now owned or hereafter acquired), unless:

(i) the Company or such Domestic Subsidiary would be entitled under this Indenture, to issue, assume or guarantee Debt secured by a Lien upon such Principal Property at least equal in amount to the Attributable Debt in respect of such transaction without equally and ratably securing the Notes, provided that, such Attributable Debt shall thereupon be deemed to be Debt subject to the provisions of Section 3.03; or

(ii) within 180 days, an amount in cash equal to such Attributable Debt is applied to the retirement of funded Debt (debt that matures at or is extendible or renewable at the option of the obligor to a date more than twelve months after the date of the creation of such Debt) ranking *pari passu* with the Notes, an amount not less than the greater of (i) the net proceeds of the sale of the Principal Property leased pursuant to the arrangement or (ii) the Fair Market Value of the Principal Property so leased.

(b) The restrictions set forth in paragraph (a) in this Section 3.04 shall not apply to:

(i) a sale and leaseback transaction between the Company and a Domestic Subsidiary or between Domestic Subsidiaries, or that involves the taking back of a lease for a period of less than three years, or

(ii) if, at the time of the sale and leaseback transaction, after giving effect to the transaction, the total discounted net amount of rent required to be paid during the remaining term of any lease relating to sale and leaseback transactions (other than transactions permitted by the previous bullet points) plus all outstanding secured Debt pursuant to Section 3.03, does not exceed 15% of the Company's Consolidated Net Tangible Assets.

Section 3.05. *Restrictions on Secured Debt* . (a) The Company will not, and will not permit any Guarantor to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Debt secured by a Lien on the Collateral; provided that, this Section 3.05(a) will not prohibit the incurrence of any of the following items of Debt:

(i) the incurrence by the Company and the Guarantors of Debt (including letters of credit) under the ABL Credit Facility (with letters of credit being deemed to have a principal amount equal to the face amount thereof) up to an aggregate principal amount outstanding at any one time not to exceed the greater of (x) $700.0 million and (y) the Borrowing Base; provided, however, that any Debt incurred

pursuant to this clause (i) must be secured by a Lien that is junior in priority to the Liens on Notes Collateral granted in favor of the Notes Collateral Agent for the benefit of the Trustee and the Holders of the Notes pursuant to the Collateral Documents and the terms of such junior interest must be pursuant to the Intercreditor Agreements or on terms no more favorable than the terms contained in the Intercreditor Agreements;

(ii) the incurrence by the Company and the Guarantors of First Lien Notes Obligations and any guarantees thereof (including the First Lien Notes) in an aggregate principal amount at any one time outstanding not to exceed $540.0 million;

(iii) the incurrence by the Company and the Guarantors of Second Lien Notes Obligations and any guarantees thereof (including the Second Lien Notes) in an aggregate principal amount at any one time outstanding not to exceed $545.0 million;

(iv) the incurrence by the Company and the Guarantors of Junior First Lien Notes Obligations and any guarantees thereof (including the Notes) in an aggregate principal amount at any one time outstanding not to exceed $710.0 million;

(v) the incurrence by the Company or any Guarantor of additional Debt (including guarantees thereof) secured by Liens on the Collateral in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) an amount equal to (1) $1,250.0 million minus (2) the outstanding principal amount of Debt incurred pursuant to clause (iii) of this Section 3.05(a), and (y) an amount that, on a pro forma basis upon giving effect to the incurrence thereof (and the application of the net proceeds therefrom), would not cause the Company's Consolidated Secured Leverage Ratio to exceed 2.5:1.0; provided that (A) such Debt must have a final maturity date no earlier than the maturity date of the Notes and the terms of such Debt shall not provide for any scheduled repayment, mandatory redemption, sinking fund obligations or other payment (other than periodic interest payments) prior to the final maturity date of the Notes, other than customary offers to purchase upon a change of control, asset sale or casualty or condemnation event and customary acceleration rights upon an event of default and (B) the Liens on the Collateral securing such Debt shall be junior to the Liens securing the Notes (and the Guarantees) pursuant to the Notes Intercreditor Agreements or such other intercreditor agreement that is substantially similar to the Notes Intercreditor Agreements;

(vi) the incurrence by the Company and the Guarantor of Existing Indebtedness;

(vii) Debt existing on assets at the time of acquisition thereof or incurred to secure the payment of all or part of the purchase or construction price of assets, or to secure Debt incurred or guaranteed for the purpose of financing all or part of the purchase or construction price of assets or the cost of improvements on assets, which Debt is incurred or guaranteed prior to, at the time of, or within 180 days after the later of such acquisition or completion of such improvements or construction or commencement of commercial operation of the assets;

(viii) the incurrence by the Company or any Guarantor of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Debt ("Refinanced Debt") that was permitted to be incurred under clauses (vi), (vii), (viii), (xi) or (xiii) of this Section 3.05(a); provided that any Lien securing the Permitted Refinancing Indebtedness shall not extend to any other property, secure a greater principal amount (or accreted value, if applicable) or have a higher priority than the Lien securing the Refinanced Debt;

(ix) intercompany Debt (A) between or among the Company and one or more Guarantors and (B) between or among any Guarantors;

(x) the incurrence of Bank Product Obligations and Liens for Bank Product Obligations; provided, however, that any Debt incurred pursuant to this clause (x) must be secured by a Lien that is junior in priority to the Liens on Notes Collateral granted in favor of the Junior First Lien Notes Collateral Agent for the benefit of the Trustee and Notes Secured Parties pursuant to the Collateral Documents and the terms of such Liens must be pursuant to the Intercreditor Agreements, or on terms no more favorable than the terms contained in the Intercreditor Agreements;

(xi) the incurrence by the Company or any Guarantor of additional Debt in the ordinary course of business in an aggregate principal amount at any time outstanding not to exceed $100.0 million;

(xii) any guarantee by the Company or any Guarantor of Debt otherwise permitted to be incurred under this Section 3.05; provided, that if such Debt is incurred pursuant to clause (xii) below, such guarantee will be secured on a basis consistent with the provisions set forth in clauses (iii) and (iv) of the definition of Junior Lien Debt; and

(xiii) the incurrence by the Company or any Guarantor of Junior Lien Debt.

(b) Notwithstanding any other provision of this Section 3.05, First Lien Notes Obligations may only be incurred by the Company or any Guarantor pursuant to clause (ii) of Section 3.05(a) and Junior First Lien Notes Obligations may only be incurred by the Company or any Guarantor pursuant to clause (iv) of Section 3.05(a) .

(c) Notwithstanding any other provision of this Section 3.05, for purposes of determining compliance with this Section 3.05, increases in Debt solely due to fluctuations in the exchange rates of currencies will not be deemed to exceed the maximum amount that the Company or a Guarantor may incur under this Section 3.05. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrences of Debt, the U.S. dollar-equivalent principal amount of Debt denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date of such Debt was incurred; provided that if such Debt is incurred to refinance other Debt denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Debt does not exceed the principal amount of such Debt being refinanced. The principal amount, of any Debt incurred to refinance other Debt, if incurred in a different currency from the Debt being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Debt is denominated that is in effect on the date of such refinancing.

(d) For purposes of determining, compliance with this Section 3.05, in the event that an item of Debt meets the criteria of more than one of the categories of Debt permitted under clauses (i) through (xii) of Section 3.05(a), the Company shall, in its sole discretion, classify such item and may divide and classify such item in more than one of the types of Debt in any manner that complies with this covenant, and such Debt will be treated as having been incurred pursuant to the clauses above as designated by the Company, and from time to time the Company may change the classification of an item of Debt to any other type of Debt described in clauses (i) through (xiii) of Section 3.05(a) at any time.

Section 3.06. *Change of Control Triggering Event* .

(a) Upon the occurrence of a Change of Control Triggering Event, unless the Company has exercised its right to redeem the Notes pursuant to Section 5.07 by giving irrevocable written notice to the Trustee in accordance with this Indenture, each Holder of the Notes shall have the right to require the Company to purchase all or a portion of such Holder's Notes pursuant to the offer described in this Section 3.06 (the " **Change of Control Offer** "), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the date of purchase (the " **Change of Control Payment** "), subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

(b) Unless the Company has exercised its right to redeem the Notes, within 30 days following the date upon which the Change of Control Triggering Event occurred with respect to the Notes or, at the Company's option, prior to any Change of Control but after the public announcement of the pending Change of Control, the Company shall be required to send, by first class mail (or to the extent permitted or required by applicable DTC procedures or regulations with respect to Global Notes, electronically), a notice to each Holder of Notes, with a copy to the Trustee (" **Notice of Change of Control Offer** "), which Notice of Change of Control Offer shall govern the terms of the Change of Control Offer. Such Notice of Change of Control Offer shall state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed or otherwise sent, other than as may be required by law (the " **Change of Control Payment Date** "). The Notice of Change of Control Offer, if mailed or otherwise sent prior to the date of consummation of the Change of Control, shall state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

(c) On the Change of Control Payment Date, the Company shall, to the extent lawful:

(i) accept or cause a third party to accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(ii) deposit or cause a third party to deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being repurchased and that all conditions precedent to the Change of Control Offer and to the repurchase by the Company of Notes pursuant to the Change of Control Offer have been complied with.

(d) The Company shall not be required to make a Change of Control Offer if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

(e) The Notice of Change of Control Offer shall describe the transaction or transactions that constitute the Change of Control and state:

(i) that the Change of Control Offer is being made pursuant to this Section 3.06 and that all Notes tendered will be accepted for payment;

(ii) the Change of Control Payment Date;

(iii) that any Note not tendered will continue to accrue interest;

(iv) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(v) any conditions precedent to the consummation of the Change of Control Offer;

(vi) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled " **Option of Holder to Elect Purchase** " attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(vii) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a facsimile, or electronic transmission in the form of a "pdf" on letterhead (if applicable) and signed by an authorized signer or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(viii) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $2,000 in principal amount or an integral multiple of $1,000.

(f) On the Change of Control Payment Date, the Company will, to the extent lawful: (i) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail or deliver (but in any case not later than five days after the Change of Control Payment Date) to each Holder of Notes properly tendered the Change of Control Payment to the extent it has been received for such Notes, and the Trustee, upon receipt of the Officer's Certificate referred to in clause (iii) above, will promptly authenticate and mail or otherwise deliver (or cause to be transferred by book entry), at the Company's expense, to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount of at least $2,000 or an integral multiple of $1,000 in excess thereof. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(g) Notwithstanding anything to the contrary in this Section 3.06, the Company will not be required to make a Change of Control Offer upon a Change of Control if (i) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 3.06 applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (ii) notice of redemption has been given pursuant to Section 5.03 hereof, unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary herein, a Change of Control Offer may be made in advance of a Change of Control Triggering Event, conditional upon such Change of Control Triggering Event, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

(h) The Company shall comply in all material respects with the requirements of Rule 14e-l under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with this Section 3.06, the Company will comply with those securities laws and regulations and will not be deemed to have breached its obligations under this Section 3.06 by virtue of any such conflict.

Section 3.07. *Reports to Holders* . Whether or not the Company is then required to file reports with the Commission, the Company shall file with the Commission all such reports and other information as it would be required to file with the Commission by Section 13(a) or 15(d) under the Exchange Act if it were subject thereto within the time periods specified by the Commission's rules and regulations for an accelerated filer (including any extension as would be permitted by Rule 12b-25 under the Exchange Act).

Section 3.08. *Additional Guarantees* . If the Company or any Subsidiary acquires or creates another Subsidiary that is a U.S. Subsidiary on or after the Issue Date (other than an Excluded Subsidiary), then, within 60 days of the date of such acquisition or creation, as applicable: (i) such Subsidiary must become a Guarantor and execute a supplemental indenture substantially in the form of Exhibit B hereto and the Company must deliver a written request to sign and an Officer's Certificate to the Trustee as to the satisfaction of all conditions precedent to such execution under this Indenture, and (ii) such Subsidiary shall become a party to the Collateral Documents and shall as promptly as practicable execute and deliver such security instruments, financing statements, Mortgages, deeds of trust and certificates as may be necessary to vest in the Junior First Lien Notes Collateral Agent a perfected second- or third-priority security interest, as the case may be, (subject to Permitted Liens) upon all its properties and assets (other than Excluded Property), in each case, as set forth in the Security Agreement as security for the Notes or the Guarantees and as may be necessary to have such property or asset added to the Collateral as required under the Collateral Documents and this Indenture, and thereupon all provisions of this Indenture relating to the Collateral shall be deemed to relate to such properties and assets to the same extent and with the same force and effect.

Section 3.09. *[Reserved.]*

Section 3.10. *Corporate Existence.* Subject to Article 4, hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(a) its corporate existence, and the corporate, partnership or other existence of each of the Guarantors, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(b) the rights (charter and statutory), licenses and franchises of the Company and the Guarantors;

provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine as evidenced by an Officer's Certificate to the Trustee that (a) the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and (b) the loss thereof is not adverse in any material respect to the Holders of the Notes, and provided further, that this Section 3.10 does not prohibit any transaction otherwise permitted by Section 3.02 (or that does not otherwise constitute an Asset Disposition pursuant to Section 1.01) or Section 3.04.

Section 3.11. *Compliance Certificate* .

(a) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officer's Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether the Company has kept, observed, performed and fulfilled in all material respects its obligations under this Indenture, and further stating, as to the Officer signing such certificate, that to his or her knowledge the Company has kept, observed, performed and fulfilled in all material respects each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred and is continuing, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, within 10 Business Days upon any Officer becoming aware of the occurrence of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

Section 3.12. *Further Instruments and Acts.* The Company will execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture, including, without limitation, the filing, in a timely manner, of all necessary termination and releases with respect to any outstanding trademark registrations in favor of parties other than the Junior First Lien Notes Collateral Agent or the Bank Agent (as defined in the Intercreditor Agreement).

Section 3.13. *Stay, Extension and Usury Laws.* The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

## ARTICLE 4
## SUCCESSOR COMPANY

Section 4.01. *Consolidation, Merger or Sale of Assets* .

(a) The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all of our properties and assets to, any person (a " **successor person** ") unless:

(i) The Company is the surviving corporation or the successor person (if other than the Company) is a corporation organized and validly existing under the laws of any U.S. domestic jurisdiction and expressly assumes the Company's obligations on the Notes and under this Indenture and the Collateral Documents;

(ii) immediately after giving effect to the transaction, no Event of Default, and no event which, after notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing under this Indenture or the Collateral Documents; and

(iii) the Company will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture and all conditions precedent are satisfied.

(b) No Guarantor will consolidate with or merge with or into, or convey, transfer or lease all or substantially all of its properties and assets to a successor person unless:

(i) (A) the successor person is the Company or a Guarantor or a Person that becomes a Guarantor concurrently with the transaction; (B) such Guarantor is the surviving entity or the successor person is validly existing under the laws of any U.S. domestic jurisdiction and expressly assumes such Guarantor's obligations on its Guarantee and under this Indenture and the Collateral Documents; (C) immediately after giving effect to the transaction, no Default or Event of Default, and no event which, after notice or passage of time, or both, would become an Event of Default, shall have occurred and be continuing under this Indenture and the Collateral Documents; and (D) the Guarantor will have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture and all conditions precedent are satisfied; or

(ii) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all of the properties and assets of the Guarantor (in each case other than to the Company or a Guarantor) in a transaction not otherwise prohibited or restricted by this Indenture.

Notwithstanding the foregoing, any Subsidiary of the Company may consolidate with, merge into or transfer all or part of its properties and assets to the Company or a Guarantor.

## ARTICLE 5
## REDEMPTION AND PREPAYMENT

Section 5.01. *Notices to Trustee.* If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 5.07, it must furnish to the Trustee, at least 30 days but not more than 60 days before a Redemption Date, an Officer's Certificate setting forth:

(a) the clause of this Indenture pursuant to which the redemption shall occur;

(b) the Redemption Date;

(c) the principal amount of Notes to be redeemed; and

(d) the redemption price.

Any redemption referenced in such Officer's Certificate may be cancelled by the Company at any time prior to notice of redemption being mailed or otherwise delivered to any Holder and thereafter shall be null and void.

Section 5.02. *Selection of Notes to Be Redeemed or Purchased.* If less than all of the Notes are to be redeemed pursuant to Section 5.07 hereof or purchased in an Collateral Disposition Offer or an Optional Collateral Disposition Offer pursuant to Section 3.02 hereof or a Change of Control Offer pursuant to Section 3.06 hereof, the Trustee will select Notes for redemption or purchase (a) if the Notes are Global Notes, pursuant to the applicable rules of DTC and (b) if the Notes are Definitive Notes, on a pro rata basis or as required by the rules of the depositary except:

(a) if the Notes are listed on any national securities exchange, in compliance with the requirements of the principal national securities exchange on which the Notes are listed;

(b) to the extent that selection on a pro rata basis is not practicable, by lot or as required by the rules of DTC; or

(c) if otherwise required by law.

No Notes of $2,000 or less can be redeemed in part. In the event of partial redemption, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 30 days nor more than 60 days prior to the redemption or purchase date by the Trustee from the outstanding Notes not previously called for redemption or purchase.

The Trustee will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of $2,000 or whole multiples of $1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 5.03. *Notice of Redemption.* At least 30 days but not more than 60 days before a Redemption Date, the Company will deliver by electronic transmission (including "pdf" on letterhead (if applicable) and signed by an authorized signer), mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 12. The Company shall promptly provide a copy of such notice of redemption to the Trustee.

The notice will identify the Notes (including the CUSIP number) to be redeemed and will state:

(a) the Redemption Date;

(b) the redemption price;

(c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the Redemption Date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the Redemption Date;

(g) the paragraph or sub-paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes; and

(i) if such redemption is pursuant to Section 5.07(a), any conditions to such redemption.

At the Company's request, the Trustee will deliver the notice of redemption in the Company's name and at its expense; provided, however, that the Company has delivered to the Trustee, at least 35 days prior to the Redemption Date (or such shorter period as the Trustee shall agree), an Officer's Certificate requesting that the Trustee deliver such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Notice of any redemption of Notes described herein, whether in connection with an Equity Offering or otherwise, may be given prior to such redemption, and any such redemption or notice may, at the Company's discretion, be subject to one or more conditions precedent, including, but not limited to, completion of the related Equity Offering. In addition, if such redemption is subject to satisfaction of one or more conditions precedent, such notice of redemption shall describe each such condition and, if applicable, shall state that such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or

waived by the Company in its sole discretion) by the Redemption Date as stated in such notice. The Company may provide in such notice that payment of the redemption price and performance of the Company's obligations with respect to such redemption may be performed by another Person.

Section 5.04. *Effect of Notice of Redemption.* Once notice of redemption is mailed or otherwise delivered in accordance with Section 5.03, Notes called for redemption become irrevocably due and payable on the Redemption Date at the redemption price unless such notice of redemption is subject to one or more conditions precedent as permitted by the last paragraph of Section 5.03, in which case such notice of redemption becomes irrevocable once the conditions set forth therein are satisfied.

Section 5.05. *Deposit of Redemption or Purchase Price.* Prior to 11:00 a.m. Eastern Time on the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued and unpaid interest, if any, on, all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of, and accrued and unpaid interest, if any, on, all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest to the redemption date or purchase date shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest accrued to the redemption or purchase date not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 3.01 hereof.

Section 5.06. *Notes Redeemed or Purchased in Part* . Upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of a written authentication order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered; provided, that each such new Note will be in a principal amount of $2,000 or integral multiples of $1,000 in excess thereof. It is understood that, notwithstanding anything in this Indenture to the contrary, only an authentication order and not an Opinion of Counsel or Officer's Certificate is required for the Trustee to authenticate such new Note.

Section 5.07. *Optional Redemption* .

(a) Prior to September 30, 2017, the Company may, at any time and from time to time, redeem, in the aggregate up to 35% of the aggregate principal amount of the Notes originally issued under this Indenture with the net cash proceeds of one or more Equity Offerings by the Company at a redemption price (expressed as a percentage of principal amount thereof) of 108.000%, plus accrued and unpaid interest, if any, to, but excluding, the Redemption Date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that:

(i) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(ii) the redemption occurs within 90 days of the date of the closing of such Equity Offering or contribution.

(b) Prior to September 30, 2017, the Company may, at any time and from time to time, also redeem all or a part of the Notes, upon not less than 30 days nor more than 60 days' prior notice mailed by or on behalf of the Company (or to the extent permitted or required by applicable DTC procedures or regulations with respect to Global Notes sent electronically) by first-class mail to each Holder's registered address or otherwise delivered in accordance with the procedures of DTC, at a redemption price equal to the sum of (i) 100.000% of the principal amount of Notes redeemed and (ii) the Applicable Premium as of, and accrued and unpaid interest to, but

excluding, Redemption Date, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

(c) Except pursuant to (a) or (b), the Notes shall not be redeemable at the Company's option prior to September 30, 2017.

(d) On or after September 30, 2017, the Company may on one or more occasions redeem all or a part of the Notes upon not less than 30 days nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest on the Notes redeemed, to, but excluding, the applicable Redemption Date, if redeemed during the twelve-month or three-month period, as applicable, set forth below, subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

| **Year** | **Percentage** |
|---|---|
| September 30, 2017 | 104.000% |
| September 30, 2018 | 102.000% |
| September 30, 2019 and thereafter | 100.000% |

(e) Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable Redemption Date.

(f) Any redemption pursuant to this Section 5.07 shall be made pursuant to the provisions of Sections 5.01 through 5.06.

Section 5.08. *Mandatory Redemption* . Except to the extent the Company may be required to offer to purchase the Notes pursuant to Section 3.02 and Section 3.06, the Company is not required to make mandatory repurchase, redemption or sinking fund payments with respect to the Notes. However, the Company may at any time and from time to time purchase Notes in the open market or otherwise.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01. *Events of Default.* Each of the following is an " **Event of Default** ":

(a) a default in the payment of any interest on the Notes, when such payment becomes due and payable, and continuance of that default for a period of 30 days (unless the entire amount of the payment is deposited by the Company with the Trustee or with the Paying Agent prior to the expiration of such period of 30 days);

(b) default in the payment of principal or premium on the Notes when such payment becomes due and payable;

(c) subject to clause (d), a default in the performance or breach of any other covenant or warranty by the Company in this Indenture or the Collateral Documents, which default continues uncured for a period of 60 days after written notice thereof has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25 percent in principal amount of the Notes, as provided in this Indenture;

(d) any Guarantee of a Guarantor that is a Significant Subsidiary ceases to be in full force and effect (except as contemplated by the terms of this Indenture and the Guarantees) or is declared null and void in a judicial proceeding or any Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under this Indenture;

(e) with respect to any Collateral having a Fair Market Value in excess of $75.0 million, individually or in the aggregate, (A) the failure of the security interest with respect to such Collateral under the Collateral Documents, at any time, to be in full force and effect for any reason other than in accordance with their terms and the terms of this Indenture and other than the satisfaction in full of all obligations under this Indenture and discharge of this Indenture if such Default continues for 60 days, (B) the declaration that the security interest with respect to

such Collateral created under the Collateral Documents or under this Indenture is invalid or unenforceable, if such Default continues for 60 days or (C) the assertion by the Company or any Guarantor, in any pleading in any court of competent jurisdiction, that any such security interest is invalid or unenforceable;

(f) there occurs a default under any Debt of the Company or any of its Significant Subsidiaries (or the payment of which is guaranteed by the Company or any of the Guarantors), whether such Debt or guarantee now exists, or is created after the Issue Date, other than with respect to the Canadian Existing Indebtedness, if that default:

(i) is caused by a failure to pay any such Debt at its final Stated Maturity (after giving effect to any applicable grace period) (a " **Payment Default** "); or

(ii) results in the acceleration of such Debt prior to its final Stated Maturity,

and, in either case, the aggregate principal amount of any such Debt, together with the aggregate principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $75.0 million or more;

(g) failure by the Company or any of its Significant Subsidiaries to pay final and non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of $75.0 million (net of any amount covered by insurance issued by a national insurance company that has not contested coverage), which judgments are not paid, discharged or stayed for a period of 60 days, other than the Arbitration Award or any judgment related to the Arbitration Award;

(h) the Company or any Guarantor pursuant to or within the meaning of Bankruptcy Code:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a custodian of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors, or

(v) generally is not paying its debts as they become due; or

(i) a court of competent jurisdiction enters an order or decree under the Bankruptcy Code that:

(i) is for relief against the Company or any Guarantor in an involuntary case;

(ii) appoints a custodian of the Company or any Guarantor or for all or substantially all of the property of the Company or any of Guarantor; or

(iii) orders the liquidation of the Company or any Guarantor; and the order or decree remains unstayed and in effect for 60 consecutive days.

