

CLIFFS NATURAL RESOURCES INC.  
Form PRE 14A  
March 13, 2013

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. \_\_ )**

Filed by the Registrant

Filed by a Party other than the Registrant

**Check the appropriate box:**

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**CLIFFS NATURAL RESOURCES INC.**

*(Name of Registrant as Specified In Its Charter)*

*(Name of Person(s) Filing Proxy Statement, if other than the Registrant)*

**Payment of Filing Fee (Check the appropriate box):**

**No fee required.**

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

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(4) Proposed maximum aggregate value of transaction:

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-

**CLIFFS NATURAL RESOURCES INC.**

200 Public Square, Suite 3300, Cleveland, OH 44114

P 216.694.5700 [cliffsnaturalresources.com](http://cliffsnaturalresources.com)

Dear Shareholder,

We are pleased to invite you to attend the Annual Meeting of Shareholders of Cliffs Natural Resources Inc. (“Cliffs”). The following 2013 Notice of Annual Meeting of Shareholders and Proxy Statement will serve as your guide to the business that will be conducted at the meeting. You can find financial and other information about Cliffs in the accompanying 2012 Annual Report for the fiscal year ended December 31, 2012. These and other materials are also available on Cliffs’ investor relations website, <http://ir.cliffsnaturalresources.com>.

The Board of Directors recommends the approval of the proposals being presented at the 2013 Annual Meeting of Shareholders as being in the best interest of Cliffs and its shareholders. We urge you to read the Proxy Statement and give these proposals your careful attention.

Your vote is very important to us and to our business, regardless of the number of shares you own. Prior to the meeting, we encourage you to promptly submit your vote by Internet, mail or telephone to ensure that your shares will be represented at the 2013 Annual Meeting. Instructions on how to vote are found beginning on page 9.

We look forward seeing you at the meeting. Thank you for being a shareholder and for the trust you have in our company.

April 1, 2013

Sincerely,

**Joseph A. Carrabba**

*Chairman, President and Chief Executive Officer*

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Notice of Annual Meeting of Shareholders  
To Be Held On May 7, 2013

11:30 a.m. Cleveland time

200 Public Square, 3rd floor, Cleveland, OH 44114

The 2013 Annual Meeting of Shareholders of Cliffs Natural Resources Inc., or Cliffs, will be held on the 3<sup>rd</sup> floor of 200 Public Square, Cleveland, Ohio 44114 at 11:30 a.m. EDT on Tuesday, **May 7, 2013** for the purposes of considering and acting upon:

(1)

The election of directors for the nominees named in the proxy statement to act until the next Annual Meeting of Shareholders or until their respective successors are duly elected and qualified;

(2)

The approval of an amendment to our Second Amended Articles of Incorporation to adopt majority voting in uncontested director elections (implementation of this Proposal 2 is conditioned upon the approval of Proposals 3 and 4);

(3)

The approval of an amendment to our Second Amended Articles of Incorporation to eliminate cumulative voting in director elections (implementation of this Proposal 3 is conditioned upon the approval of Proposals 2 and 4);

(4)

The approval of an amendment to our Regulations to add a provision to allow the Board of Directors to amend the Regulations to the extent permitted under Ohio law (implementation of this Proposal 4 is conditioned upon the approval of Proposals 2 and 3);

(5)

The approval, on an advisory basis, of our named executive officer compensation;

(6)

The ratification of the appointment of Deloitte & Touche LLP as Cliffs' independent registered public accounting firm to serve for the 2013 fiscal year; and

(7)

Any other matters that may properly come before such meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 8, 2013 as the record date for determining the shareholders entitled to notice of, and to vote at, the 2013 Annual Meeting or any adjournments thereof.

If you are a holder of our Common Shares or of our depositary shares, each of which represents 1/40<sup>th</sup> of a share of our 7.00% Series A Mandatory Convertible Preferred Stock, Class A, a proxy card is enclosed. Please vote your proxy promptly by Internet, telephone or mail as directed on the proxy card in order that your shares may be voted at the 2013 Annual Meeting.