(j) If an Event of Default specified under clauses (a) through (g) of this Section 6.01 occurs and is continuing, the Trustee by written notice to the Company, or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare all such Notes to be due and payable. If an Event of Default specified under clause (h) or (i) of this Section 6.01 occurs, then all outstanding Notes will become due and payable immediately without further action or notice. Upon the Notes becoming due and payable upon an Event of Default, whether automatically or by declaration, such Notes will immediately become due and payable and (i) if prior to September 30, 2017, the entire unpaid principal amount of such Notes plus the Applicable Premium as of the date of such acceleration or (ii) if on or after September 30, 2017, the applicable redemption price as set forth under Section 5.07(d) as of the date of such acceleration, plus in each case accrued and unpaid interest thereon shall all be immediately due and payable.

Without limiting the generality of the foregoing, it is understood and agreed that if the Notes are accelerated or otherwise become due prior to their maturity date, in each case, in respect of any Event of Default (including an event of default relating to certain events of bankruptcy, insolvency or reorganization (including the acceleration of claims by operation of law)), the premium applicable with respect to an optional redemption of the Notes will also be due and payable as though the Notes were optionally redeemed and shall constitute part of the Junior First Lien Notes Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Holder's lost profits as a result thereof. Any premium payable above shall be presumed to be the liquidated damages sustained by each Holder as the result of the early redemption and the Company and each Guarantor agrees that it is reasonable under the circumstances currently existing. The premium shall also be payable if the Notes (and/or this Indenture) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. THE COMPANY AND EACH GUARANTOR EXPRESSLY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Company and each Guarantor expressly agrees (to the fullest extent it may lawfully do so) that: (A) the premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between Holders and the Company and the Guarantors giving specific consideration in the offering pursuant to the Offering Memorandum for such agreement to pay the premium; and (D) the Company and each Guarantor shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Company and each Guarantor expressly acknowledges that its agreement to pay the premium to Holders as described in this Indenture is a material inducement to Holders to purchase the Notes.

Section 6.02. *Acceleration.* In the case of an Event of Default specified in clauses (h) or (i) of Section 6.01, with respect to the Company or any Guarantor, all outstanding Notes will become due and payable immediately without further action or notice.

If an Event of Default (other than an Event of Default described in clause (h) or (i) of Section 6.01) occurs and is continuing, the Trustee by written notice to the Company, or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all such Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest shall be due and payable immediately.

Section 6.03. *Other Remedies* . If an Event of Default occurs and is continuing, the Trustee may, but shall not be obligated to, pursue any available remedy by proceeding at law or in equity to collect the payment of principal of (or premium, if any) or interest on the Notes or to enforce the performance of any provision of the Notes, this Indenture, the Guarantees or the Collateral Documents.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent provided by law, provided, that once all amounts due to Holders under this Indenture and the Notes, including, without limitation, principal, premium and interest, shall have been paid, there shall be no duplication of any recovery provided by such remedies.

Section 6.04. *Waiver of Past Defaults.* Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of the Holders of all of the Notes, (a) waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium or interest on, the Notes and (b) rescind an acceleration and its consequences. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05. *Control by Majority.* The Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may

refuse to follow any direction that it determines conflicts with law or this Indenture, the Notes, the Guarantees, the Collateral Documents or, subject to Sections 7.01 and 7.02 that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; provided, however, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction.

The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or premium.

Subject to the provisions of this Indenture relating to the duties of the Trustee or the Junior First Lien Notes Collateral Agent, in case an Event of Default occurs and is continuing, the Trustee or the Junior First Lien Notes Collateral Agent will be under no obligation to exercise any of the rights or powers under this Indenture, the Notes, the Guarantees and the Collateral Documents, at the request or direction of any Holders of Notes unless such Holders have offered to the Trustee or the Junior First Lien Notes Collateral Agent indemnity or security satisfactory to it against any loss, liability or expense.

Section 6.06. *Limitation on Suits.* Except to enforce the right to receive payment of principal, premium, if any, or interest when due, no Holder of a Note may pursue any remedy with respect to this Indenture or the Notes unless:

(a) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(b) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee in writing to pursue the remedy;

(c) such Holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(d) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or indemnity; and

(e) Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

Section 6.07. *Rights of Holders to Receive Payment* . Notwithstanding any other provision of this Indenture (including, without limitation, Section 6.06(a)), the right of any Holder to receive payment of principal of, premium (if any) or interest on the Notes held by such Holder, on or after the respective due dates expressed or provided for in the Notes, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; provided that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien of this Indenture under any property subject to such Lien.

Section 6.08. *Collection Suit by Trustee* . If an Event of Default specified in Section 6.06(a) or (b) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium and interest remaining unpaid on, the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents, accountants, experts and counsel.

Section 6.09. *Trustee May File Proofs of Claim* . The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents, accountants, experts and counsel) and the Holders allowed in any judicial proceedings relative to the Company, its Subsidiaries or its or their respective creditors or properties and, unless prohibited by law or applicable regulations, may be entitled and empowered to participate as a member of any official committee of creditors appointed in such matter and may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to

the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents, accountants, experts and its counsel, and any other amounts due the Trustee under Section 7.07.

No provision of this Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. *Priorities* .

(a) If the Trustee collects any money or property pursuant to this Article 6, or pursuant to the foreclosure or other remedial provisions contained in the Collateral Documents (including any money or property deposited into the Collateral Account in connection therewith), it shall pay out the money or proceeds of property in the following order:

*FIRST* : to the Trustee and the Junior First Lien Notes Collateral Agent, for amounts due to it pursuant to Section 7.07 and Section 7.13;

*SECOND* : to Holders for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

*THIRD* : to the Company or to such party as a court of competent jurisdiction shall direct.

(b) The Company shall fix the record date and payment date for any payment to Holders pursuant to this Section and provide written notice to the Trustee of such dates.

Section 6.11. *Undertaking for Costs* . In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by the Company, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in outstanding principal amount of the Notes.

## ARTICLE 7
## TRUSTEE

Section 7.01. *Duties of Trustee* .

(a) If an Event of Default, of which a Trust Officer of the Trustee has received written notice from the Company, has occurred and is continuing, the Trustee or the Junior First Lien Notes Collateral Agent shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent Person would exercise or use under the circumstances in the conduct of such Person's own affairs; provided that the Trustee and the Junior First Lien Notes Collateral Agent will be under no obligation to exercise any of the rights or powers under this Indenture, the Notes, the Guarantees or the Collateral Documents at the request or direction of any of the Holders unless such Holders have offered the Trustee or the Junior First Lien Notes Collateral Agent, respectively, indemnity or security reasonably satisfactory to each of them against loss, liability or expense.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates, opinions or orders

furnished to the Trustee and conforming to the requirements of this Indenture, the Notes, the Guarantees or the Collateral Documents, as applicable. However, in the case of any such certificates or opinions which by any provisions hereof or thereof are specifically required to be furnished to the Trustee, the Trustee shall examine such certificates and opinions to determine whether or not they conform on their face to the requirements of this Indenture, the Notes, the Guarantees or the Collateral Documents, as the case may be (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own bad faith or willful misconduct, except that:

(i) this Section 7.01(c) does not limit the effect of Section 7.01(b);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Trust Officer of the Trustee unless it is found by a final, non-appealable judgment of a court of competent jurisdiction that the Trustee was grossly negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05, and

(iv) no provision of this Indenture, the Notes, the Guarantees or the Collateral Documents shall require the Trustee to expend or risk its own funds or otherwise incur any liability (financial or otherwise) in the performance of any of its duties hereunder or thereunder or in the exercise of any of its rights or powers, and the Trustee may refuse to perform any duty or exercise any right or power if it reasonably believes that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to all of the clauses of this Section 7.01.

(e) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company.

(f) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law, this Indenture, the Notes, the Collateral Documents, or by Section 11.08.

(g) Every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.01.

(h) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by one Officer of the Company.

(i) Except as otherwise specifically provided in this Indenture or the Collateral Documents, the Trustee shall have no obligation to monitor or verify compliance by the Company or any Guarantor with any other obligation or covenant under such documents.

(j) The Trustee shall be under no obligation to the Holders to ascertain or to inquire as to the observance or performance of any of the agreements contained in, statements made in, or conditions of any of the Collateral or Collateral Documents or to inspect the property (including the books and records) of the Company.

(k) The Trustee shall have no duty (i) to cause the maintenance of any insurance, (ii) with respect to the payment or discharge of any tax, charge or Lien levied against any part of the Collateral or (iii) except as otherwise specifically provided in Article 11 and the Security Agreement, with respect to the filing or refiling of any Collateral Document.

(l) The Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens upon any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part.

Section 7.02. *Rights of Trustee.* Subject to Section 7.01:

(a) The Trustee may conclusively rely, as to the truth of statements and the correctness of the opinions expressed therein, on and shall be fully protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, or other paper or document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact, matter or opinion stated in such document. However, the Trustee, in its discretion, may make such further inquiry or investigation into such facts, matters and opinions as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney at the sole cost of the Company, at a reasonable time and in a reasonable manner, and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation. The Trustee shall receive and retain financial reports and statements of the Company as provided herein, but shall have no duty whatsoever with respect to the contents thereof, including no duty to review or analyze such reports or statements to determine compliance with covenants or other obligations of the Company.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate and/or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(c) The Trustee may act through its attorneys, custodians, nominees and agents and shall not be responsible for the misconduct or negligence of any attorney, custodian, nominee or agent appointed with due care.

(d) Subject to Section 7.01(c), the Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred on it by this Indenture or the Intercreditor Agreements.

(e) The Trustee may consult with counsel of its selection, and the advice or opinion of counsel with respect to legal matters relating to this Indenture, the Notes, the Guarantees or the Collateral Documents shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder or under the Notes, the Guarantees, or the Collateral Documents in good faith and in accordance with the advice or opinion of such counsel.

(f) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(g) The Trustee shall not be deemed to have notice of any Default or Event of Default or whether any entity or group of entities constitutes a Significant Subsidiary or whether any other event or action has occurred unless written notice of (1) any event which is in fact such a Default or Event of Default or (2) of any such Significant Subsidiary or (3) of any other event or action is received by a Trust Officer of the Trustee at the Corporate Trust Office of the Trustee, and such notice describing the Default or Event of Default, Significant Subsidiaries, or other event or action references the Notes and this Indenture and details the nature of such Default or Event of Default. Delivery of reports to the Trustee pursuant to (a) shall not constitute notice to the Trustee of the information contained therein.

(h) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder.

(i) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture, the Notes, the Guarantees or the Collateral Documents at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee security or indemnity reasonably satisfactory to it against the losses, costs, expenses and liabilities which may be incurred by it in compliance with such request or direction.

(j) The Trustee shall not be deemed to have knowledge of any fact or matter unless a Trust Officer of the Trustee has received written notice of such fact at the Corporate Trust Office.

(k) Whenever in the administration of or in connection with this Indenture, the Notes, the Guarantees or the Collateral Documents, the Company is required to provide an Officer's Certificate, the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder or thereunder, the Trustee (unless other evidence be herein specifically prescribed) may, as the case may be, request and in the absence of bad faith or willful misconduct on its part, rely upon such Officer's Certificate.

(l) In no event shall the Trustee be responsible or liable for any special, indirect, punitive, incidental, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(m) The Trustee may request that the Company and any Guarantor deliver an Officer's Certificate setting forth the names of the individuals and titles of Officers (with specimen signatures) authorized at such times to take specific actions pursuant to this Indenture or the Intercreditor Agreements, which Officer's Certificate may be signed by any person specified as so authorized in any certificate previously delivered and not superseded.

(n) If any party fails to deliver a notice relating to an event the fact of which, pursuant to this Indenture, requires notice to be sent to the Trustee, the Trustee may conclusively rely on its failure to receive such notice as reason to assume no such event occurred.

(o) The Trustee shall not be bound to make any investigation into (i) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or in any Collateral Documents, (ii) the occurrence of any default, or the validity, enforceability, effectiveness or genuineness of this Indenture, any Collateral Documents, or any other agreement, instrument or document, (iii) the creation, perfection or priority of any Lien purported to be created by the Collateral Documents, (iv) the value or the sufficiency of any Collateral, or (v) the satisfaction of any condition set forth in any Collateral Documents, other than to confirm receipt of items expressly required to be delivered to the Trustee.

(p) No provision of this Indenture, the Notes or the Collateral Documents shall require the Trustee to give any bond or surety or to expend or risk its own funds or otherwise incur any liability (financial or otherwise) in the performance of any of its duties hereunder or thereunder or in the exercise of any of its rights or powers, and the Trustee may refuse to perform any duty or exercise any right or power if it reasonably believes that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(q) In the event that the Trustee (in such capacity or in any other capacity hereunder or under any Collateral Document) is unable to decide between alternative courses of action permitted or required by the terms of this Indenture or any Collateral Document, or in the event that the Trustee is unsure as to the application of any provision of this Indenture or any Collateral Document, or believes any such provision is ambiguous as to its application, or is, or appears to be, in conflict with any other application provision, or in the event that this Indenture or any Collateral Document permits any determination by or the exercise of discretion on the part of the Trustee or is silent or is incomplete as to the course of action that the Trustee is required to take with respect to a particular set of facts, the Trustee shall promptly give notice (in such form as shall be appropriate under the circumstances) to the Holders requesting instruction as to the course of action to be adopted, and to the extent the Trustee acts in good faith in accordance with any written instructions received from a majority in aggregate principal amount of the then outstanding Notes, the Trustee shall not be liable on account of such action to any Person. If the Trustee shall not have received appropriate instruction within 10 days of such notice (or such shorter period as reasonably may be specified in such notice or as may be necessary under the circumstances) it may, but shall be under no duty to, take or refrain from taking such action as it shall deem to be in the best interests of the Holders and the Trustee shall have no liability to any Person for such action or inaction.

(r) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with any direction of the Holders of a majority in aggregate principal amount of the then outstanding Notes permitted to be given by them under this Indenture.

(s) The permissive rights of the Trustee to do things enumerated in this Indenture shall not be construed as a duty to take such action.

(t) The rights, privileges, protections, immunities and benefits (except for as mentioned in Section 11.09(c)) given to U.S. Bank National Association, including, without limitation, its right to be indemnified, are

extended to, and shall be enforceable by, U.S. Bank National Association in each of its capacities hereunder, and to each agent, custodian and other Person employed to act hereunder (except for as mentioned in Section 11.09(c)).

(u) Neither the Trustee nor the Junior First Lien Notes Collateral Agent shall have an obligation to invest and reinvest any cash held in the absence of timely and specific written investment direction from the Company. In the absence of written investment direction from the Company, all cash received by the Trustee or the Junior First Lien Notes Collateral Agent from the Company shall be placed in a non-interest bearing deposit account. In no event shall the Trustee or the Junior First Lien Notes Collateral Agent be liable for the selection of investments or for investment losses incurred thereon.

Neither Trustee nor the Notes Collateral Agent shall have any liability in respect of losses incurred as a result of the liquidation of any investment prior to its stated maturity or the failure of the Company to provide timely written investment direction.

Section 7.03. *Individual Rights of Trustee* . The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company, Guarantors or their Affiliates with the same rights it would have if it were not Trustee. Any Paying Agent, Registrar, co-registrar, co-paying agent, or First-Priority Collateral Agent may do the same with like rights. However, the Trustee must comply with Sections 7.10 and 7.12. In addition, the Trustee shall be permitted to engage in transactions with the Company; provided, however, that if the Trustee acquires any conflicting interest (as defined in the TIA), the Trustee must (a) eliminate such conflict within 90 days of acquiring such conflicting interest, (b) apply to the Commission for permission to continue acting as Trustee (if this Indenture has been qualified under the TIA) or (c) resign.

Section 7.04. *Trustee's Disclaimer* . The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture, the Guarantees, the Collateral Documents, or the Notes, shall not be accountable for the Company's use of the proceeds from the sale of the Notes, shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee or any money paid to the Company or upon the Company's direction pursuant to the terms of this Indenture and shall not be responsible for any statement of the Company in this Indenture or in any document issued in connection with the sale of the Notes (including without limitation any preliminary or final offering circular) or in the Notes other than the Trustee's certificate of authentication.

Section 7.05. *Notice of Defaults* . If a Default or Event of Default occurs and is continuing and if a Trust Officer of the Trustee receives written notice of such event addressed to its address set forth in Section 13.02, from the Company or a Guarantor, the Trustee shall, at the Company's expense, mail by first-class mail to each Holder at the address set forth in the Notes Register, or otherwise deliver in accordance with the procedures of DTC, notice of the Default or Event of Default within 90 days after it receives notice. Except in the case of a Default or Event of Default in payment of principal of, premium (if any), or interest on any Note (including payments pursuant to the optional redemption or required repurchase provisions of such Note), the Trustee may withhold the notice if and so long as the Trustee in good faith determines that withholding the notice is in the interests of the Holders.

Section 7.06. *Reports by Trustee to Holders* . Within 60 days after each December 15 beginning December 15, 2015, the Trustee shall mail to each Holder a brief report dated as of such December 15 that complies with TIA § 313(a) if and to the extent required thereby (but if no event described in such Section has occurred within the 12 months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA § 313(b) and TIA § 313(c).

A copy of each report at the time of its mailing to Holders shall be mailed by the Trustee to the Company. The Company agrees to notify promptly the Trustee in writing whenever the Notes become listed on any stock exchange and of any delisting thereof and the Trustee shall comply with TIA § 313(d).

Section 7.07. *Compensation and Indemnity* . The Company and Guarantors shall pay to the Trustee from time to time compensation for its acceptance of this Indenture and its services hereunder and under the Notes, the Guarantees and the Collateral Documents, as the Company and the Trustee shall from time to time agree in writing. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company and Guarantors shall, in addition to the compensation for their services, reimburse the Trustee promptly upon request for all reasonable out-of-pocket expenses incurred or made by it, including, but not limited to, costs of collection, costs of preparing reports, certificates and other documents, costs of preparation and mailing or other delivery of notices to Holders. Such expenses shall include the reasonable compensation and expenses,

disbursements and advances of the Trustee's agents, counsel, accountants, custodians, nominees and experts. The Company and Guarantors shall jointly and severally indemnify, defend and hold harmless the Trustee, its directors, officers, employees and agents against any and all loss, liability, damages, claims or expense (including reasonable attorneys' fees and expenses) incurred by it without willful misconduct, gross negligence or bad faith on its part in connection with the administration of this trust and the performance of its duties hereunder and under the Notes, the Guarantees and the Collateral Documents, including the costs and expenses of enforcing this Indenture (including this Section 7.07, the Notes, the Guarantees and the Collateral Documents of defending itself against any claims (whether asserted by any Holder, the Company, any Holder of First Lien Note Obligations, or otherwise). The Trustee shall notify the Company promptly of any claim for which it may seek indemnity of which it has received written notice. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company and Guarantors shall defend the claim and the Trustee shall cooperate at the Company's expense in the defense. The Trustee may have separate counsel and the Company and Guarantors shall pay the reasonable fees and expenses of such counsel; provided, that neither the Company nor any Guarantor need pay for any such settlement made without its consent (such consent not to be unreasonably withheld, conditioned or delayed). This indemnification shall apply to officers, directors, employees, shareholders, and agents of the Trustee.

To secure the Company's and Guarantors' payment obligations in this Section 7.07, the Trustee shall have a lien prior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Notes. Such lien shall survive the satisfaction and discharge of this Indenture (including any termination or rejection hereof under the Bankruptcy Code), final payment in full of the Notes, or the resignation or removal of the Trustee. The Trustee's right to receive payment of any amounts due under this Section 7.07 shall not be subordinate to any other liability or Debt of the Company or Guarantors.

The Company's and Guarantors payment obligations pursuant to this Section 7.07 shall survive the satisfaction and discharge of this Indenture (including any termination or rejection hereof under the Bankruptcy Code), final payment in full of the Notes and the resignation or removal of the Trustee. Without prejudice to any other rights available to the Trustee under applicable law, when the Trustee incurs expenses or renders services after the occurrence of a Default specified in clause (h) or clause (i) of Section 6.01, the expenses and compensation for services (including the reasonable fees and expenses of its agents, accountants, experts and counsel) are intended to constitute expenses of administration under the Bankruptcy Code.

Section 7.08. *Replacement of Trustee* . The Trustee may resign at any time and be discharged from the trust hereby created by so notifying the Company in writing. The Holders of a majority in aggregate principal amount of the Notes may remove the Trustee by so notifying the removed Trustee and the Company in writing and may appoint a successor Trustee with the Company's written consent, which consent will not be unreasonably withheld. The Company shall remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10;

(b) the Trustee is adjudged bankrupt or insolvent or an order for relief is entered with respect to the Trustee under the Bankruptcy Code;

(c) a receiver, custodian or other public officer takes charge of the Trustee or its property; or

(d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed by the Company or by the Holders of a majority in aggregate principal amount of the Notes (the Trustee in such event being referred to herein as the retiring Trustee) and such Holders do not reasonably promptly appoint a successor Trustee, or if a vacancy exists in the office of the Trustee for any reason, the Company shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a written notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, *provided* all sums owing to the Trustee hereunder have been paid and subject to the lien provided for in Section 7.07.

If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of at least 10% in aggregate principal amount of the Notes may petition, at the Company's expense, any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with Section 7.10, unless the Trustee's duty to resign is stayed as provided in TIA § 310(b), any Holder, who has been a bona fide Holder of a Note for at least six months, may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of the Trustee pursuant to this Section 7.08 the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

Section 7.09. *Successor Trustee by Merger* . If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture, any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; *provided* that the right to adopt the certificate of authentication of any predecessor Trustee or authenticate Notes in the name of any predecessor Trustee shall only apply to its successor or successors by merger, consolidation or conversion.

Section 7.10. *Eligibility; Disqualification.* This Indenture shall always have a Trustee that satisfies the requirements of TIA § 310(a)(1), (2) and (5) in every respect. The Trustee shall have a combined capital and surplus of at least $100 million as set forth in its most recent published annual report of condition. The Trustee shall comply with TIA § 310(b); *provided, however* , that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other securities of the Company are outstanding if the requirements for such exclusion set forth in TIA § 310(b)(1) are met.

Section 7.11. *Collateral Documents.* By their acceptance of the Notes, the Holders hereby authorize and direct the Trustee and the Junior First Lien Notes Collateral Agent, as the case may be, to execute and deliver the Collateral Documents to which the Trustee or the Junior First Lien Notes Collateral Agent, as applicable, is named as a party, including any Collateral Documents executed after the Issue Date. It is hereby expressly acknowledged and agreed that, in doing so, the Trustee and the Junior First Lien Notes Collateral Agent are not responsible for the terms or contents of such agreements, for the validity or enforceability thereof, or the sufficiency thereof for any purpose. Whether or not so expressly stated therein, in entering into, or taking or forbearing from any action under or pursuant to the Collateral Documents, the Trustee and the Junior First Lien Notes Collateral Agent each shall have all of the rights, immunities, indemnities and other protections granted to it under this Indenture and the Collateral Documents (in addition to those that may be granted to it under the terms of any other agreement or agreements).

Section 7.12. *Preferential Collection of Claims Against the Company.* The Trustee shall comply with TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311 (a) to the extent indicated therein.

Section 7.13. *Trustee and Junior First Lien Notes Collateral Agent in Other Capacities.* References in this Indenture to the Trustee or the Junior First Lien Notes Collateral Agent in any provision of this Indenture shall be understood to include the Trustee or Junior First Lien Notes Collateral Agent acting in its other capacities under this Indenture and the Collateral Documents, including acting in its capacity as Trustee, First-Priority Collateral Agent, Junior First Lien Notes Collateral Agent, Registrar and Paying Agent. Without limiting the foregoing, and for the avoidance of doubt, such references shall be read to apply to the Collateral Documents, with the necessary modifications, in addition to this Indenture. Whether the reference in any provision of this Indenture is to either or both of the Trustee and the Junior First Lien Notes Collateral Agent, the compensation, indemnities, immunities and exculpatory provisions contained in this Indenture shall apply to and benefit each and both of them, in whatever capacity it is acting, and whether it is acting under this Indenture, the other Junior First Lien Notes Documents or the Collateral Documents.