You may revoke the proxy at any time before it is voted by submitting a later dated proxy card, by subsequently voting via Internet or telephone, or by attending the 2013 Annual Meeting and voting in person.

April 1, 2013

Very truly yours,

**Carolyn E. Cheverine**

*Vice President, General Counsel & Secretary*

**Your vote is important. You can vote by telephone, over the internet, by mailing the proxy card or by ballot in person at the meeting.**

The proxy statement and Cliffs' 2012 Annual Report for the 2012 fiscal year are available at [www.proxyvote.com](http://www.proxyvote.com).

These materials are also available on Cliffs' Investor Relations website at <http://ir.cliffsnaturalresources.com> under "Financial Information," then "Proxy Materials."

If your shares are not registered in your own name, please follow the voting instructions from your bank, broker, trustee or other nominee to vote your shares and, if you would like to attend the 2013 Annual Meeting, please bring evidence of your share ownership with you. You should be able to obtain evidence of your share ownership from the bank, broker or other nominee that holds the shares on your behalf.

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Proxy Summary

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

Annual Meeting of Shareholders (pages 3, 9)

Time and Date: Tuesday, May 7, 2013 at 11:30 a.m.

Place: 200 Public Square, 3<sup>rd</sup> Floor, Cleveland, OH 44114

Record Date: March 8, 2013

Voting: Shareholders as of the record date are entitled to vote by Internet at [www.proxyvote.com](http://www.proxyvote.com); telephone at 800-690-6903; completing their proxy card or voter instruction card; or attending the 2013 Annual Meeting in person (street holders must obtain a legal proxy from their broker, banker or trustee granting the right to vote).

Voting matters (page 9)

	<b>Board Vote</b>	<b>Page Reference</b>
	<b>Recommendation</b>	<b>(for more detail)</b>
Election of Directors	FOR each Director Nominee	18
Amend Second Amended Articles to Adopt Majority Voting	FOR	23
Amend Second Amended Articles to Eliminate Cumulative Voting	FOR	24
Amend Regulations to Allow Directors to Amend Regulations to Extent Permitted under Ohio Law	FOR	25
Approve, on an Advisory Basis, Named Executive Officer Compensation	FOR	58
Ratification of Independent Registered Public Accounting Firm	FOR	60

Board Nominees (page 18)

Name	Director		Experience/Qualification	Independent (Yes/No)		Committee	Memberships <sup>(1)</sup>	Other Public Company Boards
	Age	since		Yes	No			
Joseph A. Carrabba	60	2006	Chairman, President & CEO, Cliffs Natural Resources Inc.		X		•	•
						None		

						K e y C o r p , Newmont Mining Corporation
						•
Susan M. Cunningham	57	2005	SVP of Exploration and Business Innovation, Noble Energy Inc.	X	GNC	
						•
					S&S	
						•
Barry J. Eldridge	67	2005	Former Managing Director and CEO, Portman Limited	X	S&S*	•
						•
					Comp	
						•
Andrés R. Gluski	55	2011	President & CEO, The AES Corporation	X	Audit	•
						•
					S&S	•
						•
					Audit	
Susan M. Green	53	2007	Deputy General Counsel, U.S. Congressional Office of Compliance	X		
						•
					GNC	
						•
Janice K. Henry	61	2009	Former SVP & CFO, Martin Marietta Materials, Inc.	X	Audit	•
						•
					Comp	
						•
James F. Kirsch	55	2010	Former Chairman, President & CEO, Ferro Corporation	X	Comp*	
						•
Francis R. McAllister	70	1996	Chairman & CEO, Stillwater Mining Company	X	GNC	•
						•