Section 7.14. *USA Patriot Act* . The Company acknowledges that, to help the government fight the funding of terrorism and money laundering activities, Federal law requires that Trustee, like all financial institutions, obtain, verify and record information that identifies each person who establishes a relationship or opens an account with Trustee. The Company agrees that it will provide the Trustee with such information and documentation it may reasonably request to verify the Company's formation and existence as a legal entity. The Company also agrees that it will provide the Trustee with such financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the Company as the Trustee may reasonably request to satisfy the requirements of Federal law.

Section 7.15. *Calculations in Respect of the Notes.* The Company shall be responsible for making calculations called for under the Notes, including, without limitation, determination of premiums, Additional Notes, original issue discount, conversion rates and adjustments, if any. The Company shall make the calculations in good faith and, absent manifest error, its calculations shall be final and binding on the Holders of the Notes. The Company shall provide a schedule of its calculations to the Trustee when applicable, and the Trustee shall be entitled to conclusively rely on the accuracy of the Company's calculations without independent verification.

Section 7.16. *Brokerage Confirmations.* The Company acknowledges that regulations of the Comptroller of the Currency grant the Company the right to receive brokerage confirmations of the security transactions as they occur. To the extent contemplated by law, the Company specifically waives any such notification relating to any securities transactions contemplated herein; provided, however, that Trustee shall send to the Company periodic cash transaction statements that describe all investment transactions.

## ARTICLE 8
## LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01. *Option to Effect Legal Defeasance or Covenant Defeasance: Defeasance.* The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate delivered to the Trustee, elect to have either Section 8.02 or Section 8.03 be applied to all outstanding Notes and Guarantees upon compliance with the conditions set forth below in this Article 8.

Section 8.02. *Legal Defeasance and Discharge.* Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.02, the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04, be deemed to have been discharged from their obligations with respect to all outstanding Notes (including the Guarantees), this Indenture and the Collateral Documents on the date the conditions set forth below are satisfied (hereinafter, " **Legal Defeasance** "). For this purpose, Legal Defeasance means that the Company and the Guarantors will be deemed to have paid and discharged the entire Debt represented by the outstanding Notes (including the Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in clauses (a) and (b) below, and to have satisfied all of their other obligations under such Notes, the Guarantees, this Indenture and the Collateral Documents (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium on, such Notes when such payments are due from the trust referred to in Section 8.04;

(b) the Company's obligations with respect to such Notes under Article 2;

(c) the rights, powers, trusts, duties and immunities of the Trustee, Paying Agent and Registrar hereunder and the Company's and the Guarantors' obligations in connection therewith; and

(d) this Section 8.02.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03.

Section 8.03. *Covenant Defeasance.* Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03 the Company and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04, be released from each of their obligations under the covenants contained in

Sections 3.02, 3.03, 3.04, 3.06, 3.05 and 3.07 with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, " **Covenant Defeasance** "), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Guarantees, the Company and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and such Notes and Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03 subject to the satisfaction of the conditions set forth in Section 8.04, Sections 6.01(c) through 6.01(g) will not constitute Events of Default.

Section 8.04. *Conditions to Legal or Covenant Defeasance.* In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or Section 8.03:

(a) the Company shall have deposited or caused to be irrevocably deposited with the Trustee, in trust, money and/or U.S. Government Obligations that, through the payment of interest and principal in accordance with their terms, will provide not later than one day before the due date of any payment of money, an amount in cash, sufficient, in the opinion of a nationally recognized firm of independent public accountants to pay and discharge each installment of principal of, premium and interest on and any mandatory sinking fund payments in respect of Notes on the Stated Maturity of those payments in accordance with the terms of this Indenture and the Notes;

(b) such deposit will not result in a breach or violation of, or constitute a default under this Indenture, the Intercreditor Agreements or any other material agreement to which the Company or the Guarantors bound;

(c) in the case of an election under Section 8.02, the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel reasonably acceptable to the Trustee confirming that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the beneficial owners of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(d) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the beneficial owners of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(e) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(f) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05. *Deposited Money and U.S. Government Obligations to be Held in Trust: Other Miscellaneous Provisions.* Subject to Section 8.06, all money and non-callable U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the " **Trustee** ") pursuant to Section 8.04 in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal,

premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government Obligations deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable U.S. Government Obligations held by it as provided in Section 8.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a)), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06. *Repayment to the Company.* Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on, any Note and remaining unclaimed for two years after such principal, premium or interest has become due and payable shall be paid to the Company on its request unless an abandoned property law designates another Person or (if then held by the Company) will be discharged from such trust; and the Holder of such Note will thereafter be permitted to look only to the Company for payment thereof unless an abandoned property law designates another Person, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.07. *Reinstatement.* If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable U.S. Government Obligations in accordance with Section 8.02 or Section 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Guarantors' obligations under this Indenture, the Notes, and the Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or Section 8.03 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or Section 8.03, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

## ARTICLE 9
## AMENDMENTS

Section 9.01. *Without Consent of Holders.* Notwithstanding Section 9.02, the Company, the Guarantors (with respect to the Guarantees) and the Trustee may amend or supplement this Indenture, the Notes, the Guarantees and the Collateral Documents, without the consent of any Holder (except that no existing Guarantor need execute a supplemental indenture pursuant to clause (h) below):

(a) to cure any ambiguity, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(c) to provide for the assumption of the Company's or a Guarantor's obligations to Holders of Notes and Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets, as applicable;

(d) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights hereunder or under the Notes, the Guarantees and the Collateral Documents of any such Holder;

(e) *[Reserved];*

(f) to conform the text of this Indenture, the Guarantees, the Notes or the Collateral Documents to any provision of the "Description of the New 1.5 Lien Notes" section of the Offering Memorandum, to the extent that such provision in the "Description of the New 1.5 Lien Notes" section was intended to be a verbatim recitation of a provision of this Indenture, the Notes, the Guarantees or the Collateral Documents, as provided to the Trustee in an Officer's Certificate;

(g) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date hereof;

(h) to allow any Guarantor to execute a supplemental indenture substantially in the form of Exhibit B hereto and/or a Guarantee with respect to the Notes;

(i) to add any additional obligors under this Indenture, the Notes or the Guarantees;

(j) to secure any Additional First Lien Indebtedness, Additional Junior First Lien Indebtedness, Additional Second Lien Indebtedness or Additional Secured Indebtedness permitted to be incurred under this Indenture pursuant to the Collateral Documents and to appropriately include the same in the Intercreditor Agreements;

(k) to add additional Collateral to secure the Notes;

(l) to comply with the provisions under Section 4.01; and

(m) to evidence and provide for the acceptance of an appointment by a successor Trustee.

Subject to Section 9.02, upon the written request of the Company accompanied by a Board Resolution authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02, the Trustee will join with the Company and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental indenture.

After an amendment or supplement under this Section 9.01 becomes effective, the Company shall mail to Holders a notice briefly describing such amendment or supplement. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment or supplement under this Section 9.01.

The Trustee shall be entitled to receive an Officer's Certificate and an Opinion of Counsel (other than with respect to a supplemental indenture to add a Guarantor) confirming that all conditions precedent are satisfied with respect to any supplemental indenture and that such supplemental indenture is authorized or permitted.

Section 9.02. *With Consent of Holders.* Except as provided below in this Section 9.02, the Company and the Trustee may amend or supplement this Indenture, the Notes, the Guarantees and the Collateral Documents with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07, any existing Default or Event of Default or compliance with any provision of this Indenture, the Notes, the Guarantees or the Collateral Documents may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.11 shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a Board Resolution authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02, the Trustee will join with the Company and the Guarantors in the execution of such amended or supplemental indenture, except that the Trustee need not execute such amended or supplemental

indenture if the Trustee reasonably believes that such amended or supplemental indenture adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Without the consent of each Holder of Notes affected, an amendment, supplement or waiver may not (with respect to Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(3) reduce the principal or change the stated maturity date of any note or reduce the amount of, or postpone the date fixed for, the payment of any sinking fund or analogous obligation with respect to any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium on, the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(5) make the principal of or interest on any Note payable in currency other than that stated in the Notes;

(6) make any change to the right of Holders of Notes to receive payment of the principal of and interest on the Notes or in Section 6.04 or Section 6.07:

(7) waive a redemption payment, provided that it is made of the option of the Company, with respect to any Note;

(8) release any Guarantor from any of its obligations under its Guarantee or this Indenture, except in accordance with the terms of this Indenture; or

(9) make any change in the preceding amendment and waiver provisions of this paragraph.

In addition, without the consent of Holders of 75% in aggregate principal amount of Notes then outstanding, an amendment, supplement or waiver may not:

(1) modify any Collateral Document or the provisions in this Indenture dealing with Collateral Documents or application of trust moneys in any manner, taken as a whole, materially adverse to the Holders as determined by the Company acting in good faith or otherwise release any Collateral other than in accordance with this Indenture and the Collateral Documents; or

(2) modify the Intercreditor Agreements in any manner adverse to the Holders in any material respect other than in accordance with the terms of this Indenture and the Collateral Documents.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment, supplement or waiver, but it shall be sufficient if such consent approves the substance thereof. A consent to any amendment, supplement or waiver under this Indenture by any Holder of the Notes given in connection with a tender or exchange of such Holder's Notes will not be rendered invalid by such tender or exchange.

After an amendment or supplement under this Section becomes effective, the Company shall mail to Holders a notice briefly describing such amendment or supplement. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment or supplement under this Section 9.02.

Section 9.03. *Reserved* .

Section 9.04. *Revocation and Effect of Consents and Waivers* .

(a) Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation at the Corporate Trust Office provided in Section 13.02 before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

(b) The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding anything herein to the contrary, those Persons, who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

Section 9.05. *Notation on or Exchange of Notes* . The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an authentication order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06. *Trustee to Sign Amendments* .

The Trustee will sign any amended or supplemental indenture or amendment to a Collateral Document, except that the Trustee need not execute such amended or supplemental indenture or such amendment if the Trustee reasonably believes that such amended or supplemental indenture or such amendment adversely affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. The Company may not sign an amended or supplemental indenture or such amendment until the Board of Directors of the Company approves it. In executing any amended or supplemental indenture or amendment to a Collateral Document, the Trustee will be entitled to receive and (subject to Section 7.01 and Section 7.02) will be fully protected in relying upon, in addition to the documents required by Section 13.04, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture or such amendment is authorized or permitted by this Indenture and that all conditions precedent are satisfied with respect to any such amended or supplemental indenture or such amendment.

## ARTICLE 10
## GUARANTEE

Section 10.01. *Guarantee* . (a) Subject to the provisions of this Article 10, each Guarantor hereby fully, unconditionally and irrevocably guarantees, on a senior secured basis (except to the extent its assets are Excluded Property), as primary obligor and not merely as surety, jointly and severally with each other Guarantor, to each Holder of the Notes, to the extent lawful, and the Trustee the full and punctual payment when due, whether at maturity, by acceleration, by redemption or otherwise, of the principal of, premium, if any, and interest on the Notes, expenses, indemnification or otherwise and all other Obligations and liabilities of the Company under this Indenture (including without limitation interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding), relating to the Company or any Guarantor whether or not a claim for post-filing or post-petition interest is allowed in such proceeding and the obligations under Section 7.07), the Notes and the Collateral Documents (all the foregoing being hereinafter collectively called the " **Guaranteed Obligations** ").

(b) Each Guarantee will be secured on a junior first-priority basis by the Notes Collateral, subject to Permitted Liens, owned by such Guarantor and on a junior second-priority basis by the ABL Collateral owned by such Guarantor. Such Guarantors will also agree to pay any and all costs and expenses (including reasonable counsel fees and expenses) incurred by the Trustee, the Junior First Lien Notes Collateral Agent or the Holders in enforcing any rights under the Guarantees.

(c) Each Guarantor agrees (to the extent permitted by law) that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound under this Article 10 notwithstanding any extension or renewal of any Guaranteed Obligation.

(d) To the fullest extent permitted by law, each Guarantor waives presentation to, demand of payment from and protest to the Company of any of the Guaranteed Obligations and also waives notice of protest for nonpayment. To the fullest extent permitted by law, each Guarantor waives notice of any default under the Notes or the Guaranteed Obligations.

(e) Each Guarantor further agrees that its Guarantee constitutes a guarantee of payment when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder to any security held for payment of the Guaranteed Obligations.

(f) Except as set forth in Section 10.02, the obligations of each Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason (other than payment or performance of the Guaranteed Obligations), including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Guarantor herein shall not be discharged or impaired or otherwise affected by (i) the failure of any Holder to assert any claim or demand or to exercise or enforce any right or remedy against the Company or any other person under this Indenture, the Notes or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (iv) the release of any security held by any Holder or the Junior First Lien Notes Collateral Agent for the Guaranteed Obligations or any of them; (v) any change in the ownership of the Company; (vi) any default, failure or delay, willful or otherwise, in the performance of the Guaranteed Obligations, or (vii) any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Guarantor or would otherwise operate as a discharge of such Guarantor as a matter of law or equity.

(g) Each Guarantor agrees that its Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations (other than contingent obligations or indemnification obligations, in each case for which no claim has been asserted) or such Guarantor is released from its Guarantee in compliance with Section 10.02, Article 8 or Article 12. Each Guarantor further agrees that its Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of, premium, if any, or interest on any of the Guaranteed Obligations is rescinded or must otherwise be restored by any Holder upon the bankruptcy or reorganization of the Company or otherwise.

(h) In furtherance of the foregoing and not in limitation of any other right which any Holder has at law or in equity against any Guarantor by virtue hereof, upon the failure of the Company to pay any of the Guaranteed Obligations when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, each Guarantor hereby promises to and will, upon receipt of written notice by the Trustee, forthwith pay, or cause to be paid, in cash, to the Trustee or the Trustee on behalf of the Holders an amount equal to the sum of (i) the unpaid amount of such Guaranteed Obligations then due and owing and (ii) accrued and unpaid interest on such Guaranteed Obligations then due and owing (but only to the extent not prohibited by law).

(i) Each Guarantor further agrees that, as between such Guarantor, on the one hand, and the Holders, on the other hand, (x) the maturity of the Guaranteed Obligations may be accelerated as provided in this Indenture for the purposes of its Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations and (y) in the event of any such declaration of acceleration of such Guaranteed Obligations, such Obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantor for the purposes of this Guarantee.

(j) Neither the Company nor the Guarantors shall be required to make a notation on the Notes to reflect any Guarantee or any release, termination or discharge thereof and any such notation shall not be a condition to the validity of any Guarantee.

(k) Any Guarantor that makes a payment under its Guarantee will be entitled upon payment in full of all Guaranteed Obligations under this Indenture to a contribution from each other Guarantor in an amount equal to

such other Guarantor's pro rata portion of such payment based on the respective net assets of all the Guarantors at the time of such payment as determined in accordance with GAAP.

Section 10.02. *Limitation on Liability; Termination; Release and Discharge* .

(a) Any term or provision of this Indenture to the contrary notwithstanding, the obligations of each Guarantor hereunder will be limited to the maximum amount as will, after giving effect to all other contingent and fixed liabilities of such Guarantor and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under this Indenture, result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under federal or state law and not otherwise being void or voidable under any similar laws affecting the rights of creditors generally.

(b) Each Guarantee by a Guarantor will be automatically and unconditionally released and discharged, and such Subsidiary's obligations under the Guarantee, this Indenture and the Collateral Documents will be automatically and unconditionally released and discharged, upon:

(i) (1) any sale, exchange, transfer or disposition of such Guarantor (by merger, consolidation, or the sale of) the Capital Stock of such Guarantor after which the applicable Guarantor is no longer a Subsidiary or the sale of all or substantially all of its assets (other than by lease), whether or not the Guarantor is the surviving corporation in such transaction, to a Person which is not the Company or a Subsidiary; provided that (x) such sale, exchange, transfer or disposition is made in compliance with this Indenture, including Section 3.05 and Section 4.01 and (y) all the obligations of such Guarantor under all Debt of the Company or its Subsidiaries terminate upon consummation of such transaction; (2) the Company exercising either Legal Defeasance or Covenant Defeasance under either Section 8.02 or Section 8.03; or (3) the applicable Guarantor becoming or constituting an Excluded Subsidiary; and

(ii) such Guarantor delivering to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent provided for in this Indenture relating to release and discharge of such Guarantor's Guarantee have been complied with.

(c) Such Guarantor will be automatically and unconditionally released and discharged from all its obligations under this Indenture and its Guarantee and the Collateral Documents to which it is a party and such Guarantee shall terminate and be of no further force and effect and the Liens, if any, on the Collateral pledged by such Guarantor pursuant to the Collateral Documents shall be released with respect to the Notes if (x) such sale, exchange, transfer or disposition is made in compliance with this Indenture, including Section 3.02 and Section 4.01 and (y) all the obligations of such Guarantor under all Debt of the Company or its Subsidiaries terminate upon consummation of such transaction.

(d) If the Guarantee of any Guarantor is deemed to be released and discharged or is automatically released and discharged, upon delivery by the Company to the Trustee of an Officer's Certificate stating the identity of the released Guarantor and the basis for the release in reasonable detail and an Opinion of Counsel, the Trustee will execute any documents reasonably required in order to evidence the release and discharge of the Guarantor from its obligations under its Guarantee.

Section 10.03. *Right of Contribution. E* ach Guarantor hereby agrees that to the extent that any Guarantor shall have paid more than its proportionate share of any payment made on the obligations under the Guarantees, such Guarantor shall be entitled to seek and receive contribution from and against the Company or any other Guarantor who has not paid its proportionate share of such payment. The provisions of this Section 10.03 shall in no respect limit the obligations and liabilities of each Guarantor to the Trustee and the Holders and each Guarantor shall remain liable to the Trustee and the Holders for the full amount guaranteed by such Guarantor hereunder.

Section 10.04. *No Subrogation.* Notwithstanding any payment or payments made by each Guarantor hereunder, no Guarantor shall be entitled to be subrogated to any of the rights of the Trustee or any Holder against the Company or any other Guarantor or any collateral security or guarantee or right of offset held by the Trustee or any Holder for the payment of the Guaranteed Obligations, nor shall any Guarantor seek or be entitled to seek any contribution or reimbursement from the Company or any other Guarantor in respect of payments made by such Guarantor hereunder, until all amounts owing to the Trustee and the Holders by the Company on account of the

Guaranteed Obligations are paid in full. If any amount shall be paid to any Guarantor on account of such subrogation rights at any time when all of the Guaranteed Obligations shall not have been paid in full, such amount shall be held by such Guarantor in trust for the Trustee and the Holders, segregated from other funds of such Guarantor, and shall, forthwith upon receipt by such Guarantor, be turned over to the Trustee in the exact form received by such Guarantor (duly indorsed by such Guarantor to the Trustee, if required), to be applied against the Guaranteed Obligations.

Section 10.05. *Execution and Delivery of a Guarantee* .

(a) The execution by each Guarantor of this Indenture (or a supplemental indenture in the form of Exhibit B hereto) evidences the Guarantee of such Guarantor, whether or not the person signing as an officer of the Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note by the Trustee after authentication constitutes due delivery of the Guarantee set forth in this Indenture on behalf of each Guarantor.

(b) The Trustee hereby accepts the trusts in this Indenture upon the terms and conditions herein set forth.

## ARTICLE 11
## COLLATERAL AND SECURITY

Section 11.01. *The Collateral* .

(a) The due and punctual payment of the principal of, premium, if any, and interest on the Notes and the Guarantees when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, interest on the overdue principal of and interest (to the extent permitted by law), if any, on the Notes and the Guarantees and performance of all other obligations under this Indenture, including, the obligations of the Company set forth in Section 7.07 and Section 8.05 herein, and the Notes and the Guarantees and the Collateral Documents, shall be secured by Liens on and security interests in the Notes Collateral and the ABL Collateral, in each case with the priority set forth in the Intercreditor Agreements and subject to Permitted Liens, as provided in the Collateral Documents which the Company and the Guarantors, as the case may be, have entered into simultaneously with the execution of this Indenture and will be secured by all Collateral Documents hereafter delivered as required or permitted by this Indenture and the Collateral Documents. All property of the Company and the Guarantors owned on the Issue Date (other than Excluded Property) shall be pledged as Collateral pursuant to the Collateral Documents on the Issue Date, and perfected with the priority intended to be granted thereby, subject, in the case of the Post-Closing Collateral Documents, to the provisions of Section 11.05.

(b) The Company and the Guarantors hereby agree that the Junior First Lien Notes Collateral Agent shall hold the Collateral in trust for the benefit of all of the Holders and the Trustee, in each case pursuant to the terms of the Collateral Documents, and the Junior First Lien Notes Collateral Agent is hereby authorized to execute and deliver the Collateral Documents.

(c) Each Holder, by its acceptance of any Notes and the Guarantees, consents and agrees to the terms of Section 11.09 and the Collateral Documents (including, the provisions providing for the possession, use, release and foreclosure of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and directs the Trustee and the Junior First Lien Notes Collateral Agent to perform its obligations and exercise its rights under this Indenture and the Collateral Documents in accordance therewith.

(d) The Trustee and each Holder, by accepting the Notes and the Guarantees, acknowledges that, as more fully set forth in the Collateral Documents, the Collateral as now or hereafter constituted shall be held for the benefit of all the Holders and the Trustee, and that the Lien of this Indenture and the Collateral Documents in respect of the Trustee and the Holders is subject to and qualified and limited in all respects by the Collateral Documents and actions that may be taken thereunder.

(e) The Company shall, and shall cause each of the Guarantors to, at the Company’s sole cost and expense, take or cause to be taken such actions as may be required by the Collateral Documents, to perfect, maintain (with the priority required under the Collateral Documents), preserve and protect the valid and enforceable,

perfected (except as expressly provided herein or therein) security interests in and on all the Collateral granted by the Collateral Documents in favor of the Junior First Lien Notes Collateral Agent as security for the Junior First Lien Notes Obligations, superior to and prior to the rights of all third Persons (other than as set forth in the Intercreditor Agreements and other than to the extent permitted or not prohibited under this Indenture with respect to Permitted Liens), and subject to no other Liens (other than Permitted Liens), including (i) the filing of financing statements, continuation statements, collateral assignments and any instruments of further assurance, in such manner and in such places as may be required by law to preserve and protect fully the rights of the Holders, the Junior First Lien Notes Collateral Agent, and the Trustee under this Indenture and the Collateral Documents to all property comprising the Collateral, and (ii) the delivery of the certificates evidencing the securities pledged under any Collateral Document, duly endorsed in blank or accompanied by undated stock powers or other instruments of transfer executed in blank. The Company shall from time to time promptly pay all financing and continuation statement recording and/or filing fees, charges and recording and similar taxes relating to this Indenture, the Collateral Documents and any amendments hereto or thereto and any other instruments of further assurance required pursuant hereto or thereto.

Section 11.02. *Further Assurances* .

(a) Subject to the limitations set forth in the Collateral Documents, the Company and each of the Guarantors shall execute any and all further documents, financing statements, agreements and instruments, and take all further action that may be reasonably required under applicable law, or that the Notes Collateral Agent may reasonably (but shall have no duty to) request, in order to grant, preserve, protect and perfect the validity and priority of the security interests and Liens created or intended to be created by the Collateral Documents in the Collateral, including, by making all filings (including filings of continuation statements and amendments to financing statements that may be necessary to continue the effectiveness of such financing statements). In addition, from time to time, the Company shall and shall cause each Guarantor to reasonably promptly secure the obligations under this Indenture and the Collateral Documents by pledging or creating, or causing to be pledged or created, perfected security interests with respect to the Collateral to the extent and in the manner set forth in the Collateral Documents.

(b) The Company shall, and shall cause each Guarantor to, (i) at all times maintain, preserve and protect all Collateral material to the conduct of its business and keep such property in good repair, working order and condition (other than wear and tear occurring in the ordinary course of business); (ii) from time to time make, or cause to be made, all necessary repairs, renewals, additions, improvements and replacements thereto necessary in order to maintain and preserve the Collateral; and (iii) maintain all material insurance coverages thereon.

Section 11.03. *Additional Property.* Upon (x) the formation or acquisition of any new Guarantor after the Issue Date owning Material Real Property, (y) any Excluded Property ceasing to be Excluded Property, or (z) the acquisition by the Company or any Guarantor after the Issue Date of any Material Real Property or personal property (other than any Excluded Property), the Company or such Guarantor shall execute and deliver, within 270 days of the date of the formation or acquisition of a new Guarantor, the date upon which Excluded Property ceases to be classified as such, or the date of acquisition of Material Real Property, as applicable, (A) with regard to any Material Real Property or personal property (other than any Excluded Property), the items described in Section 11.05(a)(i)-(iii) below and (B) to the extent required by the Collateral Documents and subject to the Intercreditor Agreements, any information, documentation or other certificates (including but not limited to financing statements and Opinions of Counsel) to the Junior First Lien Notes Collateral Agent as may be necessary to vest in the Junior First Lien Notes Collateral Agent a perfected security interest, subject only to Permitted Liens and confirm the validity and priority of the Junior First Lien Notes Collateral Agent's perfected security interest and lien on such Material Real Property or personal property (other than any Excluded Property) and to have such property added to the Collateral, and thereupon all provisions of this Indenture, the Notes and the Collateral Documents relating to the Collateral shall be deemed to relate to such property to the same extent and with the same force and effect. Additionally, if the Company or any Guarantor creates any additional security interest upon any property or asset in the nature of assets constituting ABL Collateral to secure any ABL Obligations after the Issue Date, it shall concurrently grant a security interest (subject to Permitted Liens, including, to the extent applicable, the first-priority Lien that secures the ABL Obligations, the senior second-priority Lien that secures the First Lien Notes Obligations and the third-priority Lien that secures the Second Lien Notes Obligations) upon such property as security for the Junior First Lien Notes Obligations and any Additional Junior First Lien Indebtedness with the priority required by the Intercreditor Agreements. If granting a security interest in such ABL Collateral requires the consent of a third party, the Company and the applicable Guarantor may not be required to obtain such consent with respect to the security interest for the benefit of the Junior First Lien Notes Collateral Agent on behalf of the Holders of the Notes

and each other secured party under the Collateral Documents to the extent such consent is not required to be obtained under the terms of the documents governing ABL Obligations. Additionally, if the Company or any Guarantor creates any additional security interest upon any property or asset in the nature of assets constituting Notes Collateral to secure any Junior First Lien Notes Obligations after the Issue Date, it shall concurrently grant a security interest (subject to Permitted Liens, including, to the extent applicable, the senior first-priority Lien that secures the First Lien Notes Obligations, the second-priority Lien that secures the Second Lien Notes Obligations and the third-priority Lien that secures the ABL Obligations) upon such property as security for the Junior First Lien Notes Obligations and any Additional Junior First Lien Indebtedness with the priority required by the Intercreditor Agreements. If granting a security interest in such Notes Collateral requires the consent of a third party, the Company and the applicable Guarantor may not be required to obtain such consent with respect to the security interest for the benefit of the Junior First Lien Notes Collateral Agent on behalf of the Holders of the Notes and each other secured party under the Collateral Documents to the extent such consent is not required to be obtained under the terms of the documents governing the Junior First Lien Notes Obligations. For the avoidance of doubt, neither the Company nor any Guarantor shall be required to deliver (or make efforts to deliver) to the Junior First Lien Notes Collateral Agent any lien waiver or access agreement from any landlord, bailee, carrier, customer or similar Person with respect to the Notes Collateral, notwithstanding any requirement to deliver (or make efforts to deliver) any such lien waiver or access agreement to the ABL Agent with respect to the ABL Collateral so long as the ABL Credit Facility is outstanding.

Section 11.04. *Impairment of Security Interest.* Neither the Company nor any of the Guarantors is permitted to take or knowingly or negligently omit to take any action which act or omission would or could reasonably be expected to have the result of materially impairing the security interest in the Liens in favor of the Junior First Lien Notes Collateral Agent for the benefit of the Trustee and the Holders with respect to the Collateral. Neither the Company nor any of the Guarantors shall grant to any Person, or permit any Person to retain (other than the First Lien Notes Collateral Agent, the Junior First Lien Notes Collateral Agent, the Second Lien Notes Collateral Agent or the ABL Agent), any interest whatsoever in the Collateral, other than Permitted Liens. Neither the Company nor any of the Guarantors will enter into any agreement that requires the proceeds received from any sale of Collateral to be applied to repay, redeem, defease or otherwise acquire or retire any Debt of any Person, other than as permitted by this Indenture, the Notes, the Guarantees and the Collateral Documents. The Company shall, and shall cause each Guarantor to, at its sole cost and expense, execute and deliver all such agreements and instruments as necessary, or as the Trustee or the Junior First Lien Notes Collateral Agent reasonably requests, to more fully or accurately describe the assets and property intended to be Collateral or the obligations intended to be secured by the Collateral Documents.

Section 11.05. *Post-Closing Collateral Documents.* (a) The Company shall, and shall cause the Guarantors, in each case, subject to the Intercreditor Agreements, to put in place the following documents (together with the documents listed in clauses (i) through (iii) of this Section 11.05, the " **Post-Closing Collateral Documents** "), following the Issue Date (but in any event not later than 180 days following the Issue Date). Such Post-Closing Collateral Documents shall be reasonably satisfactory in form and substance to the Junior First Lien Notes Collateral Agent and shall relate to Material Real Property as of the Issue Date. For the avoidance of doubt, the Junior First Lien Notes Collateral Agent has the right but not the obligation to request instruction from the Holders as to whether the form and substance of such documents is satisfactory. Also, for the avoidance of doubt, neither the Trustee nor the Junior First Lien Notes Collateral Agent shall be responsible for the failure of any Person to deliver the documents below, for monitoring such delivery or for the content or correctness of any document delivered to it:

(i) *Mortgages* . Fully executed counterparts of the Mortgages (it being understood and agreed that in the case of any Material Real Property in which the Company or any Guarantor has a leasehold interest where the terms of such leased Real Property (or applicable state law, if the lease is silent on the issue) prohibit a mortgage thereof, the Company or applicable Guarantor shall use commercially reasonable efforts to cause the landlord to allow a mortgage of such leased Real Property), together with evidence that (1) counterparts of the Mortgages have been (i) duly executed, acknowledged and delivered and (ii) properly filed in all filing or recording offices that the Junior First Lien Notes Collateral Agent deems necessary or desirable in accordance with customary practices for real property interests of such type and for such location in order to create a valid first (subject to Permitted Liens) and subsisting Lien on the property described therein in favor of the Junior First Lien Notes Collateral Agent for its benefit and the benefit of the Junior First Lien Notes Secured Parties; and (2) all filing, documentary, stamp, intangible and recording taxes and fees have been paid, the delivery of a copy of a recorded Mortgage being sufficient evidence to satisfy the requirements of this Section 11.05(a); provided that if, in connection with the

recording or filing of a Mortgage, a mortgage tax would be owed under applicable law in respect of the entire amount of the Obligations, then the amount secured by such Mortgage shall be limited to 100% of the then-estimated Fair Market Value of the Real Property encumbered by such Mortgage (other than where another method is used to determine mortgage recording tax, such as allocation), as determined by the Company, provided, further, that such Mortgages, to the extent encumbering a Principal Property, shall provide that the Obligations secured by Principal Property or Principal Subsidiary Interests (together with any other CNTA Covered Debt) shall not exceed, at any time that any CNTA Covered Debt is incurred, the CNTA Limit at such time so as to not require any Bonds to be equally and ratably secured with the Obligations. For the avoidance of doubt, the Junior First Lien Notes Collateral Agent has the right but not the obligation to request instruction from the Holders as to the filing or recording offices necessary or desirable to create a valid junior Lien.

(ii) *As-Extracted Financing Statements* . In the case of any as-extracted collateral constituting ABL Collateral, the Company and each applicable Guarantor shall provide the Junior First Lien Notes Collateral Agent with financing statements in form appropriate for filing in the appropriate jurisdictions under the applicable Uniform Commercial Code in order to perfect Liens (subject to Permitted Liens) on such as-extracted collateral for the benefit of the Junior First Lien Notes Secured Parties.

(iii) *Counsel Opinions* . Customary opinions of counsel to the Company or Guarantor mortgagor with respect to the extent applicable to the perfection, enforceability, due authorization, execution and delivery of the applicable Mortgages and any related fixture filings in form and substance reasonably satisfactory to the Junior First Lien Notes Collateral Agent.

(b) The Company shall, and shall cause the Guarantors, in each case, subject to the Intercreditor Agreements to, use all commercially reasonable efforts to put in place control agreements with respect to their deposit accounts (other than with respect to Excluded Accounts) following the Issue Date, but in any event not later than 180 days following the Issue Date. For the avoidance of doubt, the Junior First Lien Notes Collateral Agent shall not be responsible for the failure of any Person to deliver such agreements, for monitoring such delivery or for the content or correctness of any such agreements delivered to it. For the avoidance of doubt, the Company shall be required to deliver to the Junior First Lien Notes Collateral Agent a control agreement that is reasonably satisfactory to the Junior First Lien Notes Collateral Agent and the depository bank with respect to the Collateral Account (if any) on the Issue Date.

(c) For the avoidance of doubt, if as provided in Section 7.02(e), the Junior First Lien Notes Collateral Agent consults with counsel with respect to the Post-Closing Collateral Documents, all reasonable fees and expenses of such counsel shall be paid promptly by the Company.

Section 11.06. *Release of Liens on the Collateral* .

(a) Subject to the Intercreditor Agreements, the Junior First Lien Notes Collateral Agent shall not at any time release the Collateral from the security interests created by the Collateral Documents unless such release is expressly in accordance with the provisions of this Indenture and the applicable Collateral Documents.

(b) Collateral will be released from the Liens and security interests created by the Collateral Documents at any time or from time to time in accordance with the provisions of this Indenture and the Collateral Documents. The Company and the Guarantors will be entitled to releases of property and assets included in the Collateral from the Liens securing Obligations under this Indenture, the Notes, the Guarantees, and the Collateral Documents under any one or more of the following circumstances, and such Liens on the following assets shall automatically, without requirement for consent or approval from the Holders, the Trustee or the Junior First Lien Notes Collateral Agent and without the need for any further action by any Person (except as provided herein or in the applicable Collateral Document), be released, terminated and discharged upon any of the following:

(i) in whole, upon satisfaction and discharge of this Indenture as set forth in Section 12.01;

(ii) in whole, upon a legal defeasance or covenant defeasance as set forth in Section 8.02 or Section 8.03, as applicable;

(iii) in part, as to any property constituting Collateral (A) that is sold or otherwise disposed of by the Company or any of its Subsidiaries (other than to the Company or a Guarantor) in a transaction

permitted by Section 3.02 and by the Collateral Documents, to the extent of the interest sold or disposed of, or otherwise not prohibited by this Indenture and the Collateral Documents; (B) that is cash or Net Proceeds withdrawn from the Collateral Account for any one or more purposes permitted by Section 3.02; (C) that is ABL Collateral, pursuant to the terms of the ABL Intercreditor Agreement; (D) that is Notes Collateral, pursuant to the terms of the Notes Intercreditor Agreements or (E) that at any time becomes Excluded Property;

(iv) that is owned by a Guarantor that is released from its Guarantee in accordance with this Indenture;

(v) with the consent of Holders of 75% in aggregate principal amount of the Notes then outstanding in accordance with Section 9.02, provided, that, in the case of any release in whole pursuant to clauses, (i) and (ii) above, all amounts owing to the Trustee and the Notes Collateral Agent under this Indenture, the Notes, the Guarantees and the Collateral Documents have been paid; and

(vi) upon the incurrence by the Company or any Guarantor of any Permitted Lien on any Collateral that is a purchase money Lien, or is a pre-existing Lien on property acquired after the Issue Date where the terms of such Lien prohibit other Liens thereon.

(c) For all circumstances in Section 11.06(b) (other than with respect to clauses (iii) and (vi) thereof), the Company and each Guarantor will furnish to the Junior First Lien Notes Collateral Agent, prior to each proposed release of Collateral pursuant to the Collateral Documents and this Indenture:

(i) an Officer's Certificate requesting such release, including a statement to the effect that all conditions precedent provided for in this Indenture and the Collateral Documents to such release have been complied with including the delivery to the Junior First Lien Notes Collateral Agent of all documents required under this Section 11.06(c) and that the release is permitted by this Indenture and the Collateral Documents;

(ii) a form of such release (which release shall be in form reasonably satisfactory to the Junior First Lien Notes Collateral Agent and shall provide that the requested release is without recourse or warranty to the Junior First Lien Notes Collateral Agent);

(iii) all documents required by this Indenture and the Collateral Documents; and

(iv) an Opinion of Counsel to the effect that such accompanying documents constitute all documents required by this Indenture and the Collateral Documents and such release is authorized or permitted by the Collateral Documents and this Indenture.

Upon compliance by the Company or the Guarantors, as the case may be, with the conditions precedent set forth above in connection with any release of Collateral (whether or not such compliance is required under this Section 11.06(c)), and upon delivery by the Company or such Guarantor to the Junior First Lien Notes Collateral Agent of an Opinion of Counsel to the effect that such conditions precedent have been complied with, (a) the Trustee or the Junior First Lien Notes Collateral Agent shall promptly cause to be released and reconveyed to the Company, or the Guarantors, as the case may be, the released Collateral, and (b) upon written request by the Company or the applicable Guarantor, the Junior First Lien Notes Collateral Agent will file, or authorize the filing of appropriate termination statements or other documents to terminate the security interest in the released Collateral.

(d) The release of any Collateral in accordance with the terms of this Indenture and the Collateral Documents shall not be deemed to impair the security under this Indenture in contravention of the provisions hereof or affect the Lien of this Indenture or the Collateral Documents if and to the extent the Collateral is released pursuant to this Indenture or the Collateral Documents or upon the termination of this Indenture. Any person may rely on this (d) in delivering a certificate requesting release of any collateral.

Section 11.07. *Authorization of Actions to be Taken by the Trustee or the Notes Collateral Agent Under the Collateral Documents* .

(a) Subject to the provisions of this Indenture and the Collateral Documents, each of the Trustee and the Junior First Lien Notes Collateral Agent may (but shall not be obligated to), and at the direction of the Holders of

a majority of the aggregate principal amount of then outstanding Notes shall, on behalf of the Holders, take all actions it deems necessary or appropriate in order to (i) enforce any of its rights or any of the rights of the Holders under the Collateral Documents and (ii) collect and receive any and all amounts payable in respect of the Collateral in respect of the obligations of the Company and the Subsidiaries hereunder and thereunder. Subject to the provisions of the Collateral Documents, the Trustee or the Junior First Lien Notes Collateral Agent shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Collateral Documents or this Indenture, and such suits and proceedings as the Trustee or the Junior First Lien Notes Collateral Agent may deem expedient to preserve or protect its interest and the interests of the Holders in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders or the Trustee).

(b) Neither the Trustee nor the Junior First Lien Notes Collateral Agent shall be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Trustee or the Junior First Lien Notes Collateral Agent, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of any Grantor to the Collateral, for insuring the Collateral, for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral, or for the sufficiency of the form or substance of any Collateral Document. Neither the Trustee nor the Junior First Lien Notes Collateral Agent shall have any responsibility for recording, filing, re-recording or refiling any financing statement, continuation statement, document, instrument or other notice in any public office at any time or times or to otherwise take any action to perfect or maintain the perfection of any security interest granted to it under the Collateral Documents or otherwise.

(c) Where any provision of this Indenture requires that additional property or assets be added to the Collateral, the Company and the relevant Guarantor shall deliver to the Trustee or the Junior First Lien Notes Collateral Agent the following:

(i) a written notice from the Company of such Collateral;

(ii) the form of instrument adding such Collateral, which, based on the type and location of the property subject thereto, shall be in substantially the form of the applicable Collateral Documents entered into on the date of this Indenture, with such changes thereto as the Company shall consider appropriate, or in such other form as the Company shall deem proper; provided that any such changes or such form are administratively satisfactory to the Trustee and the Junior First Lien Notes Collateral Agent;

(iii) an Officer's Certificate to the effect that the Collateral being added is in the form, consists of the assets and is in the amount or otherwise has the Fair Market Value required by this Indenture;

(iv) an Officer's Certificate and, in the case of Collateral being added with respect to a new Guarantee, an Opinion of Counsel, to the effect that all conditions precedent provided for in this Indenture to the addition of such Collateral have been complied with, which Opinion of Counsel (if any) shall provide customary opinions as to the creation and perfection of the Junior First Lien Notes Collateral Agent's Lien on such Collateral and as to the due authorization, execution, delivery, validity and enforceability of the Collateral Document being entered into; and

(v) such financing statements, if any, as shall be necessary to perfect the Junior First Lien Notes Collateral Agent's security interest in such Collateral.

(d) The Trustee and/or the Junior First Lien Notes Collateral Agent, as applicable, in giving any consent or approval under the Collateral Documents, shall be entitled to receive, as a condition to such consent or approval, an Officer's Certificate and an Opinion of Counsel to the effect that the action or omission for which consent or approval is to be given does not impair the security of the Holders in contravention of the provisions of this Indenture and the Collateral Documents, and the Trustee and/or the Junior First Lien Notes Collateral Agent shall be fully protected in giving such consent or approval on the basis of such Officer's Certificate and Opinion of Counsel.

(e) The Junior First Lien Notes Collateral Agent agrees that it shall not be obliged to, unless specifically requested to do so by the Holders of a majority in aggregate principal amount of the then outstanding Notes, take or cause to be taken any action to enforce its rights under this Indenture, the Notes or the Collateral Documents or against any Guarantor, including the commencement of any legal or equitable proceedings, to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(f) If at any time or times the Trustee shall receive (i) by payment, foreclosure, set-off or otherwise, any proceeds of Collateral or any payments with respect to the Junior First Lien Notes Obligations arising under, or relating to, this Indenture, except for any such proceeds or payments received by the Trustee from the Junior First Lien Notes Collateral Agent pursuant to the terms of this Indenture, or (ii) payments from the Junior First Lien Notes Collateral Agent in excess of the amount required to be paid to the Trustee pursuant to Article 6, the Trustee shall promptly turn the same over to the Junior First Lien Notes Collateral Agent, in kind, and with such endorsements as may be required to negotiate the same to the Junior First Lien Notes Collateral Agent, such proceeds to be applied by the Junior First Lien Notes Collateral Agent pursuant to the terms of this Indenture and the Collateral Documents.

Section 11.08. *Collateral Accounts* .

(a) The Trustee is authorized to receive any funds for the benefit of the Holders distributed under, and in accordance with, the Collateral Documents, and to make further distributions of such funds to the Holders according to the provisions of this Indenture and the Collateral Documents.

(b) The Collateral Account shall be a deposit account maintained with, and under the sole control of, the First-Priority Collateral Agent and shall be established and maintained by Bank of America, N.A. All cash and Cash Equivalents received by the Junior First Lien Notes Collateral Agent from Asset Dispositions of Notes Collateral, Recovery Events with regards to Notes Collateral, Asset Dispositions with regards to Notes Collateral, foreclosures of or sales of the Notes Collateral pursuant to the Collateral Documents, including earnings, revenues, rents, issues, profits and income from the Notes Collateral received pursuant to the Collateral Documents, shall, subject to the Intercreditor Agreements, be deposited in the Collateral Account to the extent required by this Indenture or the Collateral Documents, and thereafter shall be held, applied and/or disbursed by the First-Priority Collateral Agent to the Trustee in accordance with the terms of this Indenture (including, without limitation, Section 2.01(a), Section 3.02, Section 6.10 and (a)). In connection with any and all deposits to be made into the Collateral Account under this Indenture, the Junior First Lien Notes Collateral Agent shall receive an Officer's Certificate directing the Junior First Lien Notes Collateral Agent to make such deposit.

(c) Pending the distribution of funds in the Collateral Account in accordance with the provisions hereof and provided that no Event of Default shall have occurred and be continuing, the Company may direct the Junior First Lien Notes Collateral Agent in writing to invest such funds in Cash Equivalents specified in such direction, such investments to mature by the times such funds are needed hereunder and such direction to certify that such funds constitute Cash Equivalents and that no Event of Default shall have occurred and be continuing. The Company acknowledges that for so long as the Junior First Lien Notes Collateral Agent holds Cash Equivalents pending investment direction from the Company, such Cash Equivalents will be uninvested until one (1) Business Day after the Junior First Lien Notes Collateral Agent receives such direction from the Company. So long as no Event of Default shall have occurred and be continuing, the Company may direct the Trustee to sell, liquidate or cause the redemption of any such investments and to transmit the proceeds to the Company or its designee, in each case, to the extent permitted under Section 2.01(a) and Section 3.02, such direction to certify that no Event of Default shall have occurred and be continuing. Any gain or income on any investment of funds in the Collateral Account shall be credited to the Collateral Account. Neither the Trustee nor the Junior First Lien Notes Collateral Agent shall have any liability for any loss incurred in connection with any investment or any sale, liquidation or redemption thereof made in accordance with the provisions of this Section 11.08(c).

Section 11.09. *Appointment and Authorization of U.S. Bank National Association as Notes Collateral Agent* .

(a) U.S. Bank National Association is hereby designated and appointed as the Junior First Lien Notes Collateral Agent of the Holders under the Collateral Documents, and is authorized as the Junior First Lien Notes Collateral Agent for such Holders (i) to execute and enter into each of the Collateral Documents and all other instruments relating to the Collateral Documents; (ii) to take action and exercise such powers as are expressly required or permitted hereunder and under the Collateral Documents and all instruments relating hereto and thereto including, without limitation, entering into any amendments, supplements, modifications, joinders or intercreditor agreements relating thereto; and (iii) to exercise such powers and perform such duties as are in each case, expressly delegated to the Junior First Lien Notes Collateral Agent by the terms hereof and thereof together with such other powers as are reasonably incidental hereto and thereto.

(b) Notwithstanding any provision to the contrary elsewhere in this Indenture or the Collateral Documents, the Junior First Lien Notes Collateral Agent shall not have any duties or responsibilities except those expressly set forth herein or therein or any fiduciary relationship with any Holder, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Indenture, any Collateral Document or otherwise exist against the Junior First Lien Notes Collateral Agent. The Company and each Holder, by acceptance of the Notes and the Guarantees acknowledge and agree that, consistent with the provisions of Article 7, the privileges, rights, compensation, indemnities, immunities and exculpatory provisions contained in this Indenture that apply to and benefit the Trustee or the Junior First Lien Notes Collateral Agent, respectively, shall also apply to and benefit the Trustee or the Junior First Lien Notes Collateral Agent, respectively, whether it is acting under this Indenture, the other Note Documents or the Collateral Documents.

(c) The Junior First Lien Notes Collateral Agent shall incur no liability to anyone in acting upon any signature, instrument, statement, notice, resolution, request, direction, consent, order, certificate, report, opinion, bond or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be signed by the proper party or parties. The Junior First Lien Notes Collateral Agent may exercise any of its rights or powers hereunder or perform any of its duties hereunder either directly or by or through agents or attorneys, and the Junior First Lien Notes Collateral Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed hereunder with due care by it. Anything in this Indenture or the Collateral Documents notwithstanding, in no event shall the Junior First Lien Notes Collateral Agent be liable for special, indirect or consequential damage of any kind whatsoever (including but not limited to lost profits), even if the Junior First Lien Notes Collateral Agent has been advised of such loss or damage and regardless of the form of action. The Company and the Guarantors, shall, jointly and severally, indemnify and hold harmless the Junior First Lien Notes Collateral Agent, its directors, officers, agents and employees with respect to any and all expenses, losses, damages, liabilities, demands, charges, causes of action, judgments and claims of any nature (including the reasonable fees and expenses of counsel and other experts) in respect of or arising from any acts or omissions performed or omitted by the Junior First Lien Notes Collateral Agent, its directors, officers, agents or employees hereunder or under the Collateral Documents or under any other agreement executed in connection therewith without willful misconduct, gross negligence or reckless disregard of its duties hereunder or under the Collateral Documents or under any other agreement executed in connection therewith. The Junior First Lien Notes Collateral Agent shall also be afforded all of the other rights, protections, indemnities and immunities afforded to the Trustee hereunder.