					Lead Director	Stillwater Mining Company
					•	
					Comp	
					•	
					S&S	
					•	
Richard K. Riederer	69	2002	CEO, RKR Asset Management	X	GNC*	•
					•	First American Funds
					S&S	
						•
						A u r o r a HealthCare Inc.
						•
					•	Generec Holdings Inc.
Timothy W. Sullivan	59	2013	Former President, CEO & Director, Bucyrus International Inc.	X	Audit <sup>(2)</sup>	•
					•	
					Comp <sup>(2)</sup>	Milacron LLC
						•
						Northwestern Mutual Life Insurance Company

(1)

Full committee names are as follows: Audit - Audit Committee; Comp - Compensation and Organization Committee; GNC - Governance and Nominating Committee; S&S - Strategy and Sustainability Committee

(2)

Observer on these committees until July 1, 2013.

\* denotes committee chair

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Compensation Discussion and Analysis (page 27)

Executive Compensation Philosophy (page 30)

*Our executive compensation philosophy and guiding principles for 2012 were as follows:*

- 
- Align incentive pay, both short and long term, with results delivered to shareholders.

- 
- Structure programs to align with corporate governance best practices (including, but not limited to, eliminating gross-ups related to change-in-control payments, maintaining share ownership guidelines and adopting a clawback policy related to incentive compensation for our executive officers).

- 
- Place a significant portion of compensation at risk based on our performance, and increase this portion of compensation that is at risk as the responsibility level of the individual increases, consistent with market practices.

- 
- Focus performance measures on a combination of absolute performance objectives tied to our business plan (profitability-related objectives and cost controls), achievement of key objectives that reflect the business strategy (for example, safety and growth and diversification of mineral resources), and relative performance reflecting market conditions (including relative total shareholder return, measured by share price appreciation plus dividends, if any).

- 
- Provide competitive fixed compensation elements over the short-term (base salary) and long-term (restricted share units and retirement benefits) to encourage long-term retention of our executives.

- 
- Design pay programs to be as simple and transparent as possible to facilitate executives' focus and understanding on key strategic objectives.

2012 Executive Total Compensation Pay Mix (page 32)

A significant portion of our executives' compensation is variable through short- and long-term incentive programs so that our executive officers' compensation is aligned to our short- and long-term goals and shareholder interests. (In the charts below, "CEO" refers to our chief executive officer and "NEO" refers to our named executive officers.)

2012 Executive Compensation Summary (page 44)

		<b>Non-Equity</b>			
			<b>Stock</b>	<b>Incentive Plan</b>	
<b>Principal</b>		<b>Salary</b>	<b>Awards</b>	<b>Compensation</b>	<b>Total</b>
<b>Name</b>	<b>Position</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>	<b>(\$)</b>
Joseph A. Carrabba	Chairman, President & Chief Executive Officer	\$ 1,000,000	\$ 4,640,070	\$ 0	\$ 5,640,070
Terrance M. Paradie	Senior Vice President & Chief Financial Officer	\$ 311,250	\$ 406,835	\$ 0	\$ 718,085
Laurie Brlas	Executive Vice President & President, Global Operations	\$ 579,750	\$ 1,434,317	\$ 0	\$ 2,014,067
Donald J. Gallagher	Executive Vice President & President, Global Commercial	\$ 506,300	\$ 1,175,325	\$ 0	\$ 1,681,625
P. Kelly Tompkins	Executive Vice President, Legal, Government Affairs and Sustainability, Chief Legal Officer & President, Cliffs China	\$ 446,125	\$ 1,060,147	\$ 0	\$ 1,506,272
David B. Blake	Senior Vice President, North American Iron Ore Operations	\$ 382,000	\$ 648,929	\$ 150,000	\$ 1,180,929

Auditors (page 60)

As a matter of good corporate governance, we are asking our shareholders to ratify the selection of Deloitte & Touche LLP as our independent auditor for 2013.

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[PROXY STATEMENT](#)