(d) The Junior First Lien Notes Collateral Agent may resign at any time subject to all of the same terms and procedures as pertain to the Trustee under this Indenture.

(e) The provisions of this Article 11 are solely for the benefit of the Junior First Lien Notes Collateral Agent and the Trustee, and none of the Holders, any of the Holders of the First Lien Notes, the Holders of the Second Lien Notes, the First Lien Notes Collateral Agent, the Second Lien Notes Collateral Agent, or any of the Guarantors (other than with respect to Sections 11.06 and 11.07) shall have any rights as a third-party beneficiary of any of the provisions contained herein. Each Holder agrees that any action taken by the Junior First Lien Notes Collateral Agent in accordance with the provisions of this Indenture and the Collateral Documents, and the exercise by the Junior First Lien Notes Collateral Agent of any rights or remedies set forth herein or therein, shall be authorized and binding upon all Holders.

(f) Notwithstanding any provision to the contrary contained elsewhere in this Indenture and the Collateral Documents, the duties of the Junior First Lien Notes Collateral Agent shall be ministerial and

administrative in nature, and the Junior First Lien Notes Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein and in the other Junior First Lien Notes Documents or Collateral Documents to which the Junior First Lien Notes Collateral Agent is a party, nor shall the Junior First Lien Notes Collateral Agent have or be deemed to have any trust or other fiduciary relationship with the Trustee, any Holder, any Holder of any First Lien Notes, any Holder of any Second Lien Notes, or any Guarantor, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Indenture, the Collateral Documents or otherwise exist against the Junior First Lien Notes Collateral Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Indenture with reference to the Junior First Lien Notes Collateral Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(g) The Junior First Lien Notes Collateral Agent shall be accountable only for amounts that it actually receives as a result of the exercise of its powers hereunder or under the Collateral Documents, and neither the Junior First Lien Notes Collateral Agent nor any of its officers, directors, employees, attorneys, representatives or agents shall be responsible for any act or failure to act hereunder, except to the extent such act is found by a final, non-appealable judgment of a court of competent jurisdiction to have resulted from its own gross negligence or willful misconduct.

(h) The Junior First Lien Notes Collateral Agent is each Holder's agent for the purpose of perfecting such Holder's security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code, can be perfected only by possession. Should the Trustee obtain possession of any such Collateral, the Trustee shall notify the Junior First Lien Notes Collateral Agent thereof and promptly shall deliver such Collateral to the Junior First Lien Notes Collateral Agent or otherwise deal with such Collateral in accordance with the Junior First Lien Notes Collateral Agent's instructions.

(i) Notwithstanding anything to the contrary contained in this Indenture or the Collateral Documents, in the event the Junior First Lien Notes Collateral Agent is instructed by the Trustee on behalf of the Holders to commence an action to foreclose or otherwise exercise its remedies to acquire control or possession of the Collateral, the Junior First Lien Notes Collateral Agent shall not be required to commence any such action or exercise any remedy or to inspect or conduct any studies of any property under any mortgages or take any such other action if the Junior First Lien Notes Collateral Agent believes that it may incur personal liability as a result of the presence at, or release on or from, the Collateral or such property, of any hazardous substances unless the Junior First Lien Notes Collateral Agent has received security or indemnity from the Holders (and the Holders of other Notes Obligations (if any) whose representative has similarly instructed the Junior First Lien Notes Collateral Agent) in an amount and in a form all satisfactory to the Junior First Lien Notes Collateral Agent in its sole discretion, protecting the Junior First Lien Notes Collateral Agent from all such liability. The Junior First Lien Notes Collateral Agent shall at any time be entitled to cease taking any action described above if it no longer believes that the indemnity, security or undertaking from the Company or the Holders (or Holders of other Notes Obligations (if any), as applicable) is sufficient.

(j) The Junior First Lien Notes Collateral Agent does not assume any responsibility for any failure or delay in performance or any breach by the Company or any Guarantor under this Indenture or the Collateral Documents. The Junior First Lien Notes Collateral Agent shall not be responsible to the Holders or any other Person for any recitals, statements, information, representations or warranties contained in any Junior First Lien Notes Documents or in any certificate, report, statement, or other document referred to or provided for in, or received by the Junior First Lien Notes Collateral Agent under or in connection with, this Indenture or the Collateral Documents.

(k) The Junior First Lien Notes Collateral Agent shall not be required to initiate or conduct any litigation or collection or other proceeding under this Indenture or the Collateral Documents except as expressly set forth hereunder or thereunder. The Junior First Lien Notes Collateral Agent shall have the right at any time to seek instructions from the party or parties entitled to give instructions to it under the terms of this Indenture and the Collateral Documents.

(l) The parties hereto and the Holders hereby agree and acknowledge that the Junior First Lien Notes Collateral Agent shall not assume, be responsible for or otherwise be obligated for any liabilities, claims, causes of action, suits, losses, allegations, requests, demands, penalties, fines, settlements, damages (including foreseeable and unforeseeable), judgments, expenses and costs (including but not limited to, any remediation, corrective action,

response, removal or remedial action, or investigation, operations and maintenance or monitoring costs, for personal injury or property damages, real or personal) of any kind whatsoever, pursuant to any environmental law as a result of this Indenture or the Collateral Documents, or any actions taken pursuant hereto or thereto. Further, the parties hereto and the Holders hereby agree and acknowledge that in the exercise of its rights under this Indenture and the Collateral Documents, the Junior First Lien Notes Collateral Agent may hold or obtain indicia of ownership primarily to protect the security interest of the Junior First Lien Notes Collateral Agent in the Collateral, including, without limitation, the properties constituting Material Real Property, and that any such actions taken by the Junior First Lien Notes Collateral Agent shall not be construed as or otherwise constitute any participation in the management of such Collateral, including, without limitation, the Material Real Property, as those terms are defined in Section 101(20)(E) of the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §§ 9601 et seq., as amended.

(m) With respect to the Collateral Documents to be executed after the Issue Date, upon the receipt by the Junior First Lien Notes Collateral Agent of a written request of the Company signed by two Officers (a " **Security Document Order** "), which shall confirm that the security documents being delivered to the Junior First Lien Notes Collateral Agent for execution are final and acceptable to the Company, the Junior First Lien Notes Collateral Agent shall execute and enter into such security documents without the further consent of any Holder or the Trustee. Such Security Document Order shall (i) state that it is being delivered to the Junior First Lien Notes Collateral Agent pursuant to, and is a Security Document Order referred to in, this Section 11.09(m), and (ii) instruct the Junior First Lien Notes Collateral Agent to execute and enter into such Collateral Document. Any such execution of a Collateral Document shall be at the direction and expense of the Company, upon delivery to the Junior First Lien Notes Collateral Agent of an Officer's Certificate and Opinion of Counsel stating that all conditions precedent to the execution and delivery of Collateral Document have been satisfied. The Holders, by their acceptance of the Notes, hereby authorize and direct the Junior First Lien Notes Collateral Agent to execute such Collateral Documents.

(n) With respect to any Notes Intercreditor Agreement executed after the Issue Date, on terms substantially similar to the Notes Intercreditor Agreement entered into on the Issue Date, related to the issuance of Additional Junior First Lien Indebtedness permitted under the terms of this Indenture that is secured by Liens on the Collateral that are pari passu with the Liens securing the Notes, upon the receipt by the Junior First Lien Notes Collateral Agent of a written request of the Company signed by two Officers (an " **Intercreditor Agreement Order** "), which shall confirm that the Notes Intercreditor Agreement being delivered to the Junior First Lien Notes Collateral Agent for execution are final and acceptable to the Company, the Junior First Lien Notes Collateral Agent shall execute and enter into such intercreditor agreement without the further consent of any Holder or the Trustee. Such Intercreditor Order shall (i) state that it is being delivered to the Junior First Lien Notes Collateral Agent pursuant to, and is an Intercreditor Agreement Order referred to in, this Section 11.09(n), and (ii) instruct the Junior First Lien Notes Collateral Agent to execute and enter into such Notes Intercreditor Agreement. Any such execution of a Notes Intercreditor Agreement shall be at the direction and expense of the Company, upon delivery to the Junior First Lien Notes Collateral Agent of an Officer's Certificate and Opinion of Counsel stating that all conditions precedent to the execution and delivery of Notes Intercreditor Agreement have been satisfied. The Holders, by their acceptance of the Notes, hereby authorize and direct the Junior First Lien Notes Collateral Agent to execute such Notes Intercreditor Agreement.

(o) The Junior First Lien Notes Collateral Agent is authorized to receive any funds for the benefit of itself, the Trustee and the Holders distributed under the Collateral Documents and to the extent not prohibited under the Collateral Documents, turnover such funds to the Trustee to make further distributions of such funds to itself and the Holders in accordance with the provisions of Section 11.08(a) and the other provisions of this Indenture and the Collateral Documents.

## ARTICLE 12
## SATISFACTION AND DISCHARGE

Section 12.01. *Satisfaction and Discharge* .

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder and Guarantees thereof, when:

(a) either:

(i) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(ii) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing or other delivery of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination of cash in U.S. dollars and non- callable U.S. Government Obligations, in such amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Debt on the Notes not delivered to the Trustee for cancellation for principal, premium and accrued interest to the maturity date or Redemption Date;

(b) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other material instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(c) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture (other than contingent obligations or indemnification obligations, in each case for which no claim has been asserted); and

(d) the Company has delivered irrevocable written instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity date or on the Redemption Date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to clause (a) (ii) of this Section 12.01, the provisions of Section 8.06 and Section 12.02 shall survive. In addition, nothing in this Section 12.01 will be deemed to discharge those provisions of Section 7.07, that, by their terms, survive the satisfaction and discharge of this Indenture.

Section 12.02. *Application of Trust Money.* Subject to the provisions of Section 8.06, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes, this Indenture, and the Intercreditor Agreements to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with Section 12.01 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's and any Guarantor's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01; provided that if the Company has made any payment of principal of, premium, if any, or interest on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

## ARTICLE 13
## MISCELLANEOUS

Section 13.01. *Reserved* .

Section 13.02. *Notices.* All notices or communications required by this Indenture shall be in writing and delivered in person, sent by facsimile or electronic transmission in the form of a "pdf" on letterhead (if applicable)

and signed by an authorized signer delivered by commercial courier service or mailed by first-class mail, postage prepaid, addressed as follows:

if to the Company or to any Guarantor:

Cliffs Natural Resources Inc.
200 Public Square, Suite 3300
Cleveland, Ohio 44114
Fax: (216) 694-6509
Attention: James Graham, Executive Vice President, Chief Legal Officer & Secretary

with a copy to:

Jones Day
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Attention: Michael J. Solecki
Fax: (216) 579-0212

if to the Trustee or Junior First Lien Notes Collateral Agent, at

U.S. Bank National Association
1350 Euclid Avenue, Suite 1100
Cleveland, Ohio 44115
Attention: Corporate Trust Services/Account Administrator
Fax: (216) 623-9202

The Company or the Trustee or the Junior First Lien Notes Collateral Agent by written notice to the other may designate additional or different addresses for subsequent notices or communications.

Any notice or communication to the Company, the Guarantors, the Trustee, or the Junior First Lien Notes Collateral Agent shall be deemed to have been given or made as of the date so delivered if personally delivered; when receipt is acknowledged, if transmitted by facsimile or electronic transmission (including “pdf” on letterhead (if applicable) and signed by an authorized signer); the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery, and five calendar days after mailing if sent by registered or certified mail, postage prepaid (except that a notice of change of address shall not be deemed to have been given until actually received by the addressee). Any written notice or communication to the Trustee or the Junior First Lien Notes Collateral Agent shall be deemed delivered upon receipt.

Any written notice or communication mailed to a Holder shall be mailed to the Holder at the Holder’s address as it appears in the Notes Register and shall be sufficiently given if so mailed within the time prescribed.

Failure to mail a written notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a written notice or communication is mailed in the manner provided above, it is duly given, whether or not the addressee receives it, except that notices to the Trustee or the Junior First Lien Notes Collateral Agent shall be effective only upon receipt.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such written notice by mail, then such notification as shall be made with the approval of the Trustee or the Junior First Lien Notes Collateral Agent shall constitute a sufficient notification for every purpose hereunder.

Section 13.03. *Communication by Holders With Other Holders.* Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this *Indenture or the Notes* . The Company, the Trustee, the Junior First Lien Notes Collateral Agent, the Registrar and anyone else shall have the protection of TIA § 312(c).

Section 13.04. *Certificate and Opinion as to Conditions Precedent.* Upon any request or application by the Company to the Trustee or the Junior First Lien Notes Collateral Agent to take or refrain from taking any action under this Indenture or the Collateral Documents, the Company shall furnish to the Trustee:

(a) an Officer's Certificate in form reasonably satisfactory to the Trustee or the Junior First Lien Notes Collateral Agent stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture and the applicable Collateral Documents relating to the proposed action have been complied with; and

(b) an Opinion of Counsel in form reasonably satisfactory to the Trustee or Junior First Lien Notes Collateral Agent stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Section 13.05. *Statements Required in Certificate or Opinion.* Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture shall include:

(a) a statement that the individual making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such individual, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such individual, such covenant or condition has been complied with.

In giving such Opinion of Counsel, counsel may rely as to factual matters on an Officer's Certificate or on certificates of public officials.

Section 13.06. *[Reserved]*

Section 13.07. *Rules by Trustee, Paying Agent and Registrar.* The Trustee may make reasonable rules for action by, or at meetings of, Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

Section 13.08. *Business Days.* If a payment date is not a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening *period* . If a regular record date is not a Business Day, the record date shall not be affected.

Section 13.09. *GOVERNING LAW.* THIS INDENTURE, THE NOTES, THE GUARANTEES AND THE COLLATERAL DOCUMENTS (OTHER THAN THE MORTGAGES) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE STATE COURTS OF, AND THE FEDERAL COURTS LOCATED IN, THE STATE OF NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES, THE GUARANTEES AND THE COLLATERAL DOCUMENTS (OTHER THAN THE MORTGAGES).

Section 13.10. *No Recourse Against Others.* An incorporator, director, officer, employee, member, partner or stockholder of the Company or any Guarantor, solely by reason of this status, shall not have any liability for any obligations of the Company or any Guarantor under the Notes, this Indenture or the Guarantees or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are a part of the consideration for the issuance of the Notes.

The waiver may not be effective to waive liability under the federal securities laws.

Section 13.11. *Successors.* All agreements of the Company and each Guarantor in this Indenture and the Notes shall bind their respective successors. All agreements of the Trustee or the Junior First Lien Notes Collateral Agent in this Indenture shall bind its successors.

Section 13.12. *Multiple Originals.* The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto and may be used in lieu of the original Indenture and signature pages for all purposes.

Section 13.13. *Table of Contents; Headings.* The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

Section 13.14. *WAIVERS OF JURY TRIAL.* THE COMPANY, THE GUARANTORS, THE JUNIOR FIRST LIEN NOTES COLLATERAL AGENT AND THE TRUSTEE HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS INDENTURE, THE NOTES, THE GUARANTEES OR ANY COLLATERAL DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

Section 13.15. *Intercreditor Agreements Control.* Notwithstanding any contrary provision in this Indenture but subject to Section 2.06(h) and Article 7 of this Indenture and subject to the exculpatory and indemnification provisions of Article 11 of this Indenture that benefit the Trustee and the Junior First Lien Notes Collateral Agent, this Indenture is subject to the provisions of the Intercreditor Agreements. The Company, the Guarantors, the Junior First Lien Notes Collateral Agent and the Trustee acknowledge and agree to be bound by the provisions of the Intercreditor Agreements, subject to Section 2.06(h) and Article 7 of this Indenture and subject to the exculpatory and indemnification provisions of Article 11 of this Indenture that benefit the Trustee and the Junior First Lien Notes Collateral Agent.

Section 13.16. *Force Majeure.* In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, it being understood that the Trustee shall use reasonable best efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 13.17. *Severability.* In case any provision in this Indenture, the Notes, the Guarantees, or the Intercreditor Agreements is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

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

CLIFFS NATURAL RESOURCES INC.

By: /s/ P. Kelly Tompkins
Name: P. Kelly Tompkins
Title: Executive Vice President and Chief Financial Officer

THE CLEVELAND-CLIFFS IRON COMPANY
CLF PINNOAK LLC
CLIFFS EMPIRE HOLDING, LLC
CLIFFS EMPIRE, INC.
CLIFFS INTERNATIONAL MANAGEMENT COMPANY LLC
CLIFFS MINING COMPANY
CLIFFS MINING HOLDING, LLC
CLIFFS MINING HOLDING SUB COMPANY
CLIFFS MINING SERVICES COMPANY
CLIFFS MINNESOTA MINING COMPANY
CLIFFS PICKANDS HOLDING, LLC
CLIFFS TIOP HOLDING, LLC
CLIFFS TIOP, INC.
CLIFFS UTAC HOLDING LLC
LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY
NORTHSHORE MINING COMPANY
PICKANDS HIBBING CORPORATION
SILVER BAY POWER COMPANY
UNITED TACONITE LLC

By: /s/ Dwayne M. Petish
Name: Dwayne M. Petish
Title: Treasurer

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By: U.S. Bank National Association

By: /s/ Elizabeth A. Thuning
Name: Elizabeth A. Thuning
Title: Vice President and Site Manager

U.S. BANK NATIONAL ASSOCIATION, as
Junior First Lien Notes Collateral Agent

By: U.S. Bank National Association

By: /s/ Elizabeth A. Thuning
Name: Elizabeth A. Thuning
Title: Vice President and Site Manager

**EXHIBIT A**

**[FACE OF NOTE]**

No. [ ] Principal Amount $[ ]

CUSIP NO. [ ]

**CLIFFS NATURAL RESOURCES INC.**

**8.00% 1.5 Lien Senior Secured Note due 2020**

Cliffs Natural Resources Inc., an Ohio corporation, promises to pay to Cede & Co., or its registered assigns, the principal sum of [ ] Dollars ($[ ]), [, as revised by the Schedule of Increases and Decreases in Global Note attached hereto,] [1] on September 30, 2020.

Interest Payment Dates: March 31 and September 30

Record Dates: March 16 and September 15

Additional provisions of this Note are set forth on the other side of this Note.

[1] Include only if the Note is issued in global form.

CLIFFS NATURAL RESOURCES INC.

By: _____

Name:

Title:

Dated: March 2, 2016

**CERTIFICATE OF AUTHENTICATION**

This is one of the Notes issued under the within-mentioned Indenture.

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: _____

Name:
Title:

**[REVERSE SIDE OF NOTE]**
**CLIFFS NATURAL RESOURCES INC.**

**8.000% 1.5 Lien Senior Secured Note due 2020**

1. **Interest**

Cliffs Natural Resources Inc., an Ohio corporation (such corporation, and its successors and assigns under the Indenture hereinafter referred to, being herein called the " **Company** "), promises to pay interest on the principal amount of this Note at the rate per annum shown above.

The Company will pay interest semiannually on March 31 and September 30 of each year commencing September 30, 2016. [Interest on the Notes will accrue from the most recent date to which interest has been paid on the Notes or, if no interest has been paid, from March 2, 2016.] [Interest on this Note will accrue (or will be deemed to have accrued) from the most recent date to which interest on this Note or any of its predecessor Notes has been paid or duly provided for or, if no such interest has been paid, from _____, _____.] *[Insert the Interest Payment Date immediately preceding the date of issuance of the applicable Additional Notes, or if the date of issuance of such Additional Notes is an Interest Payment Date, such date of issuance.]* The Company shall pay interest on overdue principal, and on overdue premium, if any (plus interest on such interest to the extent lawful), at the rate borne by the Notes to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

2. **Method of Payment**

By no later than 10:00 a.m. (New York City time) on the date on which any principal of, premium, if any, or interest on any Note is due and payable, the Company shall deposit with the Trustee or the Paying Agent money sufficient to pay such principal, premium, if any, and/or interest when due. The Company will pay interest (except Defaulted Interest) to the Persons who are registered Holders of Notes at the close of business on the March 16 or September 15 next preceding the interest payment date even if Notes are cancelled, repurchased or redeemed after the record date and on or before the interest payment date. Holders must surrender Notes to a Paying Agent to collect principal payments. The Company will pay principal, premium, if any, and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. Payments in respect of Notes represented by a Global Note (including principal, premium, if any, and interest) will be made by wire transfer of immediately available funds to the accounts specified by The Depository Trust Company or any successor depository. The Company will make all payments in respect of a Definitive Note (including principal, premium, if any, and interest) by mailing a check to the registered address of each Holder thereof; provided, however, that payments on the Notes may also be made, in the case of a Holder of at least $1,000,000 aggregate principal amount of Notes represented by Definitive Notes, by wire transfer to a U.S. dollar account maintained by the payee with a bank in the United States if such Holder elects payment by wire transfer by giving written notice to the Trustee at the Corporate Trust Office or the Paying Agent at the Corporate Trust Office to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

3. **Paying Agent and Registrar**

Initially, U.S. Bank National Association (the " **Trustee** ") will act as Trustee, Paying Agent and Registrar. The Company may appoint and change any Paying Agent, Registrar, co-registrar or transfer agent without notice to any Holder. The Company or any of its domestically organized, Wholly-Owned Subsidiaries may act as Paying Agent, Registrar or co- registrar.

4. **Indenture**

The Company issued the Notes under an Indenture, dated as of March 2, 2016 (as it may be amended or supplemented from time to time in accordance with the terms thereof, the " **Indenture** "), among the Company, the Guarantors, the Trustee and the Junior First Lien Notes Collateral Agent. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbbb) (the " **Act** "), although the Indenture is not required to be qualified under the Act. Capitalized terms used herein and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all terms and provisions of the Indenture, and Holders are referred to the Indenture and the Act for a statement of those terms.

The Notes are senior secured obligations of the Company. The aggregate principal amount of Notes that may be authenticated and delivered under the Indenture is unlimited. This Note is one of the 8.00% 1.5 Lien Senior Secured Notes due 2020 referred to in the Indenture. The Notes include (i) $218,545,000 aggregate principal amount of the Company's 8.00% 1.5 Lien Senior Secured Notes due 2020 issued under the Indenture on March 2, 2016 (herein called " **Initial Notes** ") and (ii) if and when issued, additional 8.00% 1.5 Lien Senior Secured Notes due 2020 of the Company that may be issued from time to time under the Indenture subsequent to March 2, 2016 (herein called " **Additional Notes** ") as provided in Section 2.01 of the Indenture. The Initial Notes and Additional Notes are treated as a single class of securities under the Indenture and shall be secured by junior first-priority and junior second-priority Liens and security interests, subject to Permitted Liens, in the Collateral. The Indenture imposes certain restrictions on the incurrence of certain liens, sale-leaseback transactions, secured debt and the consummation of mergers and consolidations. The Indenture also imposes requirements with respect to the provision of financial information and the provision of guarantees of the Notes by certain subsidiaries.

To guarantee the due and punctual payment of the principal, premium, if any, and interest (including post-filing or post-petition interest) on the Notes and all other amounts payable by the Company under the Indenture, the Notes and the Collateral Documents (including expenses and indemnification) when and as the same shall be due and payable, whether at maturity, by acceleration or otherwise, according to the terms of the Notes and the Indenture, the Guarantors have as primary obligors and not merely as sureties, irrevocably and unconditionally guaranteed (and future guarantors, together with the Guarantors, will unconditionally guarantee), jointly and severally, on a senior secured basis, all such obligations pursuant to the terms of the Indenture.

5. **Redemption and Prepayment**

Except as described below, the Notes will not be redeemable at the Company's option prior to September 30, 2017.

Prior to September 30, 2017 the Company may, at any time and from time to time, redeem in the aggregate up to 35% of the aggregate principal amount of the Notes originally issued under the Indenture with the net cash proceeds of one or more Equity Offerings by the Company at a redemption price (expressed as a percentage of principal amount thereof) of 108.000%, plus accrued and unpaid interest, if any, to, but excluding, the Redemption Date (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided, however, that:

(1) at least 65% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

Prior to September 30, 2017, the Company may, at any time and from time to time, also redeem all or a part of the Notes, upon not less than 30 days' nor more than 60 days' prior notice mailed (or to the extent permitted or required by applicable DTC procedures or regulations with respect to Global Notes sent electronically) by first-class mail to each Holder's registered address or otherwise delivered in accordance with the procedures of DTC, at a redemption price equal to the sum of (i) 100.000% of the principal amount of Notes redeemed and (ii) the Applicable Premium as of, and accrued and unpaid interest to, but excluding, the Redemption Date, subject to the rights of Holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

On or after September 30, 2017, the Company may on one or more occasions redeem all or a part of the Notes upon not less than 30 days nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest on the Notes redeemed, to, but excluding, the applicable Redemption Date, if redeemed during the twelve-month or three-month period, as applicable, set forth below, subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

| Year | Redemption Price |
|---|---|
| September 30, 2017 ..... | 104.000% |
| September 30, 2018 ..... | 102.000% |
| September 30, 2019 and thereafter ..... | 100.000% |

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable Redemption Date.

" **Adjusted Treasury Rate** " means, with respect to any Redemption Date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under "Treasury Constant Maturities," for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after September 30, 2017, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such Redemption Date, in each case calculated on the third Business Day immediately preceding the Redemption Date, plus 0.50%.

" **Applicable Premium** " means, with respect to any Note on any Redemption Date the excess of (if any) (A) the present value at such Redemption Date of (1) the redemption price of such Note on September 30, 2017 plus (2) all required remaining scheduled interest payments due on such note through September 30, 2017, excluding in each case accrued and unpaid interest to, but excluding, the Redemption Date, computed by the Company using a discount rate equal to the Adjusted Treasury Rate, over (B) the principal amount of such note on such Redemption Date:

" **Comparable Treasury Issue** " means the United States Treasury security selected by the Company as having a maturity comparable to the remaining term of the notes from the Redemption Date to September 30, 2017, that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to September 30, 2017.

" **Comparable Treasury Price** " means, with respect to any Redemption Date, if clause (ii) of the definition of Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is obtained by the Company, Reference Treasury Dealer Quotations for such Redemption Date.

" **Reference Treasury Dealer** " means each of Merrill Lynch, Pierce, Fenner & Smith Incorporated and its respective successors and assigns, and any other nationally recognized investment banking firm selected by the Company and identified to the Trustee by written notice from the Company that is a primary U.S. Government securities dealer.

" **Reference Treasury Dealer Quotations** " means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third Business Day immediately preceding such Redemption Date.

" **Treasury Rate** " means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) which has become publicly available at least two Business Days prior to the date fixed for redemption (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the then remaining average life to September 30, 2017, provided, however, that if the average life to September 30, 2017, of the Notes is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the average life to September 30, 2017, of the notes is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

Prior to the mailing or delivery of any notice of redemption of the Notes, the Company shall deliver to the Trustee an Officer's Certificate stating that the conditions precedent to the right of redemption have occurred. Any such notice to the Trustee may be cancelled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

The Company may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Except as set forth in the next succeeding paragraph, the Company is not required to make any mandatory repurchase, redemption or sinking fund payments with respect to the Notes.

6. **Change of Control Triggering Event**

In accordance with Section 3.06 of the Indenture, the Company shall be required to offer to purchase Notes upon the occurrence of a Change of Control Triggering Event. Any Holder of Notes shall have the right, subject to certain conditions specified in the Indenture, to cause the Company to repurchase all or any part of the Notes of such Holder at a purchase price equal to 101.0% of the principal amount of the Notes to be repurchased plus accrued and unpaid interest to, but excluding, the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date that is on or prior to the date of purchase) as provided in, and subject to the terms of, the Indenture.

7. **Denominations; Transfer; Exchange**

The Notes are in registered form without coupons in minimum denominations of principal amount of $2,000 and whole multiples of $1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. The Registrar may require a Holder, among other things, to furnish appropriate endorsements or transfer documents and to pay a sum sufficient to cover any taxes and fees required by law or permitted by the Indenture. The Registrar need not register the transfer of or exchange of any Note (A) for a period beginning (1) 15 days before the mailing of a notice of an offer to repurchase or redeem Notes and ending at the close of business on the day of such mailing or (2) 15 days before an interest payment date and ending on such interest payment date or (B) called for redemption, except the unredeemed portion of any Note being redeemed in part.

8. **Persons Deemed Owners**

The registered Holder of this Note shall be treated as the owner of it for all purposes (except as otherwise provided in the Indenture).

9. **Unclaimed Money**

If money for the payment of principal, premium, if any, or interest on any Note remains unclaimed for two years after such principal, premium, if any, or interest has become due and payable, the Trustee or any Paying Agent shall pay the money back to the Company at its request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look only to the Company for payment as general creditors unless an abandoned property law designates another person and not to the Trustee for payment.

10. **Defeasance**

Subject to certain exceptions and conditions set forth in the Indenture, the Company at any time may terminate some or all of its and the Guarantors' obligations under the Notes, the Indenture and the Collateral Documents if the Company deposits with the Trustee money or U.S. Government Obligations for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be.

11. **Amendment, Supplement, Waiver**

Subject to certain exceptions set forth in the Indenture, (i) the Indenture, the Notes, the Guarantees and the Collateral Documents may be amended or supplemented by the Company, Guarantors and Trustee with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and (ii) any default (other than with respect to nonpayment of interest or premium on, or the principal of the Notes or in respect of a provision that cannot be amended without the consent of each Holder affected or, in certain cases described in the Indenture and the Collateral Documents, the consent of Holders of 75% in aggregate principal amount of the Notes then outstanding) or noncompliance with any provision may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes. Subject to the requirements of and certain exceptions set forth in the Indenture, without the consent of any Holder, the Company, the Trustee and the Guarantors (with respect to its Guarantee) may amend or supplement the Indenture, the Notes, the Guarantees or the Collateral Documents: (1) to cure any ambiguity, defect or inconsistency; (2) to provide for uncertificated Notes in addition to or in place of certificated Notes; (3) to provide for the assumption of the Company's or a Guarantor's obligations to Holders of Notes and Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets, as applicable; (4) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights hereunder or under the Notes, the Guarantees and the Collateral Documents of any such Holder; (5) to conform the text of the Indenture, Guarantees, the Notes or the Collateral Documents to any provision of the "Description of the New 1.5 Lien Notes" section of the Offering Memorandum, to the extent that such provision in the "Description of the New 1.5 Lien Notes" section was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Guarantees or the Collateral Documents, as provided to the Trustee in an Officer's Certificate; (6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the date hereof; (7) to allow any Guarantor to execute a supplemental indenture substantially in the form of Exhibit B to the Indenture and/or a Guarantee with respect to the Notes; (8) to add any additional obligors under the Indenture, the Notes or the Guarantees; (9) to secure any Additional First Lien Indebtedness, Additional Junior First Lien Indebtedness, Additional Second Lien Indebtedness or Additional Secured Indebtedness permitted to be incurred under the Indenture pursuant to the Collateral Documents and to appropriately include the same in the Intercreditor Agreements; (10) to add additional Collateral to secure the Notes; (11) to comply with the provisions under Section 4.01 of the Indenture; and (12) to evidence and provide for the acceptance of an appointment by a successor Trustee.

12. **Defaults and Remedies**

Each of the following is an " **Event of Default** ":

(1) a default in the payment of any interest on the Notes, when such payment becomes due and payable, and continuance of that default for a period of 30 days (unless the entire amount of the payment is deposited by the Company with the Trustee or with the Paying Agent prior to the expiration of such period of 30 days);

(2) default in the payment of principal or premium on the Notes when such payment becomes due and payable;

(3) subject to clause (4), a default in the performance or breach of any other covenant or warranty by the Company in the Indenture or the Collateral Documents, which default continues uncured for a period of 60 days after written notice thereof has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the holders of at least 25 percent in principal amount of the Notes, as provided in the Indenture;

(4) any Guarantee of a Guarantor that is a Significant Subsidiary ceases to be in full force and effect (except as contemplated by the terms of the Indenture and the Guarantees) or is declared null and void in a judicial proceeding or any Guarantor that is a Significant Subsidiary denies or disaffirms its obligations under the Indenture;

(5) with respect to any Collateral having a Fair Market Value in excess of $75.0 million, individually or in the aggregate, (A) the failure of the security interest with respect to such Collateral under the Collateral Documents, at any time, to be in full force and effect for any reason other than in accordance with their terms and the terms of the Indenture and other than the satisfaction in full of all obligations under the Indenture and discharge of the Indenture if such Default continues for 60 days, (B) the declaration that the security interest with respect to such Collateral created under the Collateral Documents or under the Indenture is invalid or unenforceable, if such Default continues for 60 days or (C) the assertion by the Company or any Guarantor, in any pleading in any court of competent jurisdiction, that any such security interest is invalid or unenforceable;

(6) there occurs a default under any Debt of the Company or any of its Significant Subsidiaries (or the payment of which is guaranteed by the Company or any of the Guarantors), whether such Debt or guarantee now exists, or is created after the Issue Date, other than with respect to the Canadian Existing Indebtedness, if that default:

(i) is caused by a failure to pay any such Debt at its final Stated Maturity (after giving effect to any applicable grace period) (a "Payment Default"); or

(ii) results in the acceleration of such Debt prior to its final Stated Maturity,

(iii) and, in either case, the aggregate principal amount of any such Debt, together with the aggregate principal amount of any other such Debt under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $75.0 million or more;

(7) failure by the Company or any of its Significant Subsidiaries to pay final and non-appealable judgments entered by a court or courts of competent jurisdiction aggregating in excess of $75.0 million (net of any amount covered by insurance issued by a national insurance company that has not contested coverage), which judgments are not paid, discharged or stayed for a period of 60 days, other than the Arbitration Award or any judgment related to the Arbitration Award;

(8) the Company or any Guarantor pursuant to or within the meaning of Bankruptcy Code:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a custodian of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors, or

(v) generally is not paying its debts as they become due; or

(9) a court of competent jurisdiction enters an order or decree under the Bankruptcy Code that:

(i) is for relief against the Company or any Guarantor in an involuntary case;

(ii) appoints a custodian of the Company or any Guarantor or for all or substantially all of the property of the Company or any of Guarantor; or

(iii) orders the liquidation of the Company or any Guarantor; and the order or decree remains unstayed and in effect for 60 consecutive days.

(j) If an Event of Default specified under clauses (a) through (g) of this Section 12 occurs and is continuing, the Trustee by written notice to the Company, or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare all such Notes to be due and payable. If an Event of Default specified

under clauses (h) and (i) of this Section 12 occurs, then all outstanding Notes will become due and payable immediately without further action or notice. Upon the Notes becoming due and payable upon an Event of Default, whether automatically or by declaration, such Notes will immediately become due and payable and (i) if prior to September 30, 2017, the entire unpaid principal amount of such Notes plus the Applicable Premium as of the date of such acceleration or (ii) if on or after September 30, 2017, the applicable redemption price as set forth under Section 5 as of the date of such acceleration, plus in each case accrued and unpaid interest thereon shall all be immediately due and payable.

Without limiting the generality of the foregoing, it is understood and agreed that if the Notes are accelerated or otherwise become due prior to their maturity date, in each case, in respect of any Event of Default (including an event of default relating to certain events of bankruptcy, insolvency or reorganization (including the acceleration of claims by operation of law)), the premium applicable with respect to an optional redemption of the Notes will also be due and payable as though the Notes were optionally redeemed and shall constitute part of the Junior First Lien Notes Obligations, in view of the impracticability and extreme difficulty of ascertaining actual damages and by mutual agreement of the parties as to a reasonable calculation of each Holder's lost profits as a result thereof. Any premium payable above shall be presumed to be the liquidated damages sustained by each Holder as the result of the early redemption and the Company and each Guarantor agrees that it is reasonable under the circumstances currently existing. The premium shall also be payable if the Notes (and/or the Indenture) are satisfied or released by foreclosure (whether by power of judicial proceeding), deed in lieu of foreclosure or by any other means. THE COMPANY AND EACH GUARANTOR EXPRESSLY WAIVES (TO THE FULLEST EXTENT IT MAY LAWFULLY DO SO) THE PROVISIONS OF ANY PRESENT OR FUTURE STATUTE OR LAW THAT PROHIBITS OR MAY PROHIBIT THE COLLECTION OF THE FOREGOING PREMIUM IN CONNECTION WITH ANY SUCH ACCELERATION. The Company and each Guarantor expressly agrees (to the fullest extent it may lawfully do so) that: (A) the premium is reasonable and is the product of an arm's length transaction between sophisticated business people, ably represented by counsel; (B) the premium shall be payable notwithstanding the then prevailing market rates at the time payment is made; (C) there has been a course of conduct between Holders and the Company and the Guarantors giving specific consideration in the offering pursuant to the Offering Memorandum for such agreement to pay the premium; and (D) the Company and each Guarantor shall be estopped hereafter from claiming differently than as agreed to in this paragraph. The Company and each Guarantor expressly acknowledges that its agreement to pay the premium to Holders as described in the Indenture is a material inducement to Holders to purchase the Notes.

If an Event of Default (other than an Event of Default described in clause (h) or (i) of this Section 12) occurs and is continuing, the Trustee by written notice to the Company, or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Company and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, if any, on all such Notes to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest shall be due and payable immediately.

In the case of an Event of Default specified in clause (h) or (i) of this Section 12, with respect to the Company or any Guarantor, all outstanding Notes will become due and payable immediately without further action or notice.

The Holders of a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee.

The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or premium.

Subject to the provisions of the Indenture relating to the duties of the Trustee or the Junior First Lien Notes Collateral Agent, in case an Event of Default occurs and is continuing, the Trustee or the Junior First Lien Notes Collateral Agent will be under no obligation to exercise any of the rights or powers under the Indenture, the Notes, the Guarantees and the Collateral Documents at the request or direction of any Holders of Notes unless such Holders have offered to the Trustee or the Junior First Lien Notes Collateral Agent indemnity or security satisfactory to it against any loss, liability or expense.

13. **Trustee Dealings with the Company**

Subject to certain limitations set forth in the Indenture, the Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not Trustee.

14. **No Recourse Against Others**

An incorporator, director, officer, employee or stockholder of each of the Company or any Guarantor, solely by reason of this status, shall not have any liability for any obligations of the Company or any Guarantor under the Notes, the Indenture, the Collateral Documents or the Guarantees or for any claim based on, in respect of or by reason of such obligations or their creation. By accepting a Note, each Holder waives and releases all such liability. The waiver and release are a part of the consideration for the issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

15. **Authentication**

This Note shall not be valid until an authorized officer of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Note.

16. **Abbreviations**

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with rights of survivorship and not as tenants in common), CUST (= custodian) and U/G/M/A (= Uniform Gift to Minors Act).

17. **CUSIP, Common Code and ISIN Numbers**

The Company has caused CUSIP, Common Code and ISIN numbers, if applicable, to be printed on the Notes and has directed the Trustee to use CUSIP, Common Code and ISIN numbers, if applicable, in notices of redemption or purchase as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption or purchase and reliance may be placed only on the other identification numbers placed thereon.

18. **Governing Law**

This Note shall be governed by, and construed in accordance with, the laws of the State of New York.

The Company will furnish to any Holder upon written request and without charge to the Holder a copy of the Indenture, which has in it the text of this Note in larger type. Requests may be made to:

Cliffs Natural Resources Inc.
200 Public Square, Suite 3300
Cleveland, Ohio 44114
Fax: (216) 694-6509
Attention: James Graham, Executive Vice President, Chief Legal Officer & Secretary

19. **USA Patriot Act**

The parties hereto acknowledge that in accordance with Section 326 of the U.S.A. PATRIOT Act, the Trustee is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Trustee.

The parties to the Indenture agree that they will provide the Trustee with such information as it may request in order for the Trustee to satisfy the requirements of the U.S.A. PATRIOT Act.

**ASSIGNMENT FORM**

To assign this Note, fill in the form below:

I or we assign and transfer this Note to:

_____

(Print or type assignee's name, address and zip code)

_____

(Insert assignee's social security or tax I.D. No.)

and irrevocably appoint _____agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

_____

Date: _____ Your Signature: _____

Signature Guarantee: _____

(Signature must be guaranteed)

_____

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

The undersigned hereby certifies that it ☐ is / ☐ is not an Affiliate of the Company and that, to its knowledge, the proposed transferee ☐ is / ☐ is not an Affiliate of the Company.

In connection with any transfer or exchange of any of the Notes evidenced by this certificate occurring prior to the date that is one year after the later of the date of original issuance of such Notes and the last date, if any, on which such Notes were owned by the Company or any Affiliate of the Company, the undersigned confirms that such Notes are being:

CHECK ONE BOX BELOW:

(1) ☐ acquired for the undersigned's own account, without transfer; or

(2) ☐ transferred to the Company; or

(3) ☐ transferred pursuant to and in compliance with Rule 144A under the Securities Act of 1933, as amended (the " **Securities Act** "); or

(4) ☐ transferred pursuant to and in compliance with Regulation S under the Securities Act (provided that the transferee has furnished to the Trustee a signed letter containing certain representations and agreements, the form of which letter appears as Section 2.09 of the Indenture); or

(5) ☐ transferred pursuant to another available exemption from the registration requirements of the Securities Act of 1933.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any person other than the registered Holder thereof; provided, however, that if box (4) or (5) is checked, the Company may require, prior to registering any such transfer of the Notes, in its sole discretion, such legal opinions, certifications and other information as the Company may reasonably request to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933, as amended, such as the exemption provided by Rule 144 under such Act.

Signature

Signature Guarantee:

(Signature must be guaranteed)

Signature

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

TO BE COMPLETED BY PURCHASER IF BOX (1) OR (3) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a “qualified institutional buyer” within the meaning of Rule 144A under the Securities Act of 1933 and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Company as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned’s foregoing representations in order to claim the exemption from registration provided by Rule 144A.

Dated:

**SCHEDULE OF INCREASES OR DECREASES IN GLOBAL SECURITY**

The following increases or decreases in this Global Note have been made:

| Date of Exchange | Amount of decrease in Principal Amount of this Global Note | Amount of increase in Principal Amount of this Global Note | Principal Amount of this Global Note following such decrease or increase | Signature of authorized signatory of Trustee of Notes Custodian |
|---|---|---|---|---|

**OPTION OF HOLDER TO ELECT PURCHASE**

If you elect to have this Note purchased by the Company pursuant to Section 3.02 or 3.06 of the Indenture, check either box:

☐ 3.02 ☐ 3.06

If you want to elect to have only part of this Note purchased by the Company pursuant to Section 3.02 or Section 3.06 of the Indenture, state the amount in principal amount (must be in minimum denominations of $2,000 or an integral multiple of $1,000 in excess thereof): $_____ and specify the denomination or denominations (which shall not be less than the minimum authorized denomination) of the Notes to be issued to the Holder for the portion of the within Note not being repurchased (in the absence of any such specification, one such Note will be issued for the portion not being repurchased): _____.

Date: _____

Your Signature _____

(Sign exactly as your name appears on the other side of this Note)

Signature Guarantee: _____

(Signature must be guaranteed)

_____

Sign exactly as your name appears on the other side of this Note.

The signature(s) should be guaranteed by an eligible guarantor institution (banks, stockbrokers, savings and loan associations and credit unions with membership in an approved signature guarantee medallion program), pursuant to S.E.C. Rule 17Ad-15.

## FORM OF INDENTURE SUPPLEMENT TO ADD GUARANTORS

This Supplemental Indenture, dated as of [ ] (this " **Supplemental Indenture** " or " **Guarantee** "), among [name of future Guarantor] (the " **Additional Guarantor** "), Cliffs Natural Resources Inc., (together with its successors and assigns, the " **Company** "), and U.S. Bank National Association, as Trustee under the Indenture referred to below.

WITNESSETH:

WHEREAS, the Company, the Guarantors, the Junior First Lien Notes Collateral Agent and the Trustee have heretofore executed and delivered an Indenture, dated as of March 2, 2016 (as amended, supplemented, waived or otherwise modified, the " **Indenture** "), providing for the issuance of an aggregate principal amount of $218,545,000 of 8.00% 1.5 Lien Senior Secured Notes due 2020 of the Company (the " **Notes** ");

WHEREAS, Section 3.08 of the Indenture provides that, after the Issue Date, the Company is required to cause certain direct or indirect Subsidiaries of the Company to execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary will unconditionally guarantee, on a joint and several basis with the other Guarantors, the full and prompt payment of the principal of, premium, if any, and interest on the Notes on a secured basis; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee and the Company are authorized to execute and deliver this Supplemental Indenture to amend or supplement the Indenture, without the consent of any Holder;

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Additional Guarantor, the Company and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

### ARTICLE 1
### Definitions

Section 1.01 Defined Terms.

As used in this Supplemental Indenture, terms defined in the Indenture or in the preamble or recital hereto are used herein as therein defined. The words "herein **,** " "hereof" and "hereby" and other words of similar import used in this Supplemental Indenture refer to this Supplemental Indenture as a whole and not to any particular section hereof.

### ARTICLE 2
### Agreement to be Bound; Guarantee

Section 2.01 *Agreement to be Bound* . The Additional Guarantor hereby becomes a party to the Indenture as a Guarantor and as such will have all of the rights and be subject to all of the obligations and agreements of a Guarantor under the Indenture. The Additional Guarantor hereby becomes a party to the Security Agreement, pursuant to the terms of such agreement, as a Grantor thereunder with the same force and effect as if originally named therein as a Grantor and as such hereby assumes all obligations and liabilities of a Grantor thereunder. The Additional Guarantor agrees to be bound by all of the provisions of the Indenture and the Collateral Documents applicable to an Additional Guarantor and to perform all of the obligations and agreements of a Guarantor under the Indenture and the Collateral Documents.

Section 2.02 *Guarantee* . The Additional Guarantor agrees, on a joint and several basis with all the existing Guarantors, to fully, unconditionally and irrevocably Guarantee to each Holder of the Notes and the Trustee the Obligations pursuant to Article 10 of the Indenture on a secured basis.

ARTICLE 3
Miscellaneous

Section 3.01 *Notices* . All notices and other communications to the Additional Guarantor shall be given as provided in the Indenture to the Additional Guarantor, at its address set forth below, with a copy to the Company as provided in the Indenture for notices to the Company.

Section 3.02 *Parties* . Nothing expressed or mentioned herein is intended or shall be construed to give any Person, firm or corporation, other than the Holders and the Trustee, any legal or equitable right, remedy or claim under or in respect of this Supplemental Indenture or the Indenture or any provision herein or therein contained.

Section 3.03 *Governing Law* . This Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 3.04 *Severability Clause* . In case any provision in this Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability.

Section 3.05 *Ratification of Indenture; Supplemental Indentures Part of Indenture* . Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered shall be bound hereby. The Trustee shall not be responsible for and makes no representation or warranty as to the validity, execution, or sufficiency of this Supplemental Indenture or with respect to the recitals contained herein, all of which recitals are made solely by the other parties hereto.

Section 3.06 *Counterparts* . The parties hereto may sign one or more copies of this Supplemental Indenture in counterparts, all of which together shall constitute one and the same agreement.

Section 3.07 *Headings* . The headings of the Articles and the sections in this Guarantee are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 3.08 *Execution, Delivery and Validity* . The Company and Additional Guarantor each represent and warrant to the Trustee that this Supplemental Indenture has been duly and validly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, receivership, administration, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[SUBSIDIARY GUARANTOR], as a Guarantor

By: _____
Name:
Title:

[Address]

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:

By: _____
Name:
Title:

CLIFFS NATURAL RESOURCES INC.

By: _____
Name:
Title:

**EXHIBIT C**

**FORM OF CERTIFICATE TO BE DELIVERED IN CONNECTION WITH TRANSFERS PURSUANT TO REGULATION S**

[Date]

Cliffs Natural Resources Inc.
c/o U.S. Bank National Association
1350 Euclid Avenue, Suite 1100
Cleveland, Ohio 44115
Attention: Corporate Trust Services
Fax: (216) 623-9202

Re: 8.00% 1.5 Lien Senior Secured Notes due 2020 (the " **Notes** ")

Ladies and Gentlemen:

In connection with our proposed sale of $[_____] aggregate principal amount of the Notes, we confirm that such sale has been effected pursuant to and in accordance with Regulation S under the United States Securities Act of 1933, as amended (the " **Securities Act** "), and, accordingly, we represent that:

(a) the offer of the Notes was not made to a person in the United States;

(b) either (i) at the time the buy order was originated, the transferee was outside the United States or we and any person acting on our behalf reasonably believed that the transferee was outside the United States or (ii) the transaction was executed in, on or through the facilities of a designated off-shore securities market and neither we nor any person acting on our behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(c) no directed selling efforts have been made in the United States in contravention of the requirements of Rule 903(a)(2) or Rule 904(a)(2) of Regulation S, as applicable; and

(d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

In addition, if the sale is made during a restricted period and the provisions of Rule 903(b)(2), Rule 903(b)(3) or Rule 904(b)(1) of Regulation S are applicable thereto, we confirm that such sale has been made in accordance with the applicable provisions of Rule 903(b)(2), Rule 903(b)(3) or Rule 904(b)(1), as the case may be.

We also hereby certify that we [are] [are not] an Affiliate of the Company and, to our knowledge, the transferee of the Notes [is] [is not] an Affiliate of the Company.

You and the Company are entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby. Terms used in this certificate have the meanings set forth in Regulation S.

Very truly yours,

[Name of Transferor]

By: _____
Authorized Signature

**EXHIBIT 10.1**

**CLIFFS NATURAL RESOURCES INC.**
**2015 EQUITY AND INCENTIVE COMPENSATION PLAN**

**RESTRICTED STOCK UNIT AWARD MEMORANDUM**

| | |
|---|---|
| **Employee:** | **PARTICIPANT NAME** |
| **Date of Grant:** | **GRANT DATE** |
| **Grant Price:** | **$1.81** |
| **Number of Restricted Stock Units (Common Shares) Subject to Award:** | **SHARES GRANTED** |
| **Vesting Date:** | **December 31, 2018** |

**Additional terms and conditions of your award are included in the Restricted Stock Unit Award Agreement. As a condition to your receipt of this award, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this award within such time at www.netbenefits.fidelity.com, this award may be forfeited and immediately terminate.**

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

**CLIFFS NATURAL RESOURCES INC.**
**2015 EQUITY AND INCENTIVE COMPENSATION PLAN**

**Restricted Stock Unit Award Agreement**

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

The Company wishes to award to the Participant Restricted Stock Units representing the opportunity to earn a number of Common Shares, subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan (the " Plan "). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Section 2 of the Plan for a list of certain defined terms.

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

**ARTICLE 1.**
**Grant and Terms of Restricted Stock Units**

1.1 **Grant of Restricted Stock Units** . Pursuant to the Plan, the Company has granted to the Participant the number of Restricted Stock Units as specified in the Award Memorandum, with dividend equivalents (" Restricted Stock Units "), effective as of the Date of Grant.

1.2 **Vesting As Condition of Payment** . The Restricted Stock Units evidenced by this Agreement and these terms and conditions shall only result in the issuance of Common Shares equal in number to the Restricted Stock Units to the extent the Participant is " Vested " in the Restricted Stock Units on the date the Restricted Stock Units are to be paid as specified in Section 1.4. The Restricted Stock Units will become Vested as follows:

(a) Employment Through Vesting Period. The Participant will become 100% Vested in all the Restricted Stock Units subject to this award if the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the Vesting Date, as set forth in the Award Memorandum (" Vesting Period ").

(b) Death, Disability or Termination Without Cause . If the Participant experiences a termination of employment with the Company because of the Participant's death or Disability (as defined herein) or a termination of employment by the Company without Cause (as defined herein) during the Vesting Period, the Participant shall become Vested in a prorated number of Restricted Stock Units equal to the product of the number of Restricted Stock Units subject to this award, multiplied by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between January 1, 2016 and the date of the Participant's termination of employment, and the denominator of which is 36, rounded down to the nearest whole Restricted Stock Unit. For purposes of this Agreement, " Disability " shall mean a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and that results in the Participant: (i) being unable to engage in any substantial gainful activity; or (ii) receiving income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Company.

(c) Change in Control . In the event a Change in Control occurs during the Vesting Period, the Participant will become Vested in the Restricted Stock Units only to the extent provided in Section 1.3.

In the event the Participant otherwise terminates employment prior to becoming Vested in the Restricted Stock Units or the Participant's employment is terminated by the Company for Cause, the Participant shall forfeit all rights to any Restricted Stock Units evidenced by this Agreement.

**1.3 Change in Control Vesting .**

(a) If the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control, the Participant will become 100% Vested in all the Restricted Stock Units evidenced by this Agreement upon the Change in Control, except to the extent that an award meeting the requirements of Section 1.3(d) (a " Replacement Award ") is provided to the Participant in accordance with Section 1.3(d) to replace, adjust or continue the award of Restricted Stock Units covered by this Agreement (the " Replaced Award "). If a Replacement Award is provided, references to Restricted Stock Units in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

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

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any outstanding Restricted Stock Units that at the time of the Change in Control are not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be Vested at the time of such Change in Control and will be paid as provided for in Section 1.4(c).

(d) For purposes of this Agreement, a " Replacement Award " means an award: (i) of the same type (e.g., time-based restricted stock units) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 1.3(d) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(e) For purposes of this Agreement, a termination for " Cause " shall mean that, prior to termination of employment, the Participant shall have committed: (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company or any Affiliate (or the Successor, if applicable); (ii) intentional wrongful damage to property of the Company or any Affiliate (or the Successor, if applicable); (iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Affiliate (or the Successor, if applicable); or (iv) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Company or any Affiliate (or the Successor, if applicable). For purposes of this Agreement, no act or failure to act on the part of the Participant 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 Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company or an Affiliate (or the Successor, if applicable).

(f) A termination " for Good Reason " shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

i. a material diminution in the Participant's annual base salary rate as in effect from time to time (" Base Pay ");

ii. a material diminution in the Participant's authority, duties or responsibilities;

iii. a material change in the geographic location at which the Participant must perform services;

iv. a reduction in the Participant's opportunity regarding 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 Successor; and

v. any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (A) the Participant has provided notice to his or her 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 the Participant's employer within 30 days after receipt of such notice.

**1.4 Payment of Restricted Stock Units** .

(a) Payment After the Vesting Period . Subject to Sections 1.4(b) and (c), the Restricted Stock Units that are Vested as of the Vesting Date shall be paid after the end of the Vesting Period, but in any event no later than 2-½ months after the end of the Vesting Period to the extent they have not been previously paid to the Participant.

(b) Payment After Death, Disability or Termination Without Cause . Notwithstanding Section 1.4(a), if the Participant experiences a termination of employment with the Company because of the Participant's death or Disability or a termination of employment by the Company without Cause during the Vesting Period, the Vested Restricted Stock Units will be paid within 30 days following the date of such termination. Any payment of Restricted Stock Units to a deceased Participant shall be paid to the estate of the Participant, unless the Participant files a completed Designation of Death Beneficiary with the Company in accordance with its procedures.

(c) Change in Control . Notwithstanding Section 1.4(a) and Section 1.4(b), to the extent any Restricted Stock Units are Vested as of a Change in Control, such Vested Restricted Stock Units will be paid within 10 days of the Change in Control; provided , however , that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.4.

(d) Payment Following a Change in Control . Notwithstanding Section 1.2 and Section 1.4(a), if, during the two-year period following a Change in Control, the Participant experiences a qualifying termination of employment (as described in Section 1.3(b)), the Restricted Stock Units that are Vested as of the date of such termination of employment shall be paid within 10 days of such termination of employment to the extent they have not been previously paid to the Participant; provided , however , that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 1.4.

(e) General . The Restricted Stock Units are to be settled in Common Shares. The Committee may withhold Common Shares to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 4.3. In addition, the Committee may restrict 50% of the Common Shares to be issued in satisfaction of the total Restricted Stock Units, before income tax withholding, so that they cannot be sold by the Participant unless immediately after such sale the Participant is in compliance with the Cliffs Natural Resources Inc. Directors' and Officers' Share Ownership Guidelines (" Share Ownership Guidelines ") that are applicable to the Participant at the time of sale.

(f) Payment Obligation . Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of Restricted Stock Units to the Participant. The Restricted Stock Units evidenced by this Agreement that have not yet been earned, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 1.4(b).

(g) No Shareholder Rights . The Participant shall have no rights of ownership in the Common Shares underlying the Restricted Stock Units and no right to vote the Common Shares underlying the Restricted Stock Units until the date on which the Common Shares underlying the Restricted Stock Units are issued or transferred to the Participant pursuant to this Section 1.4.

**ARTICLE 2.**

**Other Terms and Conditions**

**2.1 Non-Compete and Confidentiality** .

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

(b) Failure to comply with Section 2.1(a) above will cause a Participant to forfeit the right to Restricted Stock Units and require the Participant to reimburse the Company for the taxable income received on Restricted Stock Units that have been paid out in Common Shares within the 90-day period preceding the Participant's termination of employment.

**ARTICLE 3.**
**Acknowledgments**

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

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Restricted Stock Units is voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Stock Units, or benefits in lieu of Restricted Stock Units, even if Restricted Stock Units have been granted in the past;

(c) All decisions with respect to future Restricted Stock Units or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Restricted Stock Unit Award and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) The future value of the underlying Common Shares is unknown, indeterminable and cannot be predicted with certainty;

(g) No claim or entitlement to compensation or damages shall arise from forfeiture of any Restricted Stock Units resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the Restricted Stock Units to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(h) Neither the Plan nor the Restricted Stock Units shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

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

(j) The Restricted Stock Units and the Common Shares subject to the Restricted Stock Units, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any

severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments; and

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

## ARTICLE 4.
## General Provisions

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

**4.2 Dividend Equivalents**. During the period beginning on the Date of Grant and ending on the date that the Restricted Stock Units are paid in accordance with Section 1.4, the Participant will be entitled to dividend equivalents on Restricted Stock Units equal to the cash dividend or distribution that would have been paid on the Restricted Stock Units had the Restricted Stock Units been issued and outstanding Common Shares on the record date for the dividend or distribution. Such accrued dividend equivalents (a) will vest and become payable upon the same terms and at the same time of settlement as the Restricted Stock Units to which they relate, and (b) will be denominated and payable solely in cash.

**4.3 Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by the Participant under this Agreement, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit. If the Participant's benefit is to be received in the form of Common Shares, and the Participant fails to make arrangements for the payment of tax, then, unless otherwise determined by the Committee, the Company will withhold Common Shares having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when the Participant is required to pay the Company an amount required to be withheld under applicable income and employment tax laws, the Participant may elect, unless otherwise determined by the Committee, to satisfy the obligation, in whole or in part, by having withheld, from the shares required to be delivered to the Participant, Common Shares having a value equal to the amount required to be withheld or by delivering to the Company other Common Shares held by the Participant. The shares used for tax withholding will be valued at an amount equal to the fair market value on the date the benefit is to be included in the Participant's income. In no event will the market value of the Common Shares to be withheld and delivered pursuant to this Section to satisfy applicable withholding taxes in connection with the benefit exceed the minimum amount of taxes required to be withheld.

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

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

**4.6 Adjustments**. Restricted Stock Units evidenced by this Agreement are subject to adjustment as provided in Section 11 of the Plan.

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

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

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

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

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

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

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

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

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

**4.14** **Governing Law**. This Agreement is governed by and construed in accordance with the internal substantive laws of the State of Ohio.

**4.15** **Section 409A of the Code** . To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). The terms " termination of employment ," " terminates employment ," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). If, at the time of the Participant's separation from service (within the meaning of Section 409A of the Code), (a) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (b) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

**[Acceptance Page Contained in Exhibit A]**

**Exhibit A**

ELECTRONIC ACCEPTANCE

**Acceptance by the Participant**

**By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.**

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

| **PARTICIPANT NAME** | **ACCEPTANCE DATE** |
|---|---|
| **Participant Name** | **Date** |

**ELECTRONIC SIGNATURE**

**Participant Signature**

**EXHIBIT 10.2**

**CLIFFS NATURAL RESOURCES INC.**
**2015 EQUITY AND INCENTIVE COMPENSATION PLAN**

**CASH INCENTIVE AWARD MEMORANDUM (TSR)**

| | |
|---|---|
| **Employee:** | **PARTICIPANT NAME** |
| **Date of Grant:** | **GRANT DATE** |
| **Target Amount of Cash Subject to Award:** | **$ Cash Granted** |
| **Performance Metric:** | **Relative Total Shareholder Return** |
| **Incentive Period:** | **January 1, 2016 - December 31, 2018** |

**Additional terms and conditions of your award are included in the Cash Incentive Award Agreement. As a condition to your receipt of this award, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this award within such time at www.netbenefits.fidelity.com, this award may be forfeited and immediately terminate.**

**Note : Section 3.1 of the Cash Incentive Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this award, you agree to be bound by these restrictions.**

**CLIFFS NATURAL RESOURCES INC.**
**2015 EQUITY AND INCENTIVE COMPENSATION PLAN**

**Cash Incentive Award Agreement (TSR)**

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

The Company wishes to award to the Participant the opportunity to earn an amount of cash, subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan (the " Plan "). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Section 2 of the Plan for a list of certain defined terms.

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

**ARTICLE 1.**
**Definitions**

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

**1.1** " **Earned Cash Incentive** " shall mean the amount of cash earned by the Participant, as determined under Section 2.3.

**1.2** **" Incentive Period "** shall be the time period as set forth in the Award Memorandum.

**1.3** **" Market Value Price "** shall mean the latest available closing price of a Common Share of the Company or the latest available closing price per share of a common share of each of the entities in the Peer Group, as the case may be, on the New York Stock Exchange or other recognized market if the shares do not trade on the New York Stock Exchange at the relevant time.

**1.4** **" Peer Group "** shall mean the group of companies, as more particularly set forth on attached Exhibit A, against which the Relative Total Shareholder Return of the Company is measured over the Incentive Period.

**1.5** **" Performance Objective(s) "** shall mean for the Incentive Period the predetermined objective(s) of the Company with respect to the Management Objective(s) and any applicable goals established by the Committee and reported to the Board for this award, as more particularly set forth on attached Exhibit B.

**1.6** **" Relative Total Shareholder Return "** shall mean for the Incentive Period the Total Shareholder Return of the Company compared to the Total Shareholder Return of the Peer Group, as more particularly set forth on attached Exhibit C.

**1.7** **" Total Shareholder Return "** or **" TSR "** shall mean, for the Incentive Period, the cumulative return to shareholders of the relevant entity during the Incentive Period, measured by the change in Market Value Price per share of a common share of the entity plus dividends (or other distributions, excluding franking credits) reinvested over the Incentive Period, determined on the last business day of the Incentive Period compared to a base measured by the average Market Value Price per share of a common share of the entity on the last business day of the year immediately preceding the Incentive Period. Dividends (or other distributions, excluding franking credits) per share are assumed to be reinvested in the applicable stock on the last business day of the quarter during which they are paid at the then Market Value Price per share, resulting in a fractionally higher number of shares owned at the market price.

**ARTICLE 2.**
**Grant and Terms of Cash Incentive Award**

**2.1** **Grant of Cash Incentive Award Opportunity** . Pursuant to the Plan, the Company has granted to the Participant the opportunity to earn a percentage (from 0% to 200%) of the target amount of cash as specified in the Award Memorandum (" Cash Incentive Award "), effective as of the Date of Grant.

**2.2 Performance as Condition of Payment** . The Cash Incentive Award evidenced by this Agreement and these terms and conditions shall only result in the payment of cash to the extent such Cash Incentive Award has become an Earned Cash Incentive, as provided in Section 2.3, on the date the Earned Cash Incentive is to be paid as specified in Section 2.5.

**2.3 Earned Cash Incentive** .

(a) Achievement of Performance Objective(s) . Subject to Sections 2.3(b) and 2.3(c), the amount of Earned Cash Incentive, if any, shall be based upon the degree of achievement of the Performance Objective(s), all as more particularly set forth in Exhibit B, with the actual amount of the Earned Cash Incentive interpolated between the performance levels shown on Exhibit B, as determined and certified by the Committee as of the end of the Incentive Period. The percentage level of achievement determined for the Performance Objective(s) shall be multiplied by the target amount of cash subject to the Cash Incentive Award, as specified in the Award Memorandum, to determine the actual amount of Earned Cash Incentive, rounded down to the nearest whole cent. The calculation as to whether the Company has met or exceeded the Performance Objective(s) shall be determined and certified by the Committee in accordance with the award and these terms and conditions. Notwithstanding any provision to the contrary, in no event shall any Cash Incentive Award become Earned Cash Incentive with respect to achievement by the Company in excess of the allowable maximum as established under the Performance Objective(s), and except as provided in Sections 2.3(b) and 2.3(c), no Cash Incentive Award will become an Earned Cash Incentive unless the Participant remains in the continuous employment of the Company or a Subsidiary during the entire Incentive Period.

(b) Death, Disability or Termination Without Cause . If the Participant experiences a termination of employment with the Company because of the Participant's death or Disability (as defined herein) or a termination of employment by the Company without Cause (as defined herein) during the Incentive Period, the amount of the Participant's Cash Incentive Award that becomes an Earned Cash Incentive will be a prorated amount equal to the product of the amount determined after the end of the Incentive Period under Section 2.3(a) (without regard to the requirement that employment continue until the end of the Incentive Period), multiplied by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between the start of the Incentive Period and the date of the Participant's termination of employment, and the denominator of which is 36, rounded down to the nearest whole cent. For purposes of this Agreement, " Disability " shall mean a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and that results in the Participant: (i) being unable to engage in any substantial gainful activity; or (ii) receiving income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Company.

(c) Change in Control . In the event a Change in Control occurs during the Incentive Period, the Participant's Cash Incentive Award will become an Earned Cash Incentive only to the extent provided in Section 2.4.

In the event the Participant otherwise terminates employment prior to becoming entitled to an Earned Cash Incentive or the Participant's employment is terminated by the Company for Cause, the Participant shall forfeit all rights to any Cash Incentive Award evidenced by this Agreement.

**2.4 Change in Control Vesting .**

(a) If the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control, upon the Change in Control, 100% of the Cash Incentive Award shall become an Earned Cash Incentive, except to the extent that an award meeting the requirements of Section 2.4(d) (a " Replacement Award ") is provided to the Participant in accordance with Section 2.4(d) to replace, adjust or continue the Cash Incentive Award evidenced by this Agreement (the " Replaced Award "). If a Replacement Award is provided, references to Cash Incentive Award in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

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

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any portion of the outstanding Cash Incentive Award that at the time of the Change in Control is not subject

to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be an Earned Cash Incentive at the time of such Change in Control and will be paid as provided for in Section 2.5(b).

(d) For purposes of this Agreement, a " Replacement Award " means an award: (i) of the same type (e.g., performance-based cash award opportunity) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that is payable in cash; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 2.4(d) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(e) For purposes of this Agreement, a termination for " Cause " shall mean that, prior to termination of employment, the Participant shall have committed: (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company or any Affiliate (or the Successor, if applicable); (ii) intentional wrongful damage to property of the Company or any Affiliate (or the Successor, if applicable); (iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Affiliate (or the Successor, if applicable); or (iv) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Company or any Affiliate (or the Successor, if applicable). For purposes of this Agreement, no act or failure to act on the part of the Participant 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 Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company or an Affiliate (or the Successor, if applicable).

(f) A termination " for Good Reason " shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

i. a material diminution in the Participant's annual base salary rate as in effect from time to time (" Base Pay ");

ii. a material diminution in the Participant's authority, duties or responsibilities;

iii. a material change in the geographic location at which the Participant must perform services;

iv. a reduction in the Participant's opportunity regarding 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 Successor; and

v. any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (A) the Participant has provided notice to his or her 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 the Participant's employer within 30 days after receipt of such notice.

**2.5 Payment of Earned Cash Incentive** .

(a) Payment After the Incentive Period . Subject to Sections 2.5(b) and (c), the Earned Cash Incentive shall be paid after the end of the Incentive Period and after the determination and certification by the Committee of the level of attainment of the Performance Objective(s), but in any event no later than 2-½ months after the end of the Incentive Period, to the extent it has not been previously paid to the Participant.

(b) Change in Control . Notwithstanding Section 2.5(a), to the extent there is any Earned Cash Incentive as of a Change in Control, such Earned Cash Incentive will be paid within 10 days of the Change in Control;

provided , however , that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.5.

(c) Payment Following a Change in Control . Notwithstanding Section 2.2 and 2.5(a), if, during the two-year period following a Change in Control, the Participant experiences a qualifying termination of employment (as described in Section 2.4(b)), the Earned Cash Incentive as of the date of such termination of employment shall be paid within 10 days of such termination of employment to the extent it has not been previously paid to the Participant; provided , however , that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.5.

(d) General . The Cash Incentive Award is to be settled in cash. The Committee may withhold cash to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 5.3.

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

(f) Payment Obligation . Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of the Earned Cash Incentive to the Participant. The Cash Incentive Award evidenced by this Agreement that has not yet been earned as an Earned Cash Incentive, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 2.5(e).

## ARTICLE 3.
## Other Terms and Conditions

**3.1 Non-Compete and Confidentiality** .

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

(b) Failure to comply with Section 3.1(a) above will cause the Participant to forfeit the right to the Cash Incentive Award and require the Participant to reimburse the Company for the taxable income received as a result of the Cash Incentive Award within the 90-day period preceding the Participant's termination of employment.

## ARTICLE 4.
## Acknowledgments

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

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Cash Incentive Award is voluntary and occasional and does not create any contractual or other right to receive future grants of Cash Incentive Awards, or benefits in lieu of Cash Incentive Awards, even if Cash Incentive Awards have been granted in the past;

(c) All decisions with respect to future Cash Incentive Awards or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Cash Incentive Award and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) No claim or entitlement to compensation or damages shall arise from forfeiture of any Cash Incentive Award resulting from the Participant ceasing to provide employment or other services to the Company or a

Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the Cash Incentive Award to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(g) Neither the Plan nor the Cash Incentive Award shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(h) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition of cash thereunder. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Cash Incentive Award;

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

(j) The Company reserves the right to impose other requirements on participation in the Cash Incentive Award, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing; and

(k) Notwithstanding anything in this Agreement to the contrary, the Participant acknowledges and agrees that this Cash Incentive Award, this Agreement and any related benefits or compensation under this Agreement are subject to the terms and conditions of the Company's clawback policy (if any) as may be in effect from time to time specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares may be traded) (the " Compensation Recovery Policy "), and that applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

## ARTICLE 5.
## General Provisions

**5.1** **Compliance with Law** . The Company shall make reasonable efforts to comply with all applicable federal and state securities laws.

**5.2** Reserved.

**5.3** **Withholding Taxes** . To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by the Participant under this Agreement, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit.

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

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

**5.6 Adjustments**. The Cash Incentive Award evidenced by this Agreement is subject to mandatory adjustment as provided in Section 11 of the Plan.

**5.7 These Terms and Conditions Subject to Plan**. The Cash Incentive Award covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

**5.8 Transferability**. Except as otherwise provided in the Plan, the Cash Incentive Award is non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any portion of the Cash Incentive Award shall be null and void.

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

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

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

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

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

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

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

**5.14** **Governing Law** . This Agreement is governed by and construed in accordance with the internal substantive laws of the State of Ohio.

**5.15** **Section 409A of the Code** . To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Participant). The terms " termination of employment ," " terminates employment ," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). If, at the time of the Participant's separation from service (within the meaning of Section 409A of the Code), (a) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (b) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

**[Acceptance Page Contained in Exhibit D]**

**EXHIBITS**

| | |
|---|---|
| Exhibit A | Peer Group |
| Exhibit B | Performance Objectives |
| Exhibit C | Relative Total Shareholder Return |
| Exhibit D | Electronic Acceptance |

**Exhibit A**

PEER GROUP
(2016 - 2018)

The Peer Group will be the constituents as defined by the SPDR S&P Metals and Mining ETF Index on the last day of trading of the Incentive Period.

The value of the stock of a Peer Group company will be determined in accordance with the following:

1. If the stock is listed on an exchange in the U.S. or Canada, then the value on such exchange will be used;

2. Otherwise, if the stock is traded in the U.S. as an American Depositary Receipt (“ADR”), then the value of the ADR will be used; or

3. Otherwise, the value on the exchange in the country where the company is headquartered will be used.

**Exhibit B**

PERFORMANCE OBJECTIVES (TSR)

(2016 - 2018)

The Performance Objective of the Company is based on Relative Total Shareholder Return (share price plus reinvested dividends) over the three-year Incentive Period from January 1, 2016 to December 31, 2018. Achievement of the Relative Total Shareholder Return objective shall be determined by the Total Shareholder Return of the Company relative to that of the Peer Group, interpolating where necessary. Achievement shall be determined against the scale set forth in the table below:

| | | Performance Level | | |
|---|---|---|---|---|
| Performance Factor | Below Threshold | Threshold | | Maximum |
| Relative TSR | less than 25th percentile | 25th percentile | 50th percentile | 75th or greater percentile |
| Payout For Relative TSR | 0% | 50% | 100% | 200% |

**Exhibit C**

RELATIVE TOTAL SHAREHOLDER RETURN
(2016-2018)

Relative Total Shareholder Return for the Incentive Period is calculated as follows:

1. The Total Shareholder Return as defined in Section 1.7 of these terms and conditions for the Incentive Period for the Company shall be compared to the Total Shareholder Return for each of the entities within the Peer Group for the Incentive Period. The results shall be ranked to determine the Company's Relative Total Shareholder Return percentile ranking compared to the Peer Group.

2. The Company's Relative Total Shareholder Return for the Incentive Period shall be compared to the Relative Total Shareholder Return performance target range established for the Incentive Period.

3. The Relative Total Shareholder Return performance target range has been established for the 2016 - 2018 Incentive Period as follows:

| Performance Level | 2016 - 2018 Relative Total Shareholder Return Percentile Ranking |
|---|---|
| Maximum | 75th Percentile |
| Target | 50th Percentile |
| Threshold | 25th Percentile |

**Exhibit D**

ELECTRONIC ACCEPTANCE

**Acceptance by the Participant**

**By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.**

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

| **PARTICIPANT NAME** | **ACCEPTANCE DATE** |
|---|---|
| **Participant Name** | **Date** |

**ELECTRONIC SIGNATURE**

**Participant Signature**

**EXHIBIT 10.3**

**CLIFFS NATURAL RESOURCES INC.**
**2015 EQUITY AND INCENTIVE COMPENSATION PLAN**

**CASH INCENTIVE AWARD MEMORANDUM (EBITDA)**

| | |
|---|---|
| **Employee:** | **PARTICIPANT NAME** |
| **Date of Grant:** | **GRANT DATE** |
| **Target Amount of Cash Subject to Award:** | **$ Cash Granted** |
| **Performance Metric:** | **Adjusted Corporate EBITDA** |
| **Incentive Period:** | **January 1, 20XX - December 31, 20XX** |

**Additional terms and conditions of your award are included in the Cash Incentive Award Agreement. As a condition to your receipt of this award, you must log on to Fidelity's website at www.netbenefits.fidelity.com and accept the terms and conditions of this award within 90 calendar days of your Date of Grant. If you do not accept the terms and conditions of this award within such time at www.netbenefits.fidelity.com, this award may be forfeited and immediately terminate.**

**Note : Section 3.1 of the Cash Incentive Award Agreement contains provisions that restrict your activities. These provisions apply to you and, by accepting this award, you agree to be bound by these restrictions.**

**CLIFFS NATURAL RESOURCES INC.**
**2015 EQUITY AND Incentive COMPENSATION plan**

**Cash Incentive Award Agreement (EBITDA)**

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

The Company wishes to award to the Participant the opportunity to earn an amount of cash, subject to the terms and conditions set forth in this Agreement, in order to carry out the purpose of the Cliffs Natural Resources Inc. 2015 Equity and Incentive Compensation Plan (the " Plan "). All capitalized terms not defined in this Agreement shall have the same meaning as set forth in the Plan. See Section 2 of the Plan for a list of certain defined terms.

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

## ARTICLE 1.
## Definitions

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

**1.1 " Adjusted Corporate EBITDA "** shall mean, for the Incentive Period, the earnings before interest, taxes, depreciation and amortization of the Company for the Incentive Period[, excluding the following items as determined by the Committee: (a) costs incurred from unusual and infrequent charges (as determined in accordance with U.S. generally accepted accounting principles (" GAAP ")) associated with the deconsolidation, bankruptcy or other financial restructuring of any division, business segment, business operation, subsidiary, or affiliate; (b) income, gains, expenses, losses, cash inflows, and cash outflows from discontinued operations (as determined under GAAP); (c) income, gains, expenses, losses, cash inflows, and cash outflows attributable to any division, business segment, business operation, subsidiary, or affiliate that are acquired in a transaction in excess of $100 million during the year; (d) income, gains, expenses, losses, cash inflows, and cash outflows attributable to the sale or disposition in a transaction in excess of $100 million during the year of any division, business segment, business operation, subsidiary, or affiliate; and (e) income, gains, expenses, losses, cash inflows, and cash outflows attributable to the periodic remeasurement of the foreign exchange rate impact on the Company's assets and liabilities].

**1.2** " **Earned Cash Incentive** " shall mean the amount of cash earned by the Participant, as determined under Section 2.3.

**1.3 " Incentive Period "** shall be the time period as set forth in the Award Memorandum.

**1.4 " Performance Objective(s) "** shall mean for the Incentive Period the predetermined objective(s) of the Company with respect to the Management Objective(s) and any applicable goals established by the Committee and reported to the Board for this award, as more particularly set forth on attached Exhibit A.

## ARTICLE 2.
## Grant and Terms of Cash Incentive Award

**2.1 Grant of Cash Incentive Award Opportunity** . Pursuant to the Plan, the Company has granted to the Participant the opportunity to earn a percentage (from 0% to 200%) of the target amount of cash as specified in the Award Memorandum (" Cash Incentive Award "), effective as of the Date of Grant.

**2.2 Performance as Condition of Payment** . The Cash Incentive Award evidenced by this Agreement and these terms and conditions shall only result in the payment of cash to the extent such Cash Incentive Award has become an Earned Cash Incentive, as provided in Section 2.3, on the date the Earned Cash Incentive is to be paid as specified in Section 2.5.

**2.3 Earned Cash Incentive .**

(a) Achievement of Performance Objective(s) . Subject to Sections 2.3(b) and 2.3(c), the amount of Earned Cash Incentive, if any, shall be based upon the degree of achievement of the Performance Objective(s), all as more particularly set forth in Exhibit A, with the actual amount of the Earned Cash Incentive interpolated between the performance levels shown on Exhibit A, as determined and certified by the Committee as of the end of the Incentive Period. The percentage level of achievement determined for the Performance Objective(s) shall be multiplied by the target amount of cash subject to the Cash Incentive Award, as specified in the Award Memorandum, to determine the actual amount of Earned Cash Incentive, rounded down to the nearest whole cent. The calculation as to whether the Company has met or exceeded the Performance Objective(s) shall be determined and certified by the Committee in accordance with the award and these terms and conditions. Notwithstanding any provision to the contrary, in no event shall any Cash Incentive Award become Earned Cash Incentive with respect to achievement by the Company in excess of the allowable maximum as established under the Performance Objective(s), and except as provided in Sections 2.3(b) and 2.3(c), no Cash Incentive Award will become an Earned Cash Incentive unless the Participant remains in the continuous employment of the Company or a Subsidiary during the entire Incentive Period.

(b) Death, Disability or Termination Without Cause . If the Participant dies, experiences a Disability (as defined herein) or experiences a termination of employment by the Company without Cause (as defined herein) during the Incentive Period, the amount of the Participant's Cash Incentive Award that becomes an Earned Cash Incentive will be a prorated amount equal to the product of the amount determined after the end of the Incentive Period under Section 2.3(a) (without regard to the requirement that employment continue until the end of the Incentive Period), multiplied by a fraction, the numerator of which is the number of full months the Participant was employed with the Company or a Subsidiary between the start of the Incentive Period and the date of the Participant's death, Disability or termination of employment, and the denominator of which is 12, rounded down to the nearest whole cent. For purposes of this Agreement, " Disability " shall mean a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months and that results in the Participant: (i) being unable to engage in any substantial gainful activity; or (ii) receiving income replacement benefits for a period of not less than three months under an accident or health plan covering employees of the Company.

(c) Change in Control . In the event a Change in Control occurs during the Incentive Period, the Participant's Cash Incentive Award will become an Earned Cash Incentive only to the extent provided in Section 2.4.

In the event the Participant otherwise terminates employment prior to becoming entitled to an Earned Cash Incentive or the Participant's employment is terminated by the Company for Cause, the Participant shall forfeit all rights to any Cash Incentive Award evidenced by this Agreement.

**2.4 Change in Control Vesting .**

(a) If the Participant remains in the continuous employ of the Company or a Subsidiary throughout the period beginning on the Date of Grant and ending on the date of a Change in Control occurring during the Incentive Period, upon the Change in Control, 100% of the Cash Incentive Award shall become an Earned Cash Incentive, except to the extent that an award meeting the requirements of Section 2.4(d) (a " Replacement Award ") is provided to the Participant in accordance with Section 2.4(d) to replace, adjust or continue the Cash Incentive Award evidenced by this Agreement (the " Replaced Award "). If a Replacement Award is provided, references to Cash Incentive Award in this Agreement shall be deemed to refer to the Replacement Award after the Change in Control.

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

(c) If a Replacement Award is provided, notwithstanding anything in this Agreement to the contrary, any portion of the outstanding Cash Incentive Award that at the time of the Change in Control is not subject to a "substantial risk of forfeiture" (within the meaning of Section 409A of the Code) will be deemed to be an Earned Cash Incentive at the time of such Change in Control and will be paid as provided for in Section 2.5(b).

(d) For purposes of this Agreement, a " Replacement Award " means an award: (i) of the same type (e.g., performance-based cash award opportunity) as the Replaced Award; (ii) that has a value at least equal to the value of the Replaced Award; (iii) that is payable in cash; (iv) if the Participant holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Participant under the Code are not less favorable to such Participant than the tax consequences of the Replaced Award; and (v) the other terms

and conditions of which are not less favorable to the Participant holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change in Control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this Section 2.4(d) are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(e) For purposes of this Agreement, a termination for " Cause " shall mean that, prior to termination of employment, the Participant shall have committed: (i) and been convicted of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with the Company or any Affiliate (or the Successor, if applicable); (ii) intentional wrongful damage to property of the Company or any Affiliate (or the Successor, if applicable); (iii) intentional wrongful disclosure of secret processes or confidential information of the Company or any Affiliate (or the Successor, if applicable); or (iv) intentional wrongful engagement in any competitive activity; and any such act shall have been demonstrably and materially harmful to the Company or any Affiliate (or the Successor, if applicable). For purposes of this Agreement, no act or failure to act on the part of the Participant 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 Participant not in good faith and without reasonable belief that the Participant's action or omission was in the best interest of the Company or an Affiliate (or the Successor, if applicable).

(f) A termination " for Good Reason " shall mean the Participant's termination of employment with the Successor as a result of the initial occurrence, without the Participant's consent, of one or more of the following events:

i. a material diminution in the Participant's annual base salary rate as in effect from time to time (" Base Pay ");

ii. a material diminution in the Participant's authority, duties or responsibilities;

iii. a material change in the geographic location at which the Participant must perform services;

iv. a reduction in the Participant's opportunity regarding 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 Successor; and

v. any other action or inaction that constitutes a material breach by the Participant's employer of the employment agreement, if any, under which the Participant provides services.

Notwithstanding the foregoing, "Good Reason" shall not be deemed to exist unless: (A) the Participant has provided notice to his or her 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 the Participant's employer within 30 days after receipt of such notice.

**2.5 Payment of Earned Cash Incentive** .

(a) Payment After the Incentive Period . Subject to Sections 2.5(b) and (c), the Earned Cash Incentive shall be paid between January 1, 2019 and March 15, 2019, and after the determination and certification by the Committee of the level of attainment of the Performance Objective(s), to the extent it has not been previously paid to the Participant.

(b) Change in Control . Notwithstanding Section 2.5(a), to the extent there is any Earned Cash Incentive as of a Change in Control, such Earned Cash Incentive will be paid within 10 days of the Change in Control; provided , however , that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.5.

(c) Payment Following a Change in Control . Notwithstanding Section 2.2 and 2.5(a), if, during the two-year period following a Change in Control, the Participant experiences a termination of employment, the Earned Cash Incentive as of the date of such termination of employment shall be paid within 10 days of such termination of employment to the extent it has not been previously paid to the Participant; provided , however , that if such Change in Control would not qualify as a permissible date of distribution under Section 409A(a)(2)(A) of the Code, and the

regulations thereunder, and where Section 409A of the Code applies to such distribution, payment will be made on the date that would have otherwise applied pursuant to this Section 2.5.

(d) General. The Cash Incentive Award is to be settled in cash. The Committee may withhold cash to the extent necessary to satisfy income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related item withholding requirements, as described in Section 5.3.

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

(f) Payment Obligation. Prior to payment, the Company shall only have an unfunded and unsecured obligation to make payment of the Earned Cash Incentive to the Participant. The Cash Incentive Award evidenced by this Agreement that has not yet been earned as an Earned Cash Incentive, and any interests of the Participant with respect thereto, are not transferable other than pursuant to the laws of descent and distribution, or in accordance with Section 2.5(e).

## ARTICLE 3.
## Other Terms and Conditions

**3.1 Non-Compete and Confidentiality.**

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

(b) Failure to comply with Section 3.1(a) above will cause the Participant to forfeit the right to the Cash Incentive Award and require the Participant to reimburse the Company for the taxable income received as a result of the Cash Incentive Award within the 90-day period preceding the Participant's termination of employment.

## ARTICLE 4.
## Acknowledgments

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

(a) The Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time, to the extent permitted by the Plan;

(b) The grant of the Cash Incentive Award is voluntary and occasional and does not create any contractual or other right to receive future grants of Cash Incentive Awards, or benefits in lieu of Cash Incentive Awards, even if Cash Incentive Awards have been granted in the past;

(c) All decisions with respect to future Cash Incentive Awards or other grants, if any, will be at the sole discretion of the Company;

(d) The Participant's participation in the Plan is voluntary;

(e) The Cash Incentive Award and the Participant's participation in the Plan shall not create a right to employment or be interpreted as forming an employment or services contract with the Company or any Subsidiary and shall not interfere with the ability of the Company, or any Subsidiary, as applicable, to terminate the Participant's employment or service relationship (if any);

(f) No claim or entitlement to compensation or damages shall arise from forfeiture of any Cash Incentive Award resulting from the Participant ceasing to provide employment or other services to the Company or a Subsidiary (for any reason whatsoever whether or not later found to be invalid or in breach of employment laws in the jurisdiction where the Participant is employed or the terms of the Participant's employment agreement, if any), and in consideration of the grant of the Cash Incentive Award to which the Participant is otherwise not entitled, the Participant irrevocably agrees never to institute any claim against the Company or any of its Subsidiaries, and the Participant waives his or her ability, if any, to bring any such claim, and releases the Company and its Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claim;

(g) Neither the Plan nor the Cash Incentive Award shall be construed to create an employment relationship where any employment relationship did not otherwise already exist;

(h) The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition of cash thereunder. The Participant is hereby advised to consult with his or her own personal tax, legal and financial advisors regarding his or her participation in the Plan before taking any action related to the Cash Incentive Award;

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

(j) The Company reserves the right to impose other requirements on participation in the Cash Incentive Award, to the extent the Company determines it is necessary or advisable in order to comply with local law or other applicable rules or facilitate the administration of the Plan, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing; and

(k) Notwithstanding anything in this Agreement to the contrary, the Participant acknowledges and agrees that this Cash Incentive Award, this Agreement and any related benefits or compensation under this Agreement are subject to the terms and conditions of the Company's clawback policy (if any) as may be in effect from time to time specifically to implement Section 10D of the Exchange Act and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Common Shares may be traded) (the "Compensation Recovery Policy"), and that applicable provisions of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

## ARTICLE 5.
## General Provisions

**5.1 Compliance with Law**. The Company shall make reasonable efforts to comply with all applicable federal and state securities laws.

**5.2 Reserved.**

**5.3 Withholding Taxes**. To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by the Participant under this Agreement, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Committee) may include relinquishment of a portion of such benefit.

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

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

**5.6 Adjustments**. The Cash Incentive Award evidenced by this Agreement is subject to mandatory adjustment as provided in Section 11 of the Plan.

**5.7 These Terms and Conditions Subject to Plan**. The Cash Incentive Award covered under the Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan, a copy of which is available upon request.

**5.8 Transferability**. Except as otherwise provided in the Plan, the Cash Incentive Award is non-transferable and any attempts to assign, pledge, hypothecate or otherwise alienate or encumber (whether by law or otherwise) any portion of the Cash Incentive Award shall be null and void.

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

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

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

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

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

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

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

**5.14 Governing Law**. This Agreement is governed by and construed in accordance with the internal substantive laws of the State of Ohio.

**5.15 Section 409A of the Code**. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause the Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force and effect until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company

without the consent of the Participant). The terms " termination of employment ," " terminates employment ," and similar words and phrases used in this Agreement mean a "separation from service" within the meaning of Treasury Regulation section 1.409A-1(h). If, at the time of the Participant's separation from service (within the meaning of Section 409A of the Code), (a) the Participant will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (b) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the fifth business day of the seventh month after such separation from service.

**[Acceptance Page Contained in Exhibit B]**

**EXHIBITS**

| | |
|---|---|
| Exhibit A | Performance Objectives |
| Exhibit B | Electronic Acceptance |

**Exhibit A**

PERFORMANCE OBJECTIVES (EBITDA)

(2016)

The Performance Objective of the Company is based on Adjusted Corporate EBITDA over the one-year Incentive Period from January 1, 2016 to December 31, 2016. Achievement of the Adjusted Corporate EBITDA objective shall be determined against the scale set forth in the table below, interpolating where necessary:

| | | Performance Level | | |
|---|---|---|---|---|
| Performance Factor | Below Threshold | Threshold | Target | Maximum |
| Adjusted Corporate EBITDA | less than $75 million | $75 million | $125 million | $175 million or greater |
| Payout For Adjusted Corporate EBITDA | 0% | 50% | 100% | 200% |

**Exhibit B**

ELECTRONIC ACCEPTANCE

**Acceptance by the Participant**

**By selecting the "Accept Grant" box on the website of the Company's administrative agent, the Participant acknowledges acceptance of, and consents to be bound by, the Plan and this Agreement and any other rules, agreements or other terms and conditions incorporated herein by reference.**

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

| **PARTICIPANT NAME** | **ACCEPTANCE DATE** |
|---|---|
| **Participant Name** | **Date** |

**ELECTRONIC SIGNATURE**

**Participant Signature**

**Exhibit 31.1**

**CERTIFICATION**

I, Lourenco Goncalves, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cliffs Natural Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2016

By: /s/ Lourenco Goncalves

Lourenco Goncalves

Chairman, President and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION**

I, P. Kelly Tompkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cliffs Natural Resources Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected or is reasonably likely to materially affect the registrant’s internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2016

By: /s/ P. Kelly Tompkins

P. Kelly Tompkins

Executive Vice President & Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cliffs Natural Resources Inc. (the "Company") on Form 10-Q for the period ended March 31, 2016 , as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, Lourenco Goncalves, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: April 28, 2016

By: /s/ Lourenco Goncalves
Lourenco Goncalves
Chairman, President and Chief Executive Officer

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cliffs Natural Resources Inc. (the "Company") on Form 10-Q for the period ended March 31, 2016 , as filed with the Securities and Exchange Commission on the date hereof (the "Form 10-Q"), I, P. Kelly Tompkins, Executive Vice President & Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

(1) The Form 10-Q fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Form 10-Q.

Date: April 28, 2016

By: /s/ P. Kelly Tompkins
P. Kelly Tompkins
Executive Vice President & Chief Financial Officer

**Exhibit 95**

## Mine Safety Disclosures

The operation of our mines located in the United States is subject to regulation by MSHA under the FMSH Act. MSHA inspects these mines on a regular basis and issues various citations and orders when it believes a violation has occurred under the FMSH Act. We present information below regarding certain mining safety and health citations that MSHA has issued with respect to our mining operations. In evaluating this information, consideration should be given to factors such as: (i) the number of citations and orders will vary depending on the size of the mine; (ii) the number of citations issued will vary from inspector to inspector and mine to mine, and (iii) citations and orders can be contested and appealed and, in that process, are often reduced in severity and amount, and are sometimes dismissed.

Under the Dodd-Frank Act, each operator of a coal or other mine is required to include certain mine safety results within its periodic reports filed with the SEC. As required by the reporting requirements included in §1503(a) of the Dodd-Frank Act, we present the following items regarding certain mining safety and health matters, for the period presented, for each of our mine locations that are covered under the scope of the Dodd-Frank Act:

(A) The total number of violations of mandatory health or safety standards that could significantly and substantially contribute to the cause and effect of a coal or other mine safety or health hazard under section 104 of the FMSH Act (30 U.S.C. 814) for which the operator received a citation from MSHA;

(B) The total number of orders issued under section 104(b) of the FMSH Act (30 U.S.C. 814(b));

(C) The total number of citations and orders for unwarrantable failure of the mine operator to comply with mandatory health or safety standards under section 104(d) of the FMSH Act (30 U.S.C. 814(d));

(D) The total number of imminent danger orders issued under section 107(a) of the FMSH Act (30 U.S.C. 817(a));

(E) The total dollar value of proposed assessments from MSHA under the FMSH Act (30 U.S.C. 801 et seq.);

(F) Legal actions pending before the Federal Mine Safety and Health Review Commission involving such coal or other mine as of the last day of the period;

(G) Legal actions initiated before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period; and

(H) Legal actions resolved before the Federal Mine Safety and Health Review Commission involving such coal or other mine during the period.

During the three months ended March 31, 2016 , our U.S. mine locations did not receive any flagrant violations under section 110(b)(2) of the FMSH Act or any written notices of a pattern of violations, or the potential to have such a pattern of violations, under section 104(e) of the FMSH Act. In addition, there were no mining-related fatalities at any of our U.S. mine locations during this same period.

Following is a summary of the information listed above for the three months ended March 31, 2016 :

| | | Three Months Ended March 31, 2016 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | (A) | (B) | (C) | (D) | (E) | (F) | | (G) | (H) |
| Mine Name/ MSHA ID No. | Operation | Section 104 S&S Citations | Section 104(b) Orders | Section 104(d) Citations & Orders | Section 107(a) Orders | Total Dollar Value of MSHA Proposed Assessments (1) | Legal Actions Pending as of Last Day of Period | | Legal Actions Initiated During Period | Legal Actions Resolved During Period |
| Tilden / 2000422 | Iron Ore | 17 | 1 | — | — | $ 163,897 | 10 | (2) | 3 | — |
| Empire / 2001012 | Iron Ore | 29 | — | — | — | 228,330 | 8 | (3) | 2 | — |
| Northshore Plant / 2100831 | Iron Ore | — | — | — | — | 10,837 | 6 | (4) | 1 | — |
| Northshore Mine / 2100209 | Iron Ore | 1 | — | — | — | 334 | — | | — | — |
| Hibbing / 2101600 | Iron Ore | 17 | — | — | 1 | 134,638 | 5 | (5) | 1 | 18 |
| United Taconite Plant / 2103404 | Iron Ore | — | — | — | — | — | — | | — | — |
| United Taconite Mine / 2103403 | Iron Ore | — | — | — | — | — | 7 | (6) | — | — |

(1) Amounts included under the heading “Total Dollar Value of MSHA Proposed Assessments” are the total dollar amounts for proposed assessments received from MSHA for the three months ended March 31, 2016 .

(2) This number consists of 8 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules, 1 appeal of judges' decisions or orders to the Federal Mine Safety and Health Review Commission referenced in Subpart H of FMSH Act's procedural rules, and 1 pending legal action related to complaints of discharge, discrimination, or interference referenced in Subpart E of FMSH Act's procedural rules.

(3) This number consists of 7 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 1 pending legal action related to complaints of discharge, discrimination, or interference referenced in Subpart E of FMSH Act's procedural rules.

(4) This number consists of 6 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(5) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 4 appeals of judges' decisions or orders to the Federal Mine Safety and Health Review Commission referenced in Subpart H of FMSH Act's procedural rules.

(6) This number consists of 2 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules, 1 pending legal action related to complaints of discharge, discrimination, or interference referenced in Subpart E of FMSH Act's procedural rules, and 4 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules.