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 September 30, 2014

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 153,195,289 as of November 3, 2014.

TABLE OF CONTENTS

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
Amapá	Anglo Ferrous Amapá Mineração Ltda. and Anglo Ferrous Logística Amapá Ltda.
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
CEO	Chief Executive Officer
Chromite Project	Cliffs Chromite Ontario Inc.
CLCC	Cliffs Logan County Coal LLC
CODM	Chief Operating Decision Maker
CQIM	Cliffs Quebec Iron Mining Limited
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
EBITDA	Earnings before interest, taxes, depreciation and amortization
Empire	Empire Iron Mining Partnership
EPA	U.S. Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Fe	Iron
FMSH Act	Federal Mine Safety and Health Act of 1977
GAAP	Accounting principles generally accepted in the United States
GDP	Gross Domestic Product
Hibbing	Hibbing Taconite Company
ICE Plan	Amended and Restated Cliffs 2007 Incentive Equity Plan, as amended
Koolyanobbing	Collective term for the operating deposits at Koolyanobbing, Mount Jackson and Windarling
LIBOR	London Interbank Offered Rate
LTVSMC	LTV Steel Mining Company
MACT	Maximum Achievable Control Technology
MMBtu	Million British Thermal Units
Moody's	Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors
MRRT	Mineral Resources Rent Tax
MSHA	U.S. Mine Safety and Health Administration
n/m	Not meaningful
Northshore	Northshore Mining Company
Oak Grove	Oak Grove Resources, LLC
OCI	Other comprehensive income (loss)
OPEB	Other postretirement employment benefits
Pinnacle	Pinnacle Mining Company, LLC
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
Severstal	Severstal Dearborn, LLC
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
TSR	Total Shareholder Return
United Taconite	United Taconite LLC
U.S.	United States of America
VNQDC Plan	2005 Voluntary NonQualified Deferred Compensation Plan
VWAP	Volume Weighted Average Price
Wabush	Wabush Mines Joint Venture
WARN Act	Worker Adjustment and Retraining Notification Act
WISCO	Wugang Canada Resources Investment Limited, a subsidiary of Wuhan Iron and Steel (Group) Corporation
Worldlink	Worldlink Resources Limited
2012 Equity Plan	Cliffs Natural Resources Inc. 2012 Incentive Equity Plan
2012 Amended Equity Plan	Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan

PART I

Item 1. *Financial Statements*

Statements of Unaudited Condensed Consolidated Operations

Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions, Except Per Share Amounts)			
	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2014	2013	**2014**	2013
REVENUES FROM PRODUCT SALES AND SERVICES				
Product	**$ 1,190.8**	$ 1,454.6	**$ 3,070.3**	$ 3,928.8
Freight and venture partners' cost reimbursements	**107.4**	92.0	**268.7**	246.8
	1,298.2	1,546.6	**3,339.0**	4,175.6
COST OF GOODS SOLD AND OPERATING EXPENSES	**(1,170.7)**	(1,197.9)	**(3,056.3)**	(3,320.8)
SALES MARGIN	**127.5**	348.7	**282.7**	854.8
OTHER OPERATING INCOME (EXPENSE)				
Selling, general and administrative expenses	**(62.7)**	(70.6)	**(166.3)**	(167.9)
Exploration costs	**(1.1)**	(10.6)	**(8.7)**	(45.9)
Impairment of goodwill and other long-lived assets	**(7,769.1)**	—	**(7,773.1)**	—
Miscellaneous - net	**(53.7)**	(43.5)	**(156.1)**	13.3
	(7,886.6)	(124.7)	**(8,104.2)**	(200.5)
OPERATING INCOME (LOSS)	**(7,759.1)**	224.0	**(7,821.5)**	654.3
OTHER INCOME (EXPENSE)				
Interest expense, net	**(47.4)**	(44.7)	**(134.9)**	(134.5)
Other non-operating income (expense)	**7.1**	(1.2)	**10.5**	(2.9)
	(40.3)	(45.9)	**(124.4)**	(137.4)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY LOSS FROM VENTURES	**(7,799.4)**	178.1	**(7,945.9)**	516.9
INCOME TAX BENEFIT (EXPENSE)	**921.4**	(65.7)	**1,012.3**	(69.0)
EQUITY LOSS FROM VENTURES, net of tax	**(9.2)**	(0.5)	**(9.8)**	(73.9)
INCOME (LOSS) FROM CONTINUING OPERATIONS	**(6,887.2)**	111.9	**(6,943.4)**	374.0
INCOME FROM DISCONTINUED OPERATIONS, net of tax	**—**	2.0	**—**	2.0
NET INCOME (LOSS)	**(6,887.2)**	113.9	**(6,943.4)**	376.0
LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTEREST	**1,007.6**	3.3	**1,004.4**	(5.8)
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	**$ (5,879.6)**	$ 117.2	**$ (5,939.0)**	$ 370.2
PREFERRED STOCK DIVIDENDS	**(12.8)**	(12.9)	**(38.4)**	(35.9)
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS COMMON SHAREHOLDERS	**$ (5,892.4)**	$ 104.3	**$ (5,977.4)**	$ 334.3
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - BASIC				
Continuing operations	**$ (38.49)**	$ 0.67	**$ (39.05)**	$ 2.20
Discontinued operations	**—**	0.01	**—**	0.01
	$ (38.49)	$ 0.68	**$ (39.05)**	$ 2.21
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - DILUTED				
Continuing operations	**$ (38.49)**	$ 0.65	**$ (39.05)**	$ 2.13
Discontinued operations	**—**	0.01	**—**	0.01
	$ (38.49)	$ 0.66	**$ (39.05)**	$ 2.14
AVERAGE NUMBER OF SHARES (IN THOUSANDS)				
Basic	**153,108**	153,029	**153,085**	151,288
Diluted	**153,108**	178,459	**153,085**	172,624
CASH DIVIDENDS DECLARED PER DEPOSITARY SHARE	**$ 0.44**	$ 0.44	**$ 1.32**	$ 1.22
CASH DIVIDENDS DECLARED PER COMMON SHARE	**$ 0.15**	$ 0.15	**$ 0.45**	$ 0.45

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

Statements of Unaudited Condensed Consolidated Comprehensive Income

Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	**$ (5,879.6)**	$ 117.2	**$ (5,939.0)**	$ 370.2
OTHER COMPREHENSIVE INCOME (LOSS)				
Changes in pension and other post-retirement benefits, net of tax	**11.6**	6.6	**18.2**	20.8
Unrealized net gain (loss) on marketable securities, net of tax	**(5.8)**	4.4	**(5.6)**	7.6
Unrealized net gain (loss) on foreign currency translation	**(65.9)**	22.8	**(5.7)**	(124.9)
Unrealized net gain (loss) on derivative financial instruments, net of tax	**(20.6)**	28.3	**6.2**	(23.1)
OTHER COMPREHENSIVE INCOME (LOSS)	**(80.7)**	62.1	**13.1**	(119.6)
OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	**(0.5)**	(0.9)	**(1.6)**	(3.2)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	**$ (5,960.8)**	$ 178.4	**$ (5,927.5)**	$ 247.4

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

	(In Millions)	
	September 30, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 244.0**	$ 335.5
Accounts receivable, net	**166.2**	270.0
Inventories	**516.7**	391.4
Supplies and other inventories	**202.2**	216.0
Income tax receivable	**25.4**	74.1
Other current assets	**206.1**	273.0
TOTAL CURRENT ASSETS	**1,360.6**	1,560.0
PROPERTY, PLANT AND EQUIPMENT, NET	**3,207.9**	11,153.4
OTHER ASSETS	**242.7**	408.5
TOTAL ASSETS	**$ 4,811.2**	$ 13,121.9

(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)	
	September 30, 2014	December 31, 2013
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	**$ 295.8**	$ 345.5
Accrued expenses	**325.5**	392.7
Short-term debt and current portion of long-term debt	**234.7**	20.9
Other current liabilities	**262.3**	326.4
TOTAL CURRENT LIABILITIES	**1,118.3**	1,085.5
PENSION AND POSTEMPLOYMENT BENEFIT LIABILITIES	**230.0**	294.0
ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS	**305.4**	309.7
DEFERRED INCOME TAXES	**26.0**	1,146.5
LONG-TERM DEBT	**3,012.5**	3,022.6
OTHER LIABILITIES	**296.3**	379.3
TOTAL LIABILITIES	**4,988.5**	6,237.6
COMMITMENTS AND CONTINGENCIES (SEE NOTE 18)		
EQUITY		
CLIFFS SHAREHOLDERS' EQUITY		
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 (See Note 14)		
Issued and Outstanding - 731,223 shares (2013 - 731,250 shares)	**731.3**	731.3
Class B - 4,000,000 shares authorized		
Common Shares - par value $0.125 per share		
Authorized - 400,000,000 shares (2013 - 400,000,000 shares);		
Issued - 159,546,224 shares (2013 - 159,546,224 shares);		
Outstanding - 153,162,348 shares (2013 - 153,126,291 shares)	**19.8**	19.8
Capital in excess of par value of shares	**2,312.2**	2,329.5
Retained earnings (deficit)	**(2,639.6)**	3,407.3
Cost of 6,383,876 common shares in treasury (2013 - 6,419,933 shares)	**(291.6)**	(305.5)
Accumulated other comprehensive loss	**(101.4)**	(112.9)
TOTAL CLIFFS SHAREHOLDERS' EQUITY	**30.7**	6,069.5
NONCONTROLLING INTEREST	**(208.0)**	814.8
TOTAL EQUITY	**(177.3)**	6,884.3
TOTAL LIABILITIES AND EQUITY	**$ 4,811.2**	$ 13,121.9

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)	
	Nine Months Ended September 30,	
	2014	2013
OPERATING ACTIVITIES		
Net income (loss)	**$ (6,943.4)**	$ 376.0
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation, depletion and amortization	**430.4**	438.0
Impairment of goodwill and other long-lived assets	**7,773.1**	—
Deferred income taxes	**(1,080.7)**	(39.5)
Other	**(22.6)**	3.8
Changes in operating assets and liabilities:		
Receivables and other assets	**98.9**	36.2
Product inventories	**(129.2)**	(10.8)
Payables and accrued expenses	**(22.5)**	(117.8)
Net cash provided by operating activities	**104.0**	685.9
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(233.2)**	(742.2)
Other investing activities	**25.3**	7.8
Net cash used by investing activities	**(207.9)**	(734.4)
FINANCING ACTIVITIES		
Net proceeds from issuance of Series A, Mandatory Convertible Preferred Stock, Class A	**—**	709.4
Net proceeds from issuance of common shares	**—**	285.3
Repayment of term loan	**—**	(847.1)
Borrowings under credit facilities	**918.5**	567.0
Repayment under credit facilities	**(705.1)**	(512.0)
Common stock dividends	**(69.5)**	(68.8)
Preferred stock dividends	**(38.4)**	(23.0)
Other financing activities	**(88.1)**	51.2
Net cash provided by financing activities	**17.4**	162.0
EFFECT OF EXCHANGE RATE CHANGES ON CASH	**(5.0)**	(9.9)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(91.5)**	103.6
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**335.5**	195.2
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 244.0**	$ 298.8

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

See NOTE 19 - 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 and nine months ended September 30, 2014 are not necessarily indicative of results to be expected for the year ending December 31, 2014 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, 2013.

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:

Name	Location	Ownership Interest	Operation
Northshore	Minnesota	100.0%	Iron Ore
United Taconite	Minnesota	100.0%	Iron Ore
Wabush	Newfoundland and Labrador/ Quebec, Canada	100.0%	Iron Ore
Bloom Lake	Quebec, Canada	82.8%	Iron Ore
Tilden	Michigan	85.0%	Iron Ore
Empire	Michigan	79.0%	Iron Ore
Koolyanobbing	Western Australia	100.0%	Iron Ore
Pinnacle	West Virginia	100.0%	Coal
Oak Grove	Alabama	100.0%	Coal
CLCC	West Virginia	100.0%	Coal

Intercompany transactions and balances are eliminated upon consolidation.

Also included in our consolidated results are Cliffs Chromite Ontario Inc. and Cliffs Chromite Far North Inc. Cliffs Chromite Ontario Inc. holds a 100 percent interest in each of the Black Label and Black Thor chromite deposits and, together with Cliffs Chromite Far North Inc., a 70 percent interest in the Big Daddy chromite deposit, all located in northern Ontario, Canada.

Equity Method Investments

Investments in unconsolidated ventures that we have the ability to exercise significant influence over, but not control, are accounted for under the equity method. The following table presents the detail of our investments in unconsolidated ventures and where those investments are classified in the Statements of Unaudited Condensed Consolidated Financial Position as of September 30, 2014 and December 31, 2013. Parentheses indicate a net liability.

				(In Millions)	
Investment	**Classification**	**Accounting Method**	**Interest Percentage**	**September 30, 2014**	December 31, 2013
Hibbing	*Other non-current assets*[1]	Equity Method	23%	**$ 8.1**	$ (3.9)
Other	*Other non-current assets*	Equity Method	Various	**24.4**	34.7
				$ 32.5	$ 30.8

---

[1] At December 31, 2013, the classification for Hibbing was *Other liabilities*.

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, 2013 included in our Annual Report on Form 10-K filed with the SEC. The significant accounting policies requiring updates have been included within the disclosures below.

Foreign Currency

Our financial statements are prepared with the U.S. dollar as the reporting currency. The functional currency of the Company's 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 and nine months ended September 30, 2014, net gains of $26.4 million and $8.4 million, respectively, related to the impact of transaction gains and losses resulting from remeasurement. Of these transaction gains and losses, for the three months ended September 30, 2014, gains of $17.7 million and $9.6 million, respectively, and for the nine months ended September 30, 2014 gains of $4.7 million and $4.5 million, respectively, resulted from remeasurement of short-term intercompany loans and cash and cash equivalents. For the three and nine months ended September 30, 2013, a net loss of $14.1 million and a net gain of $36.5 million, respectively, related to the impact of transaction gains and losses resulting from remeasurement. Of these transaction gains and losses, for the three months ended September 30, 2013 losses of $4.5 million and $4.3 million, respectively, and for the nine months ended September 30, 2013 gains of $23.8 million and $7.4 million, respectively, resulted from remeasurement of short-term intercompany loans and cash and cash equivalents.

Recent Accounting Pronouncements

Issued and Not Effective

In August 2014, the FASB issued ASU 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*. ASU 2014-15 will explicitly require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosure in certain circumstances. ASU 2014-15 is intended to define management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. Specifically, ASU 2014-15 provides a definition of the term "substantial doubt" and requires an assessment for a period of one year after the date that the financial statements are issued (or available to be issued). It also requires certain disclosures when substantial doubt is alleviated as a result of consideration of management's plans and requires an express statement and other disclosures when substantial doubt is not alleviated. The new standard will be effective for all entities in the first annual period ending after December 15, 2016 and allows for either a full retrospective or modified retrospective transition method. Earlier adoption is permitted.

We are currently evaluating the impact the adoption of the guidance will have on the Statements of Unaudited Condensed Consolidated Financial Position, Statements of Unaudited Condensed Consolidated Operations or Statements of Unaudited Condensed Consolidated Cash Flows.

In June 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers.* The new revenue guidance broadly replaces the revenue guidance provided throughout the Codification. The core principle of the revenue guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new revenue guidance also requires the capitalization of certain contract acquisition costs. Reporting entities must provide new disclosures providing qualitative and quantitative information on the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. New disclosures also include qualitative and quantitative information on significant judgments, changes in judgments, and contract acquisition assets. The update is effective for annual periods and interim periods within those annual periods beginning after December 15, 2016 and may be adopted either retrospectively or retrospectively with the cumulative effect. Earlier adoption is not permitted. We are still evaluating the impact of the updated guidance on the Statements of Unaudited Condensed Consolidated Financial Position, Statements of Unaudited Condensed Consolidated Operations or Statements of Unaudited Condensed Consolidated Cash Flows.

NOTE 2 - SEGMENT REPORTING

Our Company’s primary operations are organized and managed according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal, Ferroalloys and our Global Exploration Group. 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 Eastern Canadian Iron Ore segment is comprised of two Eastern Canadian mines that primarily provide iron ore to the seaborne market for Asian steel producers. The Asia Pacific Iron Ore segment is located in Western Australia and provides iron ore to the seaborne market for Asian steel producers. The North American Coal segment is comprised of our four metallurgical coal mines and one thermal coal mine that provide metallurgical coal primarily to the integrated steel industry and thermal coal primarily to the energy industry. There were no intersegment revenues in the first nine months of 2014 or 2013.

The Ferroalloys operating segment is comprised of our interests in chromite deposits held in northern Ontario, Canada and the Global Exploration Group is focused on early involvement in exploration activities to identify new projects for future development or projects that add significant value to existing operations. The Ferroalloys and Global Exploration Group operating segments do not meet reportable segment disclosure requirements and, therefore, are not reported separately. In alignment with our capital allocation strategy, we anticipate decreased levels of exploration spending in our Global Exploration Group and Ferroalloys operation segments throughout 2014 and beyond.

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, beginning in the third quarter of 2014, concurrent with the change in control on July 29, 2014, management began to 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 impairment charges, impacts of permanently idled or closed facilities, foreign currency remeasurement, severance and other costs associated with the change in control, litigation judgments and intersegment corporate allocations of SG&A costs. Management uses and believes 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 and nine months ended September 30, 2014 and 2013, including a reconciliation of segment sales margin to *Income (Loss) from Continuing Operations Before Income Taxes and Equity Loss from Ventures* and a reconciliation of *Net Income (Loss)* to EBITDA and Adjusted EBITDA:

	(In Millions)							
	Three Months Ended September 30,				**Nine Months Ended September 30,**			
	2014		2013		**2014**		2013	
Revenues from product sales and services:								
U.S. Iron Ore	**$ 767.4**	**59%**	$ 782.4	51%	**$ 1,643.3**	**49%**	$ 1,894.2	45%
Eastern Canadian Iron Ore	**148.0**	**11%**	284.2	18%	**480.3**	**15%**	743.4	18%
Asia Pacific Iron Ore	**212.3**	**17%**	301.7	20%	**699.6**	**21%**	899.5	22%
North American Coal	**170.5**	**13%**	178.3	11%	**515.8**	**15%**	638.5	15%
Total revenues from product sales and services	**$ 1,298.2**	**100%**	$ 1,546.6	100%	**$ 3,339.0**	**100%**	$ 4,175.6	100%
Sales margin:								
U.S. Iron Ore	**$ 219.5**		$ 273.5		**$ 461.7**		$ 647.1	
Eastern Canadian Iron Ore	**(76.8)**		(22.0)		**(165.0)**		(52.3)	
Asia Pacific Iron Ore	**9.1**		99.0		**111.4**		255.3	
North American Coal	**(24.3)**		(1.8)		**(125.4)**		6.6	
Other	**—**		—		**—**		(1.9)	
Sales margin	**127.5**		348.7		**282.7**		854.8	
Other operating expense	**(7,886.6)**		(124.7)		**(8,104.2)**		(200.5)	
Other expense	**(40.3)**		(45.9)		**(124.4)**		(137.4)	
Income (loss) from continuing operations before income taxes and equity loss from ventures	**$ (7,799.4)**		$ 178.1		**$ (7,945.9)**		$ 516.9	

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Net Income (Loss)	**$ (6,887.2)**	$ 113.9	**$ (6,943.4)**	$ 376.0
Less:				
Interest expense, net	**(47.4)**	(44.7)	**(134.9)**	(134.5)
Income tax benefit (expense)	**921.4**	(65.7)	**1,012.3**	(69.0)
Depreciation, depletion and amortization	**(144.0)**	(153.1)	**(430.4)**	(438.0)
EBITDA	**$ (7,617.2)**	$ 377.4	**$ (7,390.4)**	$ 1,017.5
Less:				
Impairment of goodwill and other long-lived assets	**$ (7,769.1)**	$ —	**$ (7,773.1)**	$ —
Wabush related costs	**(64.0)**	(13.0)	**(122.3)**	(2.3)
Wabush sales margin	**(20.0)**	(1.3)	**(47.5)**	(44.2)
Foreign exchange remeasurement	**26.4**	(14.1)	**8.4**	36.5
Proxy contest and change in control costs in SG&A	**(21.9)**	—	**(26.2)**	—
Litigation judgment	**—**	(9.6)	**—**	(9.6)
Severance in SG&A	**(1.9)**	(8.1)	**(12.6)**	(8.1)
Adjusted EBITDA	**$ 233.3**	$ 423.5	**$ 582.9**	$ 1,045.2
EBITDA:				
U.S. Iron Ore	**$ 242.1**	$ 296.9	**$ 538.4**	$ 715.9
Eastern Canadian Iron Ore	**(6,423.2)**	(43.8)	**(6,537.6)**	(9.6)
Asia Pacific Iron Ore	**(330.9)**	138.1	**(148.7)**	367.6
North American Coal	**(827.5)**	31.0	**(875.6)**	85.4
Other	**(277.7)**	(44.8)	**(366.9)**	(141.8)
Total EBITDA	**$ (7,617.2)**	$ 377.4	**$ (7,390.4)**	$ 1,017.5
Adjusted EBITDA:				
U.S. Iron Ore	**$ 248.7**	$ 305.0	**$ 556.1**	$ 738.0
Eastern Canadian Iron Ore	**(33.2)**	(8.6)	**(49.3)**	50.0
Asia Pacific Iron Ore	**46.1**	140.9	**234.5**	375.5
North American Coal	**6.1**	37.4	**(32.2)**	103.2
Other	**(34.4)**	(51.2)	**(126.2)**	(221.5)
Total Adjusted EBITDA	**$ 233.3**	$ 423.5	**$ 582.9**	$ 1,045.2

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Depreciation, depletion and amortization:				
U.S. Iron Ore	**$ 25.9**	$ 27.3	**$ 81.2**	$ 82.3
Eastern Canadian Iron Ore	**43.6**	46.8	**127.2**	130.3
Asia Pacific Iron Ore	**42.2**	38.0	**123.6**	116.1
North American Coal	**30.3**	38.8	**92.2**	99.7
Other	**2.0**	2.2	**6.2**	9.6
Total depreciation, depletion and amortization	**$ 144.0**	$ 153.1	**$ 430.4**	$ 438.0
Capital additions[1]:				
U.S. Iron Ore	**$ 8.5**	$ 15.2	**$ 37.4**	$ 39.1
Eastern Canadian Iron Ore	**37.9**	181.5	**112.2**	535.3
Asia Pacific Iron Ore	**3.1**	10.4	**8.3**	8.6
North American Coal	**4.6**	2.0	**24.8**	37.2
Other	**0.5**	2.2	**3.3**	4.9
Total capital additions	**$ 54.6**	$ 211.3	**$ 186.0**	$ 625.1

---

[1] Includes capital lease additions and non-cash accruals. Refer to NOTE 19 - CASH FLOW INFORMATION.

A summary of assets by segment is as follows:

	(In Millions)	
	September 30, 2014	December 31, 2013
Assets:		
U.S. Iron Ore	**$ 1,715.8**	$ 1,671.6
Eastern Canadian Iron Ore	**1,113.2**	7,915.5
Asia Pacific Iron Ore	**577.2**	1,078.4
North American Coal	**904.0**	1,841.8
Other	**217.0**	455.6
Total segment assets	**4,527.2**	12,962.9
Corporate	**284.0**	159.0
Total assets	**$ 4,811.2**	$ 13,121.9

NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

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 September 30, 2014 and December 31, 2013:

	(In Millions)							
	Derivative Assets				**Derivative Liabilities**			
	September 30, 2014		December 31, 2013		**September 30, 2014**		December 31, 2013	
Derivative Instrument	**Balance Sheet Location**	**Fair Value**	Balance Sheet Location	Fair Value	**Balance Sheet Location**	**Fair Value**	Balance Sheet Location	Fair Value
Derivatives designated as hedging instruments under ASC 815:								
Interest Rate Swaps		**$ —**		$ —		**$ —**	*Other current liabilities*	$ 2.1
Foreign Exchange Contracts		**—**	*Other current assets*	0.3	*Other current liabilities*	**17.4**	*Other current liabilities*	25.8
Total derivatives designated as hedging instruments under ASC 815		**$ —**		$ 0.3		**$ 17.4**		$ 27.9
Derivatives not designated as hedging instruments under ASC 815:								
Foreign Exchange Contracts		**$ —**		$ —		**$ —**	*Other current liabilities*	$ 1.1
Customer Supply Agreement	*Other current assets*	**54.5**	*Other current assets*	55.8		**—**		—
Provisional Pricing Arrangements		**—**	*Other current assets*	3.1	*Other current liabilities*	**23.3**	*Other current liabilities*	10.3
Total derivatives not designated as hedging instruments under ASC 815		**$ 54.5**		$ 58.9		**$ 23.3**		$ 11.4
Total derivatives		**$ 54.5**		$ 59.2		**$ 40.7**		$ 39.3

Derivatives Designated as Hedging Instruments

Cash Flow Hedges

Australian and Canadian Dollar Foreign Exchange Contracts

We are subject to changes in foreign currency exchange rates as a result of our operations in Australia and Canada. With respect to Australia, foreign exchange risk arises from our exposure to fluctuations in foreign currency exchange rates because 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. The functional currency of our Canadian operations is the U.S. dollar; however, the production costs for these operations primarily are incurred in the Canadian dollar.

We use foreign currency exchange contracts to hedge our foreign currency exposure for a portion of our U.S. dollar sales receipts in our Australian functional currency entities and our entities with Canadian dollar operating costs. For our Australian operations, U.S. dollars are converted to Australian dollars at the currency exchange rate in effect during the period the transaction occurred. For our Canadian operations, U.S. dollars are converted to Canadian dollars at the exchange rate in effect for the period the operating costs are incurred. The primary objective for the use of these instruments is to reduce exposure to changes in currency exchange rates and to protect against undue adverse movement in these exchange rates. These instruments qualify for hedge accounting treatment and are tested for effectiveness at inception and at least once each reporting period. If and when any of our hedge contracts are determined not to be highly effective as hedges, the underlying hedged transaction is no longer likely to occur, or the derivative is terminated, hedge accounting is discontinued.

As of September 30, 2014, we had outstanding Australian and Canadian foreign currency exchange contracts with notional amounts of $285.0 million and $257.4 million, respectively, in the form of forward contracts with varying maturity dates ranging from October 2014 to September 2015. This compares with outstanding Australian and Canadian foreign currency exchange contracts with a notional amount of $323.0 million and $285.9 million, respectively, as of December 31, 2013.

Changes in fair value of highly effective hedges are recorded as a component of *Accumulated other comprehensive loss* in the Statements of Unaudited Condensed Consolidated Financial Position. Any ineffectiveness is recognized immediately in income and, as of September 30, 2014 and 2013, there was no material ineffectiveness recorded for foreign exchange contracts that were classified as cash flow hedges. However, certain Canadian hedge contracts were deemed ineffective during the fourth quarter of 2013 and no longer qualified for hedge accounting treatment. All of these de-designated hedges settled and were no longer outstanding by June 30, 2014. The de-designated hedges are discussed within the *Derivatives Not Designated as Hedging Instruments* section of this footnote. Amounts recorded as a component of *Accumulated other comprehensive loss* are reclassified into earnings in the same period the forecasted transactions affect earnings. Of the amounts remaining in *Accumulated other comprehensive loss* related to Australian hedge contracts and Canadian hedge contracts, we estimate that losses of $7.4 million and losses of $5.0 million (net of tax), respectively, will be reclassified into earnings within the next 12 months.

The following summarizes the effect of our derivatives designated as cash flow hedging instruments, net of tax in *Accumulated other comprehensive loss* in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014 and 2013:

	(In Millions)				
Derivatives in Cash Flow Hedging Relationships	**Amount of Gain (Loss) Recognized in OCI on Derivatives (Effective Portion)**		**Location of Gain (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)**	**Amount of Gain (Loss) Reclassified from Accumulated OCI into Earnings (Effective Portion)**	
	Three Months Ended September 30,			**Three Months Ended September 30,**	
	2014	2013		**2014**	2013
Australian Dollar Foreign Exchange Contracts *(hedge designation)*	**$ (12.6)**	$ 2.9	*Product revenues*	**$ 1.6**	$ (8.9)
Canadian Dollar Foreign Exchange Contracts *(hedge designation)*	**(7.4)**	9.2	*Cost of goods sold and operating expenses*	**(1.0)**	(7.3)
Canadian Dollar Foreign Exchange Contracts (prior to de-designation)	**—**	—	*Cost of goods sold and operating expenses*	**—**	—
Total	**$ (20.0)**	$ 12.1		**$ 0.6**	$ (16.2)
	Nine Months Ended September 30,			**Nine Months Ended September 30,**	
	2014	2013		**2014**	2013
Australian Dollar Foreign Exchange Contracts *(hedge designation)*	**$ (3.4)**	$ (25.2)	*Product revenues*	**$ (11.2)**	$ (4.5)
Canadian Dollar Foreign Exchange Contracts *(hedge designation)*	**(9.2)**	(9.9)	*Cost of goods sold and operating expenses*	**(7.1)**	(7.5)
Canadian Dollar Foreign Exchange Contracts (prior to de-designation)	**—**	—	*Cost of goods sold and operating expenses*	**(0.5)**	—
	$ (12.6)	$ (35.1)		**$ (18.8)**	$ (12.0)

Fair Value Hedges

Interest Rate Hedges

Our fixed-to-variable interest rate swap derivative instruments, with a notional amount of $250.0 million, were de-designated and settled during August 2014. Prior to settlement, the derivatives were designated and qualified as fair value hedges. The objective of the hedges was to offset changes in the fair value of our debt instruments associated with fluctuations in the benchmark LIBOR interest rate as part of our risk management strategy.

Prior to de-designation and settlement, when the interest rate swap derivative instruments were designated and qualified as fair-value hedges, the gain or loss on the hedge instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk were recognized in net income. We included the gain or loss on the derivative instrument and the offsetting loss or gain on the hedged item in *Other non-operating income (expense)*. The net gains recognized in *Other non-operating income (expense)* for the three and nine months ended September 30, 2014 were $0.1 million and $0.3 million, respectively.

For the period ended September 30, 2013, the fixed-to-variable interest rate swap derivative instruments were designated and qualified as fair-value hedges. The gain or loss on the hedge instrument as well as the offsetting loss or gain on the hedged item attributable to the hedged risk was recognized in net income. We included the gain or loss on the derivative instrument and the offsetting loss or gain on the hedged item in *Other non-operating income (expense)*. The net gain recognized in *Other non-operating income (expense)* for both the three and nine months ended September 30, 2013 was $0.1 million.

Derivatives Not Designated as Hedging Instruments

Foreign Exchange Contracts

During the fourth quarter of 2013, we discontinued hedge accounting for Canadian foreign currency exchange contracts for all outstanding contracts associated with the Wabush operation and the Ferroalloys operating segment as projected future cash flows were no longer considered probable, but we continued to hold these instruments as economic hedges to manage currency risk. Subsequent to de-designation, no further foreign currency exchange contracts were entered into for the Wabush operation or the Ferroalloys operating segment. As of September 30, 2014, there were no outstanding de-designated foreign currency exchange rate contracts as all remaining de-designated foreign exchange contracts matured during the second quarter of 2014. This compares with outstanding de-designated foreign currency exchange contracts with a notional amount of $74.8 million as of December 31, 2013.

As a result of discontinued hedge accounting, the instruments were prospectively adjusted to fair value each reporting period through *Cost of goods sold and operating expenses* on the Statements of Unaudited Condensed Consolidated Operations. For the nine months ended September 30, 2014, the change in fair value of our de-designated foreign currency exchange contracts resulted in net losses of $3.3 million. For the three months ended September 30, 2014, there were no changes in fair value of our de-designated foreign currency exchange contracts as all the remaining contracts had matured during the second quarter of 2014. The amounts that were previously recorded as a component of *Accumulated other comprehensive loss* prior to de-designation were reclassified to earnings and a corresponding realized gain or loss was recognized when the forecasted cash flow occurred. For the nine months ended September 30, 2014, we reclassified losses of $0.5 million from *Accumulated other comprehensive loss* related to contracts that matured during the period, and recorded the amounts as *Cost of goods sold and operating expenses* on the Statements of Unaudited Condensed Consolidated Operations. For the three months ended September 30, 2014 there were no amounts reclassified from *Accumulated other comprehensive loss* related to contracts that matured during the period as all the remaining contracts matured during the second quarter of 2014 and as of the period ended June 30, 2014, no gains or losses remained in *Accumulated other comprehensive loss* related to the effective cash flow hedge contracts prior to de-designation.

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 the Platts 62 percent Fe fines spot price and/or international pellet prices and changes in specified Producer Price Indices, including those for all commodities, industrial commodities, energy and steel. 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.

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 $62.6 million and $124.6 million as *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014, respectively, related to the supplemental payments. This compares with *Product revenues* of $53.9 million and $113.4 million for the comparable respective periods in 2013. *Derivative assets*, representing the fair value of the pricing factors, were $54.5 million and $55.8 million in the September 30, 2014 and December 31, 2013 Statements of Unaudited Condensed Consolidated Financial Position, respectively.

Provisional Pricing Arrangements

Certain of our U.S. Iron Ore, Eastern Canadian 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. The difference between the provisionally agreed-upon price and the estimated final revenue rate is characterized as a freestanding derivative and is required to be accounted for separately once the provisional 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 September 30, 2014 we recorded no *Other current assets* related to our estimate of the final revenue rate with any of our customers. At December 31, 2013, we recorded $3.1 million as *Other current assets* in the Statements of Unaudited Condensed Consolidated Financial Position related to our estimate of the final revenue rate with our U.S. Iron Ore, Eastern Canadian Iron Ore and Asia Pacific Iron Ore customers. At September 30, 2014 and December 31, 2013, we recorded $23.3 million and $10.3 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, Eastern Canadian 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 $3.1 million decrease and a net $23.3 million decrease in *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014, respectively, related to these arrangements. This compares with a net $24.3 million increase and a net $6.8 million decrease in *Product revenues* for the comparable respective periods in 2013.

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 and nine months ended September 30, 2014 and 2013:

(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 September 30,		**Nine Months Ended September 30,**	
		2014	2013	**2014**	2013
Foreign Exchange Contracts	*Cost of goods sold and operating expenses*	**$ —**	$ —	**$ (3.3)**	$ —
Commodity Contracts	*Other non-operating income (expense)*	**—**	(2.7)	**—**	(2.7)
Customer Supply Agreement	*Product revenues*	**62.6**	53.9	**124.6**	113.4
Provisional Pricing Arrangements	*Product revenues*	**(3.1)**	24.3	**(23.3)**	(6.8)
		$ 59.5	$ 75.5	**$ 98.0**	$ 103.9

Refer to NOTE 7 - FAIR VALUE MEASUREMENTS for additional information.

NOTE 4 - INVENTORIES

The following table presents the detail of our *Inventories* in the Statements of Unaudited Condensed Consolidated Financial Position as of September 30, 2014 and December 31, 2013:

(In Millions)

	September 30, 2014			December 31, 2013		
Segment	**Finished Goods**	**Work-in Process**	**Total Inventory**	Finished Goods	Work-in Process	Total Inventory
U.S. Iron Ore	**$ 279.5**	**$ 23.5**	**$ 303.0**	$ 92.1	$ 13.0	$ 105.1
Eastern Canadian Iron Ore	**18.2**	**15.8**	**34.0**	65.3	48.1	113.4
Asia Pacific Iron Ore	**25.8**	**85.1**	**110.9**	39.7	50.6	90.3
North American Coal	**52.7**	**16.1**	**68.8**	59.4	23.2	82.6
Total	**$ 376.2**	**$ 140.5**	**$ 516.7**	$ 256.5	$ 134.9	$ 391.4

We recorded lower-of-cost-or-market inventory charges of $5.0 million and $42.1 million in *Cost of goods sold and operating expenses* in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014, respectively, for our North American Coal operations. The charges at North American Coal were a result of market pricing declines during the periods. For the three and nine months ended September 30, 2013, we recorded lower-of-cost-or-market inventory charges of $2.6 million and $5.3 million, respectively, for our North American Coal operations. These charges were a result of market pricing declines and costs associated with operational and geological issues.

We recorded lower-of-cost-or-market inventory charges of $2.6 million and $18.6 million in *Cost of goods sold and operating expenses* in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014, respectively, for our Eastern Canadian Iron Ore operations. The $2.6 million charge in the third quarter of 2014 is a result of declines in Platts 62 percent Fe fines spot pricing which resulted in a $1.9 million charge for Bloom Lake and is related to a $0.7 million adjustment of the remaining Wabush mine inventory to estimated net realizable value. The charges in the first half of 2014 at Eastern Canadian Iron Ore were a result of declines in Platts 62 percent Fe fines spot pricing and higher inventory costs at both Bloom Lake and Wabush. Bloom Lake’s higher inventory costs were driven by the timing of maintenance activities and mine development, whereas Wabush’s higher inventory costs were driven by unfavorable production performance up to the idling of the Scully mine operation and adjusting the inventory to estimated net realizable value.

We recorded a lower-of-cost-or-market inventory charge during the third quarter of 2013 of $5.9 million relating to concentrate inventory primarily driven by extended maintenance shutdowns that resulted in higher costs and reduced fixed-cost leverage. We recorded these charges in *Cost of goods sold and operating expenses* in the Statements of Unaudited Condensed Consolidated Operations for our Eastern Canadian Iron Ore operations. For the nine months ended September 30, 2013, the lower-of-cost-or-market inventory charge recorded was $10.6 million concentrate inventory. During the first half of 2013, the Wabush concentrate inventory charge was caused by higher costs as a result of transitioning into concentrate-only production and the forest fire that temporarily idled the mine in June.

Additionally, as a result of the idling of our Wabush pellet plant during the second quarter of 2013, we recorded a lower-of-cost-or-market inventory charge during the second quarter of 2013 of $11.1 million relating to Wabush pellets that were contractually committed tons and we recorded an unsaleable inventory impairment charge relating to Wabush pellets of $10.6 million as a result of our idling of the Wabush pellet plant during the second quarter of 2013. All of these charges recorded during the second quarter of 2013 were included in *Cost of goods sold and operating expenses* in the Statements of Unaudited Condensed Consolidated Operations for the nine months September 30, 2013 for our Eastern Canadian Iron Ore operations.

NOTE 5 - PROPERTY, PLANT AND EQUIPMENT

The following table indicates the value of each of the major classes of our consolidated depreciable assets as of September 30, 2014 and December 31, 2013:

	(In Millions)	
	September 30, 2014	December 31, 2013
Land rights and mineral rights	**$ 1,947.6**	$ 7,819.6
Office and information technology	**80.7**	125.7
Buildings	**88.9**	255.2
Mining equipment	**1,399.5**	1,819.3
Processing equipment	**361.9**	2,148.6
Electric power facilities	**57.4**	114.3
Port facilities	**27.6**	99.4
Interest capitalized during construction	**18.8**	23.8
Land improvements	**32.5**	69.3
Other	**65.5**	104.4
Construction in-progress	**94.1**	991.3
	4,174.5	13,570.9
Accumulated depreciation and depletion	**(966.6)**	(2,417.5)
	$ 3,207.9	$ 11,153.4

We recorded depreciation and depletion expense of $141.3 million and $422.1 million in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014, respectively. This compares with depreciation and depletion expense of $148.3 million and $423.1 million for the three and nine months ended September 30, 2013, respectively.

At September 30, 2014, there was no accumulated amount of capitalized interest included within construction in-progress. At December 31, 2013, $31.4 million of capitalized interest was included within construction in-progress, of which $17.4 million was capitalized during 2013.

At September 30, 2014, we determined that indicators of impairment with respect to certain of our long-lived assets and asset groups existed at September 30, 2014. Our asset groups generally consist of the assets and liabilities of one or more mines, preparation plants and associated reserves for which the lowest level of identifiable cash flows are largely independent of cash flows of other mines, preparation plants and associated reserves and resources. Refer to NOTE 7 - FAIR VALUE MEASUREMENTS for further discussion of the impairment indicators.

As a result of these assessments, we determined that the cash flows associated with our Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal and Ferroalloys asset groups were not sufficient to support the recoverability of the carrying value of these productive assets. Accordingly, during the third quarter of 2014, an other long-lived asset impairment charge of $7,674.3 million was recorded as *Impairment of goodwill and other long-lived assets* in the Statements of Unaudited Condensed Consolidated Operations related to property, plant and equipment. The fair value estimates were calculated primarily using an income approach. Refer to NOTE 7 - FAIR VALUE MEASUREMENTS for further discussion of these impairments and related fair value estimates.

NOTE 6 - GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES

Goodwill

The following table summarizes changes in the carrying amount of goodwill allocated by operating segment for the nine months ended September 30, 2014 and the year ended December 31, 2013:

	(In Millions)											
	September 30, 2014						December 31, 2013					
	U.S. Iron Ore	**Eastern Canadian Iron Ore**	**Asia Pacific Iron Ore**	**North American Coal**	**Other**	**Total**	U.S. Iron Ore	Eastern Canadian Iron Ore	Asia Pacific Iron Ore	North American Coal	Other	Total
Beginning Balance	**$ 2.0**	**$ —**	**$ 72.5**	**$ —**	**$ —**	**$ 74.5**	$ 2.0	$ —	$ 84.5	$ —	$ 80.9	$ 167.4
Arising in business combinations	**—**	**—**	**—**	**—**	**—**	**—**	—	—	—	—	—	—
Impairment	**—**	**—**	**(73.5)**	**—**	**—**	**(73.5)**	—	—	—	—	(80.9)	(80.9)
Impact of foreign currency translation	**—**	**—**	**1.0**	**—**	**—**	**1.0**	—	—	(12.0)	—	—	(12.0)
Ending Balance	**$ 2.0**	**$ —**	**$ —**	**$ —**	**$ —**	**$ 2.0**	$ 2.0	$ —	$ 72.5	$ —	$ —	$ 74.5
Accumulated goodwill impairment loss	**$ —**	**$ (1,000.0)**	**(73.5)**	**$ (27.8)**	**$ (80.9)**	**$ (1,182.2)**	$ —	$ (1,000.0)	$ —	$ (27.8)	$ (80.9)	$ (1,108.7)

During the third quarter of 2014, a goodwill impairment charge of $73.5 million was recorded for our Asia Pacific Iron Ore reporting units within our Asia Pacific Iron Ore operating segment. Refer to NOTE 7 - FAIR VALUE MEASUREMENTS for further discussion of the goodwill impairment.

Other Intangible Assets and Liabilities

The following table is a summary of intangible assets and liabilities as of September 30, 2014 and December 31, 2013:

		(In Millions)					
		September 30, 2014			December 31, 2013		
	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*	**$ 91.6**	**$ (16.8)**	**$ 74.8**	$ 127.4	$ (35.9)	$ 91.5
Utility contracts	*Other non-current assets*	**54.3**	**(53.9)**	**0.4**	54.7	(53.1)	1.6
Leases	*Other non-current assets*	**2.4**	**(0.2)**	**2.2**	2.4	(0.1)	2.3
Total intangible assets		**$ 148.3**	**$ (70.9)**	**$ 77.4**	$ 184.5	$ (89.1)	$ 95.4
Below-market sales contracts	*Other current liabilities*	**$ (23.0)**	**$ —**	**$ (23.0)**	$ (23.0)	$ —	$ (23.0)
Below-market sales contracts	*Other liabilities*	**(205.9)**	**175.0**	**(30.9)**	(205.9)	159.7	(46.2)
Total below-market sales contracts		**$ (228.9)**	**$ 175.0**	**$ (53.9)**	$ (228.9)	$ 159.7	$ (69.2)

Amortization expense relating to intangible assets was $2.8 million and $8.3 million, respectively, for the three and nine months ended September 30, 2014 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 $4.8 million and $14.1 million for the comparable respective periods in 2013. 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,		
2014 (remaining three months)	$	1.4
2015		5.6
2016		5.3
2017		5.1
2018		5.3
2019		5.3
Total	$	28.0

The below-market sales contracts are classified as a liability and recognized over the term of the underlying contracts. The outstanding below-market sales contract has a remaining life of approximately three years and expires December 31, 2016. For the three and nine months ended September 30, 2014, we recognized $7.7 million and $15.4 million, respectively, in *Product revenues* related to below-market sales contracts. For the three and nine months ended September 30, 2013, we recognized $14.7 million and $31.3 million, respectively, in *Product revenues* related to below-market sales contracts. The following amounts are estimated to be recognized in *Product revenues* for the remainder of this year and each of the two succeeding fiscal years:

	(In Millions)	
	Amount	
Year Ending December 31,		
2014 (remaining three months)	$	7.8
2015		23.0
2016		23.1
Total	$	53.9

NOTE 7 - FAIR VALUE MEASUREMENTS

The following represents the assets and liabilities of the Company measured at fair value at September 30, 2014 and December 31, 2013:

	(In Millions)			
	September 30, 2014			
Description	**Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
Assets:				
Cash equivalents	$ 120.0	$ —	$ —	$ 120.0
Derivative assets	—	—	54.5	54.5
Available-for-sale marketable securities	6.1	—	—	6.1
Foreign exchange contracts	—	—	—	—
Total	$ 126.1	$ —	$ 54.5	$ 180.6
Liabilities:				
Derivative liabilities	$ —	$ —	$ 23.3	$ 23.3
Foreign exchange contracts	—	17.4	—	17.4
Total	$ —	$ 17.4	$ 23.3	$ 40.7

	(In Millions)			
	December 31, 2013			
Description	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash equivalents	$ 85.0	$ —	$ —	$ 85.0
Derivative assets	—	—	58.9	58.9
Available-for-sale marketable securities	21.4	—	—	21.4
Foreign exchange contracts	—	0.3	—	0.3
Total	$ 106.4	$ 0.3	$ 58.9	$ 165.6
Liabilities:				
Derivative liabilities	$ —	$ 2.1	$ 10.3	$ 12.4
Foreign exchange contracts	—	26.9	—	26.9
Total	$ —	$ 29.0	$ 10.3	$ 39.3

Financial assets classified in Level 1 at September 30, 2014 and December 31, 2013 include money market funds and available-for-sale marketable securities. The valuation of these instruments is based upon unadjusted quoted prices for identical assets in active markets.

The valuation of financial assets and liabilities classified in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable. Level 2 securities primarily include derivative financial instruments valued using financial models that use as their basis readily observable market parameters. At September 30, 2014 and December 31, 2013, such derivative financial instruments included our existing foreign currency exchange contracts and interest rate swaps. The fair value of the foreign currency exchange contracts is based on forward market prices and represents the estimated amount we would receive or pay to terminate these agreements at the reporting date, taking into account creditworthiness, nonperformance risk and liquidity risks associated with current market conditions.

The derivative financial assets classified within Level 3 at September 30, 2014 and December 31, 2013 included 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, Eastern Canadian Iron Ore and Asia Pacific Iron Ore customers at September 30, 2014 and December 31, 2013. 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 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.

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 September 30, 2014	**Balance Sheet Location**	**Valuation Technique**	**Unobservable Input**	**Range or Point Estimate (Weighted Average)**
Provisional Pricing Arrangements	$ 23.3	*Derivative liabilities*	Market Approach	Management's Estimate of 62% Fe	$78
Customer Supply Agreement	$ 54.5	*Derivative assets*	Market Approach	Hot-Rolled Steel Estimate	$635 - $665 ($650)

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 current market data, analysts' projections, projections provided by the customer 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 and nine months ended September 30, 2014 or 2013. 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 and nine months ended September 30, 2014 and 2013.

	(In Millions)			
	Derivative Assets (Level 3)			
	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2014	2013	**2014**	2013
Beginning balance	**$ 33.0**	$ 45.1	**$ 58.9**	$ 62.4
Total gains				
Included in earnings	**62.6**	57.6	**124.6**	118.0
Settlements	**(41.1)**	(36.0)	**(129.0)**	(113.7)
Transfers into Level 3	**—**	—	**—**	—
Transfers out of Level 3	**—**	—	**—**	—
Ending balance - September 30	**$ 54.5**	$ 66.7	**$ 54.5**	$ 66.7
Total gains for the period included in earnings attributable to the change in unrealized gains on assets still held at the reporting date	**$ 62.6**	$ 57.6	**$ 124.6**	$ 118.0

	(In Millions)			
	Derivative Liabilities (Level 3)			
	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2014	2013	**2014**	2013
Beginning balance	**$ (20.2)**	$ (32.0)	**$ (10.3)**	$ (11.3)
Total gains				
Included in earnings	**(3.1)**	20.6	**(23.3)**	(11.4)
Settlements	**—**	—	**10.3**	11.3
Transfers into Level 3	**—**	—	**—**	—
Transfers out of Level 3	**—**	—	**—**	—
Ending balance - September 30	**$ (23.3)**	$ (11.4)	**$ (23.3)**	$ (11.4)
Total losses for the period included in earnings attributable to the change in unrealized losses on liabilities still held at the reporting date	**$ (3.1)**	$ 20.6	**$ (23.3)**	$ (11.4)

Gains and losses included in earnings are reported in *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014 and 2013.

The carrying amount for certain financial instruments (e.g., *Accounts receivable, net*, *Accounts payable* and *Accrued expenses*) approximate fair value and, therefore, have been excluded from the table below. A summary of the carrying amount and fair value of other financial instruments at September 30, 2014 and December 31, 2013 were as follows:

		(In Millions)			
		September 30, 2014		December 31, 2013	
	Classification	**Carrying Value**	**Fair Value**	Carrying Value	Fair Value
Long-term debt:					
Senior notes—$700 million	Level 2	**$ 699.5**	**$ 539.6**	$ 699.4	$ 718.2
Senior notes—$1.3 billion	Level 2	**1,289.8**	**974.7**	1,289.6	1,404.9
Senior notes—$400 million	Level 2	**398.6**	**341.8**	398.4	432.1
Senior notes—$500 million	Level 2	**497.1**	**433.0**	496.5	523.8
Revolving loan	Level 2	**—**	**—**	—	—
Equipment loan facilities	Level 2	**124.6**	**124.6**	140.8	140.8
Fair value adjustment to interest rate hedge	Level 2	**2.9**	**2.9**	(2.1)	(2.1)
Total long-term debt		**$ 3,012.5**	**$ 2,416.6**	$ 3,022.6	$ 3,217.7

The fair value of long-term debt was determined using quoted market prices or discounted cash flows based upon current borrowing rates, adjusted for performance risk inherent in recent market transactions. The revolving loan and equipment loan facilities are variable rate interest and approximate fair value. See NOTE 8 - DEBT AND CREDIT FACILITIES for further information.

Items Measured at Fair Value on a Non-Recurring Basis

The following tables present information about the impairment charges on both financial and nonfinancial assets that were measured on a fair value basis at September 30, 2014 and December 31, 2013. The tables also indicate the fair value hierarchy of the valuation techniques used to determine such fair value.

	(In Millions)				
	September 30, 2014				
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 Losses**
Assets:					
Goodwill impairment - Asia Pacific Iron Ore reporting unit	$ —	$ —	$ —	$ —	$ 73.5
Other long-lived assets - Property, plant and equipment and Mineral rights:					
Asia Pacific Iron Ore reporting unit	—	—	343.4	343.4	291.9
North American Coal reporting unit					
CLCC thermal asset group	—	—	62.6	62.6	195.5
Pinnacle asset group	—	—	30.7	30.7	394.5
Oak Grove asset group	—	—	58.2	58.2	237.8
Eastern Canadian Iron Ore reporting unit					
Bloom Lake asset group	—	—	937.2	937.2	6,279.2
Wabush asset group	—	—	1.0	1.0	12.8
Ferroalloys reporting unit	—	—	12.2	12.2	259.5
Other reporting units	—	—	—	—	3.1
Other long-lived assets - Intangibles and other long-term assets:					
Asia Pacific Iron Ore reporting unit	—	—	11.9	11.9	10.1
Eastern Canadian Iron Ore reporting unit					
Wabush asset group	—	—	—	—	15.2
Investment in ventures impairment - Global Exploration	—	—	—	—	9.2
	$ —	$ —	$ 1,457.2	$ 1,457.2	$ 7,782.3

Financial Assets

During the third quarter of 2014, an impairment charge of $9.2 million to investment in ventures was recorded within our Global Exploration operating segment as a decision was made to abandon the investment during the period.

Non-Financial Assets

During the third quarter of 2014, we identified factors that indicate the carrying values of the asset groups in the chart above may not be recoverable. Primary factors include that estimates of long-term price forecasts were updated as part of management's long-range planning process. Updated estimates of long-term prices for all products, specifically the Platts 62 percent Fe fines spot price, which particularly effects Eastern Canadian Iron Ore and Asia Pacific Iron Ore business segments because their contracts correlate heavily to world market spot pricing, and the benchmark price for premium low-volatile hard coking coal were lower than prior estimates. These estimates were updated based upon current market conditions, macro-economic factors influencing the balance of supply and demand for our products and expectations for future cost and capital expenditure requirements. Additional factors include a new CEO, Lourenco Goncalves, appointed by the Board of Directors in early August 2014 and subsequently identified as the CODM in accordance with ASC 280, *Segment Reporting.* The new CODM views Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal and Ferroalloys as non-core assets and has communicated plans to evaluate the business units for a change in strategy including possible divestiture. These factors, among other considerations utilized in the individual impairment assessments, indicate that the carrying value of the respective asset groups in the chart above and Asia Pacific Iron Ore goodwill may not be recoverable.

During the third quarter of 2014, a goodwill impairment charge of $73.5 million was recorded for our Asia Pacific Iron Ore reporting units within our Asia Pacific Iron Ore operating segment. Based on our review of the fair value hierarchy, the inputs used in these fair value measurements were considered Level 3 inputs.

We also recorded impairment charges to property, plant and equipment, mineral rights, intangible assets and other long-term assets during the third quarter of 2014 related to our Wabush operation and Bloom Lake operation within our Eastern Canadian Iron Ore operating segment, our Asia Pacific Iron Ore operating segment and our CLCC thermal operation, Oak Grove operation and Pinnacle operation within our North American Coal operating segment, along with impairments charged to reporting units within our *Other* reportable segments. A detailed break out of the impairment charges is shown in the chart above. The recorded impairment charges reduce the related assets to their estimated fair value as we determined that the future cash flows associated with these operations were not sufficient to support the recoverability of the carrying value of these assets. Fair value was determined based on management's best estimate within a range of fair values, which is considered a Level 3 input, and resulted in an asset impairment charge of $7,699.6 million. The Level 3 inputs used to determine fair value included models developed and market inputs obtained by management which provided a range of fair value estimates of property, plant and equipment. Management’s models include internally developed long-term cash flow estimates, capital expenditure and cost estimates, market inputs to determine long-term pricing assumptions, discount rates, and foreign exchange rates.

	(In Millions)				
	December 31, 2013				
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 Losses
Assets:					
Goodwill impairment - Ferroalloys reporting unit	$ —	$ —	$ —	$ —	$ 80.9
Other long-lived assets - Property, plant and equipment	—	—	46.3	46.3	155.4
Other long-lived assets - Intangibles and long-term deposits	—	—	1.6	1.6	14.5
Investment in ventures impairment - Amapá	—	—	—	—	67.6
	$ —	$ —	$ 47.9	$ 47.9	$ 318.4

Financial Assets

In light of the March 28, 2013 collapse of the Santana port shiploader and subsequent evaluation of the effect that this event had on the carrying value of our investment in Amapá as of June 30, 2013, we recorded an impairment charge of $67.6 million in the second quarter of 2013. The sale of Amapá was completed in the fourth quarter of 2013.

Non-Financial Assets

During the fourth quarter of 2013, a goodwill impairment charge of $80.9 million was recorded for our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our Ferroalloys operating segment. The impairment charge was primarily a result of the decision to indefinitely suspend the Chromite Project and to not allocate additional capital for the project given the uncertain timeline and risks associated with the development of necessary infrastructure to bring the project online. Based on our review of the fair value hierarchy, the inputs used in these fair value measurements were considered Level 3 inputs.

We also recorded impairment charges to property, plant and equipment during 2013 related to our Wabush operation within our Eastern Canadian Iron Ore operating segment, our Cliffs Chromite Ontario and Cliffs Chromite Far North reporting units within our *Other* reportable segments and certain mineral lands at our Asia Pacific Iron Ore operating segment to reduce the related assets to their estimated fair value as we determined that the cash flows associated with these operations were not sufficient to support the recoverability of the carrying value of these assets. Fair value was determined based on management's estimate of liquidation value, which is considered a Level 3 input, and resulted in a charge of $155.4 million.

NOTE 8 - DEBT AND CREDIT FACILITIES

The following represents a summary of our long-term debt as of September 30, 2014 and December 31, 2013:

($ in Millions)

			September 30, 2014			
Debt Instrument	**Type**	**Annual Effective Interest Rate**	**Final Maturity**	**Total Face Amount**	**Total Debt**	
$700 Million 4.875% 2021 Senior Notes	**Fixed**	**4.89%**	**2021**	**$ 700.0**	**$ 699.5**	**(1)**
$1.3 Billion Senior Notes:						
$500 Million 4.80% 2020 Senior Notes	**Fixed**	**4.83%**	**2020**	**500.0**	**499.3**	**(2)**
$800 Million 6.25% 2040 Senior Notes	**Fixed**	**6.34%**	**2040**	**800.0**	**790.5**	**(3)**
$400 Million 5.90% 2020 Senior Notes	**Fixed**	**5.98%**	**2020**	**400.0**	**398.6**	**(4)**
$500 Million 3.95% 2018 Senior Notes	**Fixed**	**4.14%**	**2018**	**500.0**	**497.1**	**(5)**
$1.25 Billion Credit Facility:						
Revolving Credit Agreement	**Variable**	**1.87%**	**2017**	**1,250.0**	**—**	**(6)**
Equipment Loans	**Fixed**	**Various**	**2020**	**164.8**	**146.1**	
Short-Term Borrowing Arrangements			**2014/2015**	**213.2**	**213.2**	
Fair Value Adjustment to Interest Rate Hedge					**2.9**	
Total debt				**$ 4,528.0**	**$ 3,247.2**	
Less: Short-term and current portion of long-term debt					**234.7**	
Long-term debt					**$ 3,012.5**	

($ in Millions)

December 31, 2013						
Debt Instrument	Type	Annual Effective Interest Rate	Final Maturity	Total Face Amount	Total Debt	
$700 Million 4.875% 2021 Senior Notes	Fixed	4.88%	2021	700.0	699.4	(1)
$1.3 Billion Senior Notes:						
$500 Million 4.80% 2020 Senior Notes	Fixed	4.83%	2020	500.0	499.2	(2)
$800 Million 6.25% 2040 Senior Notes	Fixed	6.34%	2040	800.0	790.4	(3)
$400 Million 5.90% 2020 Senior Notes	Fixed	5.98%	2020	400.0	398.4	(4)
$500 Million 3.95% 2018 Senior Notes	Fixed	4.14%	2018	500.0	496.5	(5)
$1.75 Billion Credit Facility:						
Revolving Credit Agreement	Variable	1.64%	2017	1,750.0	—	(6)
Equipment Loans	Fixed	Various	2020	164.8	161.7	
Fair Value Adjustment to Interest Rate Hedge					(2.1)	
Total debt				$ 4,814.8	$ 3,043.5	
Less: Short-term and current portion of long-term debt					20.9	
Long-term debt					$ 3,022.6	

---

(1) As of September 30, 2014 and December 31, 2013, the $700 million 4.875 percent senior notes were recorded at a par value of $700 million less unamortized discounts of $0.5 million and $0.6 million, respectively, based on an imputed interest rate of 4.89 percent.

(2) As of September 30, 2014 and December 31, 2013, the $500 million 4.80 percent senior notes were recorded at a par value of $500 million less unamortized discounts of $0.7 million and $0.8 million, respectively, based on an imputed interest rate of 4.83 percent.

(3) As of September 30, 2014 and December 31, 2013, the $800 million 6.25 percent senior notes were recorded at a par value of $800 million less unamortized discounts of $9.5 million and $9.6 million, respectively, based on an imputed interest rate of 6.34 percent.

(4) As of September 30, 2014 and December 31, 2013, the $400 million 5.90 percent senior notes were recorded at a par value of $400 million less unamortized discounts of $1.4 million and $1.6 million, respectively, based on an imputed interest rate of 5.98 percent.

(5) As of September 30, 2014 and December 31, 2013, the $500 million 3.95 percent senior notes were recorded at a par value of $500 million less unamortized discounts of $2.9 million and $3.5 million, respectively, based on an imputed interest rate of 4.14 percent.

(6) As of September 30, 2014 and December 31, 2013, no revolving loans were drawn under the revolving credit agreement. As of September 30, 2014 and December 31, 2013, the principal amount of letter of credit obligations totaled $5.2 million and $8.4 million, respectively, thereby reducing available borrowing capacity to $1.2 billion and $1.7 billion for each period, respectively.

Credit Facility

On September 9, 2014, we amended the Amended and Restated Multicurrency Credit Agreement among Cliffs Natural Resources Inc. and various lenders dated August 11, 2011 (as further amended by Amendment No. 1 as of October 16, 2012, Amendment No. 2 as of February 8, 2013 and Amendment No. 3 as of June 30, 2014), or revolving credit agreement, to effect the following:

- Permitting a one-time exemption of up to $200 million in share repurchases (consummated in a single transaction or series of related transactions), effective until December 31, 2015.
- Reducing the size of the existing unsecured facility from $1.75 billion to $1.25 billion.
- Adding restrictions on the granting of certain pledges and guarantees.
- Adding an obligation to enter into a security agreement, on or before June 30, 2015, to grant security interests to secure obligations under the revolving credit agreement, subject to certain limitations.

Additionally, since Amendment No. 4 as of September 9, 2014, decreased the maximum available credit of the existing line of credit by $500 million while leaving the remaining term unchanged, the borrowing capacity of the line of credit decreased. As a result of this change in borrowing capacity, $2.8 million of the $9.9 million in unamortized debt issuance costs were expensed as of the effective date of the amendment.

The amended facility retains substantial financial flexibility for management to execute our strategy and provides us a consistent source of liquidity. All terms of Amendment No. 3 as of June 30, 2014, as discussed below, remain in place and are not changed by Amendment No. 4 as of September 9, 2014.

Previously this year, on June 30, 2014, we amended the revolving credit agreement to effect the following:

- Replacing the current maximum leverage covenant ratio of debt to earnings of less than 3.5 times with a maximum balance sheet leverage ratio of debt to capitalization of less than 45 percent.
- Resetting the minimum interest coverage ratio from 2.5 to 1.0 to the ratio of 3.5 to 1.0.
- Amending the definition of EBITDA to include certain cash charges related to the Company’s Wabush mine and other cash restructuring charges and the definition of net worth to exclude up to $1 billion in non-cash impairment charges.
- Modifying the covenants restricting certain investments and acquisitions, the incurrence of certain indebtedness and liens, and the amount of dividends that may be declared or paid and shares that may be repurchased.

On October 24, 2014, we further amended the revolving credit agreement. Refer to NOTE 20 - SUBSEQUENT EVENTS for further information regarding Amendment No. 5.

As of September 30, 2014, we were in compliance with all financial covenants related to the revolving credit agreement inclusive of the changes made in Amendment No. 5. Additionally, as of December 31, 2013, we were in compliance with all applicable financial covenants related to the revolving credit agreement.

Short-Term Borrowing Arrangements

As of September 30, 2014, we had outstanding borrowings of $150.0 million on our uncommitted credit facility agreements which were used for general corporate purposes. Per the uncommitted credit agreement, each loan drawn cannot be outstanding less than 30 days or more than 90 days. Interest payable under the uncommitted credit facility is at a variable rate based on LIBOR plus an agreed upon margin of approximately one percent.

On April 22, 2014, we established an accounts receivable securitization facility for certain domestic subsidiaries that provides up to $110.0 million of funding and expires on April 21, 2015. Availability under this facility is based on eligible receivable balances. At September 30, 2014, the amounts available and utilized under this program totaled $45.2 million. Interest payable under the credit facility is at a variable rate based on LIBOR type rate plus an agreed upon margin of less than one percent. On October 24, 2014, we amended the revolving credit agreement which eliminated the accounts receivable securitization facility.

As of September 30, 2014, we had outstanding borrowings of $18.0 million on pre-export trade finance loans. Per the agreements, the loans drawn have fixed maturity dates that are short-term in nature. Interest payable under the pre-export trade finance loans are at a fixed rate of less than one percent.

Letters of Credit

We issued standby letters of credit with certain financial institutions in order to support general business obligations including, but not limited to, workers compensation and environmental obligations. As of September 30, 2014 and December 31, 2013, these letter of credit obligations totaled $43.9 million and $48.0 million, respectively. All of these standby letters of credit are in addition to the letters of credit provided for under the revolving credit agreement.

Other Short-Term Facilities

Asia Pacific Iron Ore maintains a bank contingent instrument and cash advance facility. The facility, which is renewable annually at the bank's discretion, provides A$30.0 million ($26.2 million) at September 30, 2014 in credit for contingent instruments, such as performance bonds. At December 31, 2013, the facility provided A$30.0 million ($26.8 million) in credit for contingent instruments. As of September 30, 2014, the outstanding bank guarantees under the facility totaled A$22.9 million ($20.1 million), thereby reducing borrowing capacity to A$7.1 million ($6.1 million). As of December 31, 2013, the outstanding bank guarantees under the facility totaled A$23.0 million ($20.5 million), thereby reducing borrowing capacity to A$7.0 million ($6.3 million). We have provided a guarantee of the facility, along with certain of our Australian subsidiaries. The terms of the short-term facility contain certain customary covenants; however, there are no financial covenants.

Debt Maturities

The following represents a summary of our maturities of debt instruments, excluding borrowings on the revolving credit agreement, based on the principal amounts outstanding at September 30, 2014:

	(In Millions)
	Maturities of Debt
2014 (October 1 - December 31)	$ 218.5
2015	21.8
2016	22.7
2017	23.6
2018	524.7
2019 and thereafter	2,448.0
Total maturities of debt	$ 3,259.3

NOTE 9 - 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 $5.0 million and $16.3 million for the three and nine months ended September 30, 2014, respectively, compared with $5.3 million and $19.5 million for the same respective period in 2013.

Future minimum payments under capital leases and non-cancellable operating leases at September 30, 2014 are as follows:

	(In Millions)	
	Capital Leases	**Operating Leases**
2014 (October 1 - December 31)	$ 16.1	$ 4.7
2015	86.6	14.0
2016	35.9	9.2
2017	28.6	8.2
2018	20.9	6.9
2019 and thereafter	35.3	14.7
Total minimum lease payments	$ 223.4	$ 57.7
Amounts representing interest	37.0	
Present value of net minimum lease payments	$ 186.4 (1)	

---

(1) The total is comprised of $78.0 million and $108.4 million classified as *Other current liabilities* and *Other liabilities*, respectively, in the Statements of Unaudited Condensed Consolidated Financial Position at September 30, 2014.

NOTE 10 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS

We had environmental and mine closure liabilities of $310.7 million and $321.0 million at September 30, 2014 and December 31, 2013, respectively. The following is a summary of the obligations as of September 30, 2014 and December 31, 2013:

	(In Millions)	
	September 30, 2014	December 31, 2013
Environmental	**$ 5.6**	$ 8.4
Mine closure		
LTVSMC	**22.7**	22.0
Operating mines:		
U.S. Iron Ore	**138.5**	152.2
Eastern Canadian Iron Ore	**81.9**	78.2
Asia Pacific Iron Ore	**25.8**	25.5
North American Coal	**36.2**	34.7
Total mine closure	**305.1**	312.6
Total environmental and mine closure obligations	**310.7**	321.0
Less current portion	**5.3**	11.3
Long term environmental and mine closure obligations	**$ 305.4**	$ 309.7

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 nine months ended September 30, 2014 and for the year ended December 31, 2013:

	(In Millions)	
	September 30, 2014	December 31, 2013 [1]
Asset retirement obligation at beginning of period	**$ 290.6**	$ 231.1
Accretion expense	**10.9**	18.1
Exchange rate changes	**(0.7)**	(3.4)
Revision in estimated cash flows	**(18.4)**	44.8
Asset retirement obligation at end of period	**$ 282.4**	$ 290.6

---

[1] Represents a 12-month rollforward of our asset retirement obligation at December 31, 2013.

The revisions in estimated cash flows recorded during the nine months ended September 30, 2014 primarily were a result of the announced Empire mine extension during the first quarter of 2014. As a result of the extension, a portion of the required storm water management systems are now expected to be implemented prior to closure of the mine.

NOTE 11 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

The following are the components of defined benefit pension and OPEB expense for the three and nine months ended September 30, 2014 and 2013:

Defined Benefit Pension Expense

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Service cost	**$ 7.3**	$ 9.6	**$ 23.2**	$ 29.2
Interest cost	**12.4**	11.2	**37.4**	34.4
Expected return on plan assets	**(18.1)**	(16.2)	**(54.1)**	(49.3)
Amortization:				
Prior service costs	**0.7**	0.8	**2.0**	2.3
Net actuarial (gain) loss	**3.3**	7.5	**10.5**	22.5
Curtailments/settlements	**1.7**	$ —	**2.9**	—
Net periodic benefit cost	**$ 7.3**	$ 12.9	**$ 21.9**	$ 39.1

Other Postretirement Benefits Expense

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Service cost	**$ 2.1**	$ 3.0	**$ 6.1**	$ 9.2
Interest cost	**4.0**	4.3	**12.1**	13.0
Expected return on plan assets	**(4.2)**	(5.0)	**(12.8)**	(15.0)
Amortization:				
Prior service costs	**(0.9)**	(0.9)	**(2.7)**	(2.7)
Net actuarial loss	**1.2**	2.9	**3.5**	8.7
Net periodic benefit cost	**$ 2.2**	$ 4.3	**$ 6.2**	$ 13.2

We made pension contributions of $34.2 million and $48.6 million for the three and nine months ended September 30, 2014, respectively, compared to pension contributions of $36.1 million and $51.2 million for the three and nine months ended September 30, 2013, respectively. 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 nine months ended September 30, 2014. OPEB contributions were $14.1 million for the nine months ended September 30, 2013.

NOTE 12 - STOCK COMPENSATION PLANS

Employees' Plans

The 2012 Equity Plan was approved by our Board of Directors on March 13, 2012 and our shareholders approved it on May 8, 2012, effective as of March 13, 2012. The 2012 Equity Plan replaced the ICE Plan. The maximum number of shares that may be issued under the 2012 Equity Plan is 6.0 million common shares. On February 10, 2014, upon recommendation by the Compensation and Organization Committee, Cliffs' Board of Directors approved and adopted, subject to the approval of Cliffs' shareholders at the 2014 Annual General Meeting, the 2012 Amended Equity Plan. The principal reason for amending and restating the 2012 Equity Plan was to increase the number of common shares available for issuance by 5.0 million common shares. This amended plan was approved by Cliffs' shareholders at the 2014 Annual General Meeting held on July 29, 2014.

The Compensation and Organization Committee of the Board of Directors approved grants under the 2012 Equity Plan and the 2012 Amended Equity Plan to certain officers and employees for the 2014 to 2016 performance period. Shares granted under the awards during 2014 consisted of 0.8 million performance shares based on TSR, 0.4 million restricted share units, 0.3 million stock options and 0.4 million performance-based restricted stock units, each of which may, or may not, convert into shares based on our shares achieving and maintaining certain milestones above an absolute threshold during the performance period.

At the Company's July 29, 2014 Annual General Meeting, the shareholders voted on the election of eleven directors. Thirteen persons were nominated for election to the eleven board positions. On August 6, 2014, the Company received the final report of the inspector of election that confirmed the election of six new directors to our Board of Directors. Such an event constituted a change in control pursuant to our incentive equity plans. As a result of such change in control and pursuant to the terms of the various plans and applicable award agreements, all of the outstanding and unvested equity incentives awarded to participants prior to October 2013 became vested. Accordingly, this resulted in recognizing $11.7 million of additional equity-based compensation expense in the accompanying financial statements, representing the remaining unrecognized compensation expense of the awards. For any equity grants awarded after September 2013, the vesting of all such grants will accelerate and pay out in cash only following a participant's qualifying termination of employment and a change in control as defined by the 2012 Amended Equity Plan. We also have a potential for additional double-trigger payments for share-based compensation which would be payable in cash. This potential liability will expire entirely in two years.

For the outstanding 2012 Equity Plan and 2012 Amended Equity Plan awards that were issued subsequent to October 2013, each performance share, if earned, entitles the holder to receive common shares or cash within a range between a threshold and maximum number of our common shares, with the actual number of common shares earned dependent upon whether the Company achieves certain objectives and performance goals as established by the Compensation and Organization Committee. The performance share or unit grants vest over a period of three years and are intended to be paid out in common shares or cash in certain circumstances. Performance for the 2014 to 2016 performance periods is measured only on the basis of relative TSR for the period and measured against the constituents of the S&P Metals and Mining ETF Index on the last day of trading of the performance period. The final payouts for the 2014 to 2016 performance period will vary from zero to 200 percent of the original grant. The restricted share units issued subsequent to October 2013 remain subject to continued employment and will vest at the end of the respective performance period, and are payable in common shares or cash in certain circumstances at a time determined by the Committee at its discretion.

Determination of Fair Value

The fair value of each grant is estimated on the date of grant using a Monte Carlo simulation to forecast relative TSR performance. A correlation matrix of historic and projected stock prices was developed for both the Company and our predetermined peer group of mining and metals companies. The fair value assumes that performance goals will be achieved.

The expected term of the grant represents the time from the grant date to the end of the service period for each of the three plan-year agreements. We estimate the volatility of our common shares and that of the peer group of mining and metals companies using daily price intervals for all companies. The risk-free interest rate is the rate at the grant date on zero-coupon government bonds, with a term commensurate with the remaining life of the performance period.

The following assumptions were utilized to estimate the fair value for the first, second and third quarters of 2014 performance share grants:

Grant Date	Grant Date Market Price	Average Expected Term (Years)	Expected Volatility	Risk-Free Interest Rate	Dividend Yield	Fair Value	Fair Value (Percent of Grant Date Market Price)
February 10, 2014	$ 20.58	2.89	54.0%	0.54%	2.92%	$ 22.21	107.92%
May 12, 2014	$ 17.54	2.61	54.0%	0.54%	2.92%	$ 18.93	107.92%
July 29, 2014	$ 17.62	2.42	51.3%	0.83%	3.40%	$ 19.02	107.92%

The fair value of the restricted share units is determined based on the closing price of the Company's common shares on the grant date. The restricted share units granted under either the 2012 Equity Plan or the 2012 Amended Equity Plan vest over a period of three years.

NOTE 13 - INCOME TAXES

For the nine months ended September 30, 2014 we recognized an income tax benefit of $1,012.3 million. The income tax benefit was primarily driven by impairment charges recorded in September 2014. In addition, as our loss for the nine months ended September 30, 2014 exceeds the anticipated ordinary loss for the full year, the tax benefit recognized for the nine months ended September 30, 2014 was limited to the amount that would be recognized if the year-to-date ordinary loss were the anticipated ordinary loss for the full year. Other items contributing to the benefit are deductions for percentage depletion in excess of cost depletion related to U.S. operations and non-taxable interest income. The tax benefit was partially offset by tax expense resulting from the recording of valuation allowances against certain credits and losses generated in the current year and foreign taxes and benefits derived from operations outside the United States, which are taxed at rates lower than the U.S. statutory rate of 35 percent. Included in the net benefit were non-recurring items recorded in the first nine months of 2014. These adjustments relate primarily to the recording of valuation allowances against existing deferred tax assets as a result of the impairment of global assets, the repeal of the Australian Minerals Resources Rent Tax, the finalization of certain domestic and foreign tax returns and foreign currency remeasurement of current and deferred tax assets and deferred liabilities.

The tax benefit of the non-taxable interest income is expected to be $48.4 million for the year ending December 31, 2014. This is related to long-term intercompany loans between certain foreign subsidiaries and is a result of the difference in the tax characterization of the instruments in the United States, Australia and Canada. Interest expense is deductible by the debtors in Canada and Australia and interest income is excluded from taxable income by the creditors in the United States and Canada, resulting in an income tax benefit of $48.4 million. The adjustment is based on the terms of the intercompany loans and no significant management judgments or estimates were involved in the computation of the non-taxable interest income. The current year benefit of the intercompany loan between the United States and Canada is $27.8 million and will have no further impact on our financial results subsequent to April 27, 2014 when the terms of the loan were restructured. A benefit of $20.6 million is expected from the intercompany loan between Canada and Australia and will continue to have an impact through the year ending December 31, 2020, of which the impact will vary depending on the fluctuations in currency exchange rates.

NOTE 14 - CAPITAL STOCK

Depositary Shares

On February 21, 2013, we issued 29.25 million depositary shares, equivalent to 731,250 preferred shares, comprised of the 27.0 million depositary share offering and the exercise of an underwriters' over-allotment option to purchase an additional 2.25 million depositary shares, for total net proceeds of approximately $709.4 million, after underwriter fees and discounts. Each depositary share represents a 1/40th interest in a share of our 7.00 percent Series A Mandatory Convertible Preferred Stock, Class A, without par value, or Preferred Share, at a price of $25 per depositary share. Each Preferred Share has an initial liquidation preference of $1,000 per share (equivalent to a $25 liquidation preference per depositary share). When and if declared by our board of directors, we will pay cumulative dividends on each Preferred Share at an annual rate of 7.00 percent on the liquidation preference. We will pay declared dividends in cash on February 1, May 1, August 1 and November 1 of each year, commencing on May 1, 2013 and to, and including February 1, 2016. Holders of the depositary shares are entitled to a proportional fractional interest in the rights and preferences of the Preferred Shares, including conversion, dividend, liquidation and voting rights, subject to the provisions of the deposit agreement.

The Preferred Shares may be converted, at the option of the holder, at the minimum conversion rate of 28.1480 of our common shares (equivalent to 0.7037 of our common shares per depositary share) at any time prior to February 1, 2016 or other than during a fundamental change conversion period, subject to anti-dilution adjustments. If not converted prior to that time, each Preferred Share will convert automatically on February 1, 2016 into between 28.1480 and 34.4840 common shares, par value $0.125 per share, subject to anti-dilution adjustments. The number of common shares issuable on conversion will be determined based on the average VWAP per share of our common shares during the 20 trading day period beginning on, and including, the 23rd scheduled trading day prior to February 1, 2016, subject to customary anti-dilution adjustments. Upon conversion, a minimum of 20.6 million common shares and a maximum of 25.2 million common shares will be issued.

If certain fundamental changes involving the Company occur, holders of the Preferred Shares may convert their shares into a number of common shares at the conversion rate that will be adjusted under certain circumstances, and such holders also will be entitled to a fundamental change dividend make-whole amount. The Preferred Shares are not redeemable.

Dividends

On March 20, 2013, our board of directors declared a cash dividend of $13.6111 per Preferred Share, which is equivalent to approximately $0.34 per depositary share. The cash dividend was paid on May 1, 2013 to our Preferred Shareholders of record as of the close of business on April 15, 2013. On May 7, 2013, September 9, 2013 and November 11, 2013, our board of directors declared the quarterly cash dividend of $17.50 per Preferred Share, which is equivalent to approximately $0.44 per depositary share. The cash dividend was paid on August 1, 2013, November 1, 2013 and February 3, 2014 to our Preferred Shareholders of record as of the close of business on July 15, 2013, October 15, 2013 and January 15, 2014. On February 11, 2014 and May 13, 2014, our board of directors declared the quarterly cash dividend of $17.50 per Preferred Share, which is equivalent to approximately $0.44 per depositary share. The cash dividend was paid on May 1, 2014 and August 1, 2014 to our Preferred Shareholders of record as of the close of business on April 15, 2014 and July 15, 2014, respectively. On September 8, 2014, our board of directors declared the quarterly cash dividends of $17.50 per Preferred Share, which is equivalent to approximately $0.44 per depositary share. The cash dividend of $12.8 million was paid on November 3, 2014 to our shareholders of record as of the close of business on October 15, 2014.

On February 11, 2013, our board of directors approved a reduction to our quarterly cash dividend rate by 76 percent to $0.15 per share. Our board of directors took this step in order to improve the future cash flows available for investment in the Phase II expansion at Bloom Lake. The decreased dividend of $0.15 per share was paid on March 1, 2013, June 3, 2013, September 3, 2013 and December 2, 2013 to our common shareholders of record as of the close of business on February 22, 2013, May 17, 2013, August 15, 2013 and November 22, 2013, respectively. Additionally, the cash dividend of $0.15 per share was paid on March 3, 2014, June 3, 2014 and September 2, 2014 to our common shareholders of record as of close of business on February 21, 2014, May 23, 2014 and August 15, 2014.

NOTE 15 - SHAREHOLDERS' EQUITY

The following table reflects the changes in shareholders' equity attributable to both Cliffs and the noncontrolling interests primarily related to Bloom Lake, Tilden and Empire of which Cliffs owns 82.8 percent, 85 percent and 79 percent, respectively, for the nine months ended September 30, 2014 and September 30, 2013:

	(In Millions)		
	Cliffs Shareholders' Equity	**Noncontrolling Interest**	**Total Equity**
December 31, 2013	**$ 6,069.5**	**$ 814.8**	**$ 6,884.3**
Comprehensive income			
Net loss	**(5,939.0)**	**(1,004.4)**	**(6,943.4)**
Other comprehensive income	**11.5**	**1.6**	**13.1**
Total comprehensive income	**(5,927.5)**	**(1,002.8)**	**(6,930.3)**
Stock and other incentive plans	**(3.4)**	**—**	**(3.4)**
Common and preferred share dividends	**(107.9)**	**—**	**(107.9)**
Undistributed losses to noncontrolling interest	**—**	**(20.0)**	**(20.0)**
September 30, 2014	**$ 30.7**	**$ (208.0)**	**$ (177.3)**

	(In Millions)		
	Cliffs Shareholders' Equity	Noncontrolling Interest	Total Equity
December 31, 2012	$ 4,632.7	$ 1,128.2	$ 5,760.9
Comprehensive income			
Net income	370.2	5.8	376.0
Other comprehensive income	(122.8)	3.2	(119.6)
Total comprehensive income	247.4	9.0	256.4
Issuance of common shares	285.3	—	285.3
Issuance of preferred shares	709.4	—	709.4
Stock and other incentive plans	9.6	—	9.6
Common and preferred share dividends	(104.7)	—	(104.7)
Capital contribution by noncontrolling interest to subsidiary	—	17.7	17.7
September 30, 2013	$ 5,779.7	$ 1,154.9	$ 6,934.6

The following table reflects the changes in *Accumulated other comprehensive income (loss)* related to Cliffs shareholders' equity for September 30, 2014 and September 30, 2013:

	(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, 2013	$ (204.9)	$ 6.2	$ 106.7	$ (20.9)	$ (112.9)
Other comprehensive income (loss) before reclassifications	(0.4)	3.8	40.5	(2.3)	41.6
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	3.3	0.1	—	12.8	16.2
Balance March 31, 2014	$ (202.0)	$ 10.1	$ 147.2	$ (10.4)	$ (55.1)
Other comprehensive income (loss) before reclassifications	(1.4)	(2.4)	19.7	9.7	25.6
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	4.0	(1.3)	—	6.6	9.3
Balance June 30, 2014	$ (199.4)	$ 6.4	$ 166.9	$ 5.9	$ (20.2)
Other comprehensive income (loss) before reclassifications	3.5	1.3	(65.9)	(20.0)	(81.1)
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	7.6	(7.1)	—	(0.6)	(0.1)
Balance September 30, 2014	$ (188.3)	$ 0.6	$ 101.0	$ (14.7)	$ (101.4)

	(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, 2012	$ (382.7)	$ 2.1	$ 316.3	$ 8.7	$ (55.6)
Other comprehensive income (loss) before reclassifications	(1.1)	2.5	3.3	(5.0)	(0.3)
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	6.4	0.1	—	(2.0)	4.5
Balance March 31, 2013	$ (377.4)	$ 4.7	$ 319.6	$ 1.7	$ (51.4)
Other comprehensive income (loss) before reclassifications	(1.5)	(2.0)	(152.0)	(42.2)	(197.7)
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	8.1	3.6	—	(2.2)	9.5
Balance June 30, 2013	$ (370.8)	$ 6.3	$ 167.6	$ (42.7)	$ (239.6)
Other comprehensive income (loss) before reclassifications	(0.6)	3.5	22.8	12.1	37.8
Net loss (gain) reclassified from accumulated other comprehensive income (loss)	6.3	0.9	—	16.2	23.4
Balance September 30, 2013	$ (365.1)	$ 10.7	$ 190.4	$ (14.4)	$ (178.4)

The following table reflects the details about *Accumulated other comprehensive income (loss)* components related to Cliffs shareholders' equity for the three and nine months ended September 30, 2014:

	(In Millions)				
	Amount of (Gain)/Loss Reclassified into Income				
Details about Accumulated Other Comprehensive Income (Loss) Components	**Three Months Ended September 30,**		**Nine Months Ended September 30,**		**Affected Line Item in the Statement of Unaudited Condensed Consolidated Operations**
	2014	2013	**2014**	2013	
Amortization of Pension and Postretirement Benefit Liability:					
Prior service costs	**$ (0.2)**	$ (0.1)	**$ (0.7)**	$ (0.4)	(1)
Net actuarial loss	**4.5**	10.4	**14.0**	31.2	(1)
Settlements/curtailments	**1.7**	—	**2.9**	—	(1)
	6.0	10.3	**16.2**	30.8	Total before taxes
	1.6	(4.0)	**(1.3)**	(10.0)	*Income tax benefit (expense)*
	$ 7.6	$ 6.3	**$ 14.9**	$ 20.8	Net of taxes
Unrealized gain (loss) on marketable securities:					
Sale of marketable securities	**$ (9.7)**	$ 0.6	**$ (11.4)**	$ (0.5)	*Other non-operating income (expense)*
Impairment	**(0.3)**	—	**(0.3)**	5.3	*Other non-operating income (expense)*
	(10.0)	0.6	**(11.7)**	4.8	Total before taxes
	2.9	0.3	**3.4**	(0.2)	*Income tax benefit (expense)*
	$ (7.1)	$ 0.9	**$ (8.3)**	$ 4.6	Net of taxes
Unrealized gain (loss) on derivative financial instruments:					
Australian dollar foreign exchange contracts	**$ (1.6)**	$ 12.7	**$ 16.7**	$ 6.4	*Product revenues*
Canadian dollar foreign exchange contracts	**1.5**	11.0	**11.4**	11.3	*Cost of goods sold and operating expenses*
	(0.1)	23.7	**28.1**	17.7	Total before taxes
	(0.5)	(7.5)	**(9.3)**	(5.7)	*Income tax benefit (expense)*
	$ (0.6)	$ 16.2	**$ 18.8**	$ 12.0	Net of taxes
Total Reclassifications for the Period	**$ (0.1)**	$ 23.4	**$ 25.4**	$ 37.4	

---

(1) These accumulated other comprehensive income components are included in the computation of net periodic benefit cost. See NOTE 11 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS for further information.

NOTE 16 - RELATED PARTIES

Three of our five U.S. iron ore mines and our Bloom Lake mine in Eastern Canada 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 and concentrate 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 September 30, 2014:

Mine	Cliffs Natural Resources	ArcelorMittal	U.S. Steel Corporation	WISCO
Empire	79.0 %	21.0 %	—	—
Tilden	85.0 %	—	15.0 %	—
Hibbing	23.0 %	62.3 %	14.7 %	—
Bloom Lake	82.8 %	—	—	17.2%

During the first quarter of 2014, we announced that we entered into a revised commercial agreement with ArcelorMittal to supply iron ore pellets for an additional two years through the end of January 2017, with a mutual option to extend for a third year. In addition, Cliffs and ArcelorMittal also extended the joint partnership for the Empire mine preventing the impending closure in 2014.

ArcelorMittal has a unilateral right to put its interest in the Empire mine to us, but has not exercised this right to date.

Product revenues from related parties were as follows:

	(In Millions)			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Product revenues from related parties	**$ 390.0**	$ 455.5	**$ 929.0**	$ 1,211.6
Total product revenues	**1,190.8**	1,454.6	**3,070.3**	3,928.8
Related party product revenue as a percent of total product revenue	**32.8 %**	31.3 %	**30.3 %**	30.8 %

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 $103.4 million and $132.0 million at September 30, 2014 and December 31, 2013, respectively. Amounts due to related parties recorded in *Accounts payable* and *Other current liabilities,* including provisional pricing arrangements, were $27.2 million at September 30, 2014 and amounts including provisional pricing arrangements and liabilities to related parties were $25.1 million at December 31, 2013.

NOTE 17 - 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 September 30,		**Nine Months Ended September 30,**	
	2014	2013	**2014**	2013
Net Income (Loss) from Continuing Operations Attributable to Cliffs Shareholders	**$ (5,879.6)**	$ 115.2	**$ (5,939.0)**	$ 368.2
Income from Discontinued Operations, net of tax	**—**	2.0	**—**	2.0
Net Income (Loss) Attributable to Cliffs Shareholders	**$ (5,879.6)**	$ 117.2	**$ (5,939.0)**	$ 370.2
Preferred Stock Dividends	**(12.8)**	(12.9)	**(38.4)**	(35.9)
Net Income (Loss) Attributable to Cliffs Common Shareholders	**$ (5,892.4)**	$ 104.3	**$ (5,977.4)**	$ 334.3
Weighted Average Number of Shares:				
Basic	**153.1**	153.0	**153.1**	151.3
Depositary Shares	**—**	25.2	**—**	21.1
Employee Stock Plans	**—**	0.2	**—**	0.2
Diluted	**153.1**	178.4	**153.1**	172.6
Earnings (Loss) per Common Share Attributable to Cliffs Common Shareholders - Basic:				
Continuing operations	**$ (38.49)**	$ 0.67	**$ (39.05)**	$ 2.20
Discontinued operations	**—**	0.01	**—**	0.01
	$ (38.49)	$ 0.68	**$ (39.05)**	$ 2.21
Earnings (Loss) per Common Share Attributable to Cliffs Common Shareholders - Diluted:				
Continuing operations	**$ (38.49)**	$ 0.65	**$ (39.05)**	$ 2.13
Discontinued operations	**—**	0.01	**—**	0.01
	$ (38.49)	$ 0.66	**$ (39.05)**	$ 2.14

The diluted earnings per share calculation excludes 25.2 million depositary shares that were anti-dilutive for both the three and nine months ended September 30, 2014. Additionally, the diluted earnings per share calculation excludes 0.5 million and 0.9 million shares for the three and nine months ended September 30, 2014, respectively, related to equity plan awards that were anti-dilutive.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

Contingencies

Claims and Legal Proceedings

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, claims and legal proceedings are 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. Specifically, our wholly owned subsidiary, CQIM, along with the Bloom Lake General Partner Limited and Bloom Lake, instituted an arbitral claim against Bloom Lake's former customer, Worldlink, in October 2011 for material and/or fundamental breaches of the parties' 2007 offtake agreement for the purchase and sale of iron concentrate produced at the Bloom Lake mine. We filed the arbitration claim with the International Court of Arbitration of the International Chamber of Commerce pursuant to the dispute resolution provisions of the offtake agreement. Bloom Lake terminated the offtake agreement with Worldlink in August 2011 due to Worldlink's failure to fulfill its obligations under the agreement and Worldlink's demand to renegotiate the price of the iron ore concentrate in spite of being party to a long-term offtake agreement. Our damages for the breach of the offtake agreement are in excess of $85 million and Worldlink has counterclaimed for damages in excess of $100 million. We strongly disagree with Worldlink's defenses and counterclaims and intend to vigorously pursue our claim. The arbitrators heard testimony at a hearing in May 2014 but have not yet issued a decision. A decision is expected from the arbitrators later in 2014.

NOTE 19 - CASH FLOW INFORMATION

A reconciliation of capital additions to cash paid for capital expenditures for the nine months ended September 30, 2014 and 2013 is as follows:

	(In Millions) Nine Months Ended September 30,	
	2014	2013
Capital additions	**$ 186.0**	$ 625.1
Cash paid for capital expenditures	**233.2**	742.2
Difference	**$ (47.2)**	$ (117.1)
Non-cash accruals	**$ (57.1)**	$ (117.1)
Capital leases	**9.9**	—
Total	**$ (47.2)**	$ (117.1)

Non-Cash Financing Activities - Declared Dividends

On September 8, 2014, our board of directors declared the quarterly cash dividend on our Preferred Shares of $17.50 per share, which is equivalent to approximately $0.44 per depositary share, each representing 1/40th of a share of Series A preferred stock. The cash dividend of $12.8 million was paid on November 3, 2014 to our preferred shareholders of record as of the close of business on October 15, 2014.

NOTE 20 - SUBSEQUENT EVENTS

On October 24, 2014, we amended the Amended and Restated Multicurrency Credit Agreement among Cliffs Natural Resources Inc. and various lenders dated August 11, 2011 (as further amended by Amendment No. 1 as of October 16, 2012, Amendment No. 2 as of February 8, 2013, Amendment No. 3 as of June 30, 2014 and Amendment No. 4 as of September 9, 2014), or revolving credit agreement, to effect the following:

- Reduces the size of the existing facility from $1.250 billion to $1.125 billion.

- Grants a valid and perfected first-priority (subject to certain permitted liens) security interest in certain property and assets of the Company and certain of its subsidiaries, subject to customary exclusions all specified in a security agreement.
- With effect as of September 30, 2014, removes the maximum balance sheet leverage ratio of debt to capitalization of less than 45 percent, which was a covenant introduced in June 2014, and replaces that covenant with a maximum leverage ratio covenant of secured debt to EBITDA that is not to exceed 3.5 times.
- Retains the minimum interest coverage ratio requirement of 3.5 times, and subsequently reduces the minimum interest coverage ratio to 2.0 times upon completion of certain collateral actions within 60 days of the execution of the amendment.
- Subjects restricted payments (including the $200 million share repurchase, which was approved in September 2014) and current dividend structure to a $400 million liquidity test.
- Adds limitations regarding acquisitions, investments (including investments in non-wholly owned subsidiaries and joint ventures) and subsidiary debt.
- Eliminates the accounts receivable securitization facility.
- Terminates the ability to have foreign borrowers under the revolving credit agreement.

The amended facility retains substantial financial flexibility for management to execute our strategy and provides us a consistent source of liquidity.

On November 4, 2014, the Board of Directors declared a quarterly cash dividend on the Company's common shares of $0.15 per share to be paid on December 1, 2014 to shareholders of record on November 15, 2014. The Board also determined that this dividend and future dividends may be paid out of capital surplus.

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, 2013 as well as other publicly available information.

Overview

Cliffs Natural Resources Inc. traces its history back to 1847. Today, we are an international mining and natural resources company. As an independent, owner-operator mining company supplying the global steelmaking industry, we are a major global iron ore producer and a significant producer of high- and low-volatile metallurgical coal. Driven by the core values of safety, social, environmental and capital stewardship, our associates across the globe endeavor to provide all stakeholders with operating and financial transparency. We are organized through a global commercial group responsible for sales and delivery of our products and a global operations group responsible for the production of the minerals that we market. Our operations are organized according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore and North American Coal

In the U.S., we currently operate five iron ore mines in Michigan and Minnesota, four metallurgical coal operations located in West Virginia and Alabama, and one thermal coal mine located in West Virginia. We also own two iron ore mines in Eastern Canada. Our Asia Pacific operations consist solely of our Koolyanobbing iron ore mining complex in Western Australia.

The key driver of our business is demand for steelmaking raw materials from U.S. steelmakers. In the first nine months of 2014, the U.S. produced approximately 66 million metric tons of crude steel, or about 5 percent of total global crude steel production. This represents an approximate 2 percent increase in U.S. crude steel production when compared to the same period in 2013. U.S. total steel capacity utilization was about 77 percent in the first nine months of 2014, which is unchanged from the same period in 2013. Additionally, in the first nine months of 2014, China produced approximately 618 million metric tons of crude steel, or approximately 50 percent of total global crude steel production. These figures represent an approximate 2 percent increase in Chinese crude steel production when compared to the same period in 2013. Average global total steel capacity utilization was about 77 percent in the first nine months of 2014, an approximate 1 percent decrease from the same period in 2013. Through the first nine months of 2014, global crude steel production grew about 2 percent compared to the same period in 2013.

We expect economic growth in the U.S. to continue through the remainder of 2014. Despite the unanticipated first quarter 2014 contraction in real GDP, the significant real GDP growth experienced in the second quarter and the preliminary estimates of an annualized real GDP growth of 3.5 percent in the third quarter has marked a return of the U.S. economy to its prior upward trajectory. Domestic steel production and the corresponding demand for steelmaking raw materials are expected to be supported directly by construction activity, energy extraction, and motor vehicle production, and indirectly, by an improving labor market. We expect the growth in the U.S. to continue to provide a strong source of demand for our products. Additionally, we expect China’s economy will continue to expand while, correspondingly, increased Chinese domestic steel production will continue to require imported steelmaking raw materials to satisfy demand. However, both slowing Chinese demand, in part reflected by a decline in year-over-year real GDP growth, and increasing supply appear likely to persist, resulting in continued downward pressure on prices of steelmaking raw materials.

The global price of iron ore is influenced significantly by the worldwide supply of iron ore and by Chinese demand. The global supply of iron ore continues to increase, which has put downward pressure on current spot pricing. However, the impact of this volatility on our U.S. Iron Ore revenues is muted and/or deferred partially because the pricing in our long-term contracts mostly is structured to be based on 12-month averages. Additionally, contracts often are priced partially or completely on other indices instead of world market spot prices.

As a result of the long-term contracts, as discussed above, our U.S. Iron Ore revenues only experienced realized revenue rate decreases of 10.6 percent and 7.9 percent for the three and nine months ended September 30, 2014, respectively, when compared to the comparable prior year period versus the much higher decrease in Platts 62 percent Fe fines spot price. The Platts 62 percent Fe fines spot price decreased 31.9 percent to an average price of $90 per ton for the three months ended September 30, 2014 compared to the respective quarter of 2013. In comparison, the year to date Platts 62 percent Fe fines spot pricing also has decreased 23.0 percent to an average price of $104 per ton during the nine months ended September 30, 2014. These large decreases in Platts 62 percent Fe fines spot price were driven by Chinese demand for raw materials which was moderate during the first nine months of 2014 as a result of continued weak profitability of Chinese steel mills and high levels of raw material inventories at the steel mills and ports. The spot price volatility impacts our realized revenue rates, particularly in our Eastern Canadian Iron Ore and Asia Pacific Iron Ore business segments because their contracts correlate heavily to world market spot pricing.

The metallurgical coal market continues to be in an oversupplied position due to increased supply from Australian producers. Those producers, benefiting from a devaluated local currency, are very competitive in European and South American markets. Recent reductions in global coal supply have yet to make an impact on pricing.

Consistent with the above, the quarterly benchmark price for premium low-volatile hard coking coal between Australian metallurgical coal suppliers and Japanese/Korean consumers decreased 17.2 percent to a third quarter average of $120 per metric ton in 2014 versus the comparable period in 2013. In comparison, the year-to-date quarterly benchmark average price for premium low-volatile hard coking coal decreased 20.5 percent to $128 per ton during the nine months ended September 30, 2014 when compared to the comparable period in 2013. The benchmark pricing has remained relatively flat from the second quarter of 2014 to the fourth quarter of 2014 at approximately $120 per metric ton.

For the three and nine months ended September 30, 2014, our consolidated revenues were $1.3 billion and $3.3 billion, respectively, and a net loss from continuing operations per diluted share of $38.49 and $39.05, respectively. This compares with consolidated revenues of $1.5 billion and $4.2 billion, respectively, and with net income from continuing operations per diluted share of $0.65 and $2.13, respectively, for the comparable periods in 2013. Net income in the three and nine months of 2014 was impacted primarily by $7,695.6 million of long-lived asset impairment and $73.5 million of goodwill impairment recorded in the third quarter of 2014. Also, net income in the first nine months of 2014 was impacted by lower market pricing for our products which decreased product revenues by $311.5 million and $656.4 million in the three and nine months ended September 30, 2014, respectively, when compared to the same periods of 2013. Additionally, results for the three and nine months ended September 30, 2014 were impacted negatively by $51.7 million and $81.6 million, respectively, of minimum shipment penalties and $22.9 million and $85.9 million, respectively, of Wabush idle costs.

Strategy

In recent years, we have shifted from a merger and acquisition-based strategy to one that now primarily focuses on strengthening our U.S. Iron Ore operations and streamlining our portfolio of non-core assets. While our non-core assets do have real value, we will only sell assets at the right price, if and when we find buyers willing to pay what we believe the assets are truly worth.

We believe our ability to execute our strategy is dependent on our financial position, balance sheet strength and financial flexibility to manage through the inevitable volatility in commodity prices. We will continue to execute initiatives that improve our cost profile and increase long-term profitability. The cash generated from our operations in excess of that used for sustaining and license-to-operate capital spending and dividends will be evaluated and allocated towards initiatives that enhance shareholder value. We believe that our strategic imperative is to create long-term shareholder value through financial discipline, operational excellence, long-term customer relationships, and the strength of our people.

Recent Developments

On October 24, 2014, we entered into an agreement to amend our existing revolving credit agreement. The amended terms remove the current maximum balance sheet leverage ratio of debt to capitalization of less than 45 percent, which was a covenant introduced in June 2014, and replaces that covenant with a maximum leverage ratio covenant of secured debt to EBITDA that is not to exceed 3.5 times. In addition, the interest coverage ratio requirement will be reduced from 3.5 times to 2.0 times upon satisfaction of certain collateral requirements. The amendment also reduces the size of the existing facility from $1.250 billion to $1.125 billion and includes a security agreement. The amended facility retains substantial financial flexibility to execute our strategy and provides a consistent source of liquidity.

On September 10, 2014, we announced that we entered into an agreement to amend our existing unsecured revolving credit facility, which provides authorization for us to proceed at our discretion with the Board of Directors approved share buyback program of outstanding common shares up to a maximum of $200 million. We are not obligated to make any purchases and the program may be suspended or discontinued at any time. The authorization by the Board of Directors is active until December 31, 2015. Among other changes to our existing unsecured revolving credit facility, the amended terms with the banking partners reduces the size of the existing unsecured revolving credit facility to $1.25 billion from $1.75 billion.

On July 29, 2014, we held our 2014 Annual General Meeting, in which our shareholders re-elected five directors and elected six new directors that were nominated for election by Casablanca Capital LP, a New York-based hedge fund and owner of approximately 5.2 percent of our common shares. Subsequent to these results being certified on August 6, 2014, the Board of Directors appointed Lourenco Goncalves to Chairman, President and Chief Executive Officer. Mr. Goncalves replaced James Kirsch who served as Chairman since July 2013, and Gary Halverson who served as CEO since February 2014. As a result of the election, per the terms of the incentive equity plan for officers and key employees and the change in control provisions in that plan, we were obligated to make significant payments to recipients of awards previously granted under the plan. Pursuant to these obligations, we made payments of approximately $11 million (including $4.2 million which will be paid in the first quarter of 2015) to Gary Halverson in connection with the termination of his employment and additional payments of approximately $17.1 million have been made to satisfy the change in control obligations under awards previously granted to other officers and key employees that are payable without regard to continuing employment. We also have a potential future liability for additional double-trigger payments of up to $30.7 million (based on the share price as of September 30, 2014 of Cliffs' common stock and other factors), but expect that triggering events and therefore actual payments will be minimal. This potential liability will expire entirely in two years.

Since the 2014 Annual General Meeting in July 2014, all legacy directors stepped down from the Cliffs Board of Directors. The Board of Directors is constituted by nine members including Cliffs' CEO Lourenco Goncalves as Chairman of the Board, and eight independent directors: Gabriel Stoliar, Joseph Rutkowski, Robert Fisher, Douglas Taylor, James Sawyer, John Baldwin, Michael Siegal and Susan Green, who was recently re-appointed to the Board in October 2014 after stepping down in July 2014.

Business Segments

Our Company's primary operations are organized and managed according to product category and geographic location: U.S. Iron Ore, Eastern Canadian Iron Ore, Asia Pacific Iron Ore and North American Coal.

Results of Operations – Consolidated

2014 Compared to 2013

The following is a summary of our consolidated results of operations for the three and nine months ended September 30, 2014 and 2013:

	(In Millions)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Variance Favorable/ (Unfavorable)	**2014**	2013	Variance Favorable/ (Unfavorable)
Revenues from product sales and services	**$ 1,298.2**	$ 1,546.6	$ (248.4)	**$ 3,339.0**	$ 4,175.6	$ (836.6)
Cost of goods sold and operating expenses	**(1,170.7)**	(1,197.9)	27.2	**(3,056.3)**	(3,320.8)	264.5
Sales margin	**$ 127.5**	$ 348.7	$ (221.2)	**$ 282.7**	$ 854.8	$ (572.1)
Sales margin %	**9.8%**	22.5%	(12.7)%	**8.5%**	20.5%	(12.0)%

Revenues from Product Sales and Services

Sales revenue for the three and nine months ended September 30, 2014 decreased $248.4 million and $836.6 million, respectively, or 16.1 percent and 20.0 percent, respectively, from the comparable periods in 2013. The decrease in sales revenue during the third quarter and first nine months of 2014 compared to the comparable periods in 2013 was primarily attributable to the decrease in market pricing for our products, which impacted revenues by $311.5 million and $656.4 million for three and nine months ended September 30, 2014, respectively.

Changes in world market pricing impacts our revenues each year. Iron ore revenues were impacted primarily by the decrease in the Platts 62 percent Fe fines spot price, which declined 31.9 percent to an average price of $90 per ton in the third quarter of 2014, resulting in decreased revenues of $268.1 million, excluding the impact of Wabush tons sold. The decrease in our realized revenue rates during the third quarter of 2014 compared to the third quarter of 2013 was 33.5 percent, 36.6 percent and 10.6 percent for our Eastern Canadian Iron Ore, Asia Pacific Iron Ore and U.S. Iron Ore operations, respectively. During the three months ended September 30, 2014, our North American Coal business segment market pricing has continued to be affected by various supply and demand pressures in the metallurgical coal markets, which negatively impacted revenue by $43.4 million and decreased our realized revenue rate by 23.5 percent. Additionally, as a result of the idling of the Wabush facility there were lower iron ore sales quarter-over-quarter of 522 thousand tons or $100.9 million. The factors driving the decline in revenue were offset partially by higher worldwide iron ore sales volumes, excluding Wabush, of 1,070 thousand tons or $119.8 million.

During the first nine months of 2014, iron ore revenues were impacted primarily by the decrease in the Platts 62 percent Fe fines spot price, which declined 23.0 percent to an average price of $104 per ton, resulting in decreased revenues of $511.0 million, excluding the impact of Wabush tons sold. The decrease in our realized revenue rates during the first nine months of 2014 compared to the first nine months of 2013 was 23.5 percent, 27.2 percent and 7.9 percent for our Eastern Canadian Iron Ore, Asia Pacific Iron Ore and U.S. Iron Ore operations, respectively. Also, the decision to idle Wabush impacted the period-over-period revenues negatively by $193.8 million. Additionally, during the nine months ended September 30, 2014, our North American Coal business segment experienced continued downward pricing pressures, which negatively impacted revenues by $145.4 million and decreased our realized revenue rate by 25.4 percent.

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 and nine months ended September 30, 2014 were $1,170.7 million and $3,056.3 million, respectively, which represented a decrease of $27.2 million and $264.5 million, or 2.3 percent and 8.0 percent, respectively, from the comparable prior-year periods.

Cost of goods sold and operating expenses for the three and nine months ended September 30, 2014 decreased as costs were impacted positively as a result of the Wabush idle that occurred during the second quarter of 2014, which reduced costs by $82.2 million and $186.3 million period-over-period. Operational efficiencies and cost cutting efforts across all of our business units have reduced costs for the three and nine months ended September 30, 2014 by $64.6 million and $124.6 million, respectively. Also, as a result of favorable foreign exchange rates in the third quarter and first nine months of 2014 versus the comparable periods in 2013, we realized lower costs of $4.6 million and $69.6 million, respectively. Partially offsetting these decreases were an increase in costs period-over-period as a result of higher iron ore and coal sales volumes of $104.5 million and $48.9 million for the three and nine months ended September 30, 2014, respectively. Additionally, we incurred incrementally higher lower-of-cost-or-market inventory charges of $4.3 million and $47.4 million for the three and nine months ended September 30, 2014, respectively.

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 and nine months ended September 30, 2014 and 2013:

	(In Millions)					
	Three Months Ended September 30,			**Nine Months Ended September 30,**		
	2014	2013	Variance Favorable/ (Unfavorable)	**2014**	2013	Variance Favorable/ (Unfavorable)
Selling, general and administrative expenses	**$ (62.7)**	$ (70.6)	$ 7.9	**$ (166.3)**	$ (167.9)	$ 1.6
Exploration costs	**(1.1)**	(10.6)	9.5	**(8.7)**	(45.9)	37.2
Impairment of goodwill and other long-lived assets	**(7,769.1)**	—	(7,769.1)	**(7,773.1)**	—	(7,773.1)
Miscellaneous - net	**(53.7)**	(43.5)	(10.2)	**(156.1)**	13.3	(169.4)
	$ (7,886.6)	$ (124.7)	$ (7,761.9)	**$ (8,104.2)**	$ (200.5)	$ (7,903.7)

Selling, general and administrative expenses during the three and nine months ended September 30, 2014 decreased $7.9 million and $1.6 million, respectively, over the comparable periods in 2013. The three and nine months ended September 30, 2014 were favorably impacted by $14.9 million and $26.4 million, respectively, for employment costs related to cost savings actions. Additionally, incrementally lower severance costs and outside service costs of $6.1 million and $3.0 million, respectively, during the three months ended September 30, 2014 versus the comparable quarter. Offsetting these cost reductions were an increase in costs related to the proxy contest and the change in control. We incurred substantial costs associated with various advisors, including bankers, attorneys and others, and we have also entered into certain severance agreements with key personnel. Costs associated with these events were approximately $21.9 million and $26.2 million for the three and nine months ended September 30, 2014, respectively.

Exploration costs decreased by $9.5 million and $37.2 million during the three and nine months ended September 30, 2014, respectively, from the comparable periods in 2013, due to decreases in costs at our Ferroalloys and Global Exploration Group operating segments. Our Ferroalloys operating segment had cost decreases of $7.4 million and $28.8 million in the three and nine months ended September 30, 2014, respectively, over the comparable prior-year periods due to the decision made in the fourth quarter of 2013 to indefinitely suspend the Chromite Project and to not allocate additional capital for the project given the uncertain timeline and risks associated with the development of necessary infrastructure to bring the project online. Our Global Exploration Group had cost decreases of $1.2 million and $6.3 million in the three and nine months ended September 30, 2014, respectively, over the comparable prior-year periods, due to lower overhead and professional services spend. In alignment with our capital allocation strategy, we anticipate decreased levels of exploration spending to continue throughout 2014 and beyond.

Impairment of goodwill and other long-lived assets were $7,769.1 million and $7,773.1 million during the three and nine months ended September 30, 2014, respectively. There were no impairments of goodwill and long-lived assets during the three and nine months ended September 30, 2013. During the three and nine months ended September 30, 2014, we recorded goodwill impairment of $73.5 million related to our Asia Pacific Iron Ore reporting unit. We also recorded other long-lived asset impairment charges of $7,695.6 million during the third quarter of 2014 related to our Wabush operation and Bloom Lake operation within our Eastern Canadian Iron Ore operating segment, our Asia Pacific Iron Ore operating segment and our CLCC thermal operation, Oak Grove operation and Pinnacle operation within our North American Coal operating segment, along with impairments charged to reporting units within our *Other* reportable segments. The impairment charges were primarily a result of changes in life-of-mine cash flows due to declining pricing for both global iron ore and low-volatile metallurgical coal, which impacts our estimate of long-term pricing, along with changes in strategic focus including exploratory phases of possible divestiture of the operations. The new CODM views Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal and Ferroalloys as non-core assets. A detailed break out of the impairment charges and further explanation of the impairment identifying factors is shown in NOTE 7 - FAIR VALUE MEASUREMENTS.

The following is a summary of Miscellaneous - net for the three and nine months ended September 30, 2014 and 2013:

	(In Millions)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Variance Favorable/ (Unfavorable)	**2014**	2013	Variance Favorable/ (Unfavorable)
Foreign exchange remeasurement	**$ 26.4**	$ (14.1)	$ 40.5	**$ 8.4**	$ 36.5	$ (28.1)
Gain on sale of Cockatoo Island	**—**	—	—	**—**	18.5	(18.5)
Minimum shipment penalties	**(51.7)**	(15.8)	(35.9)	**(81.6)**	(21.5)	(60.1)
Wabush idle costs	**(22.9)**	(1.0)	(21.9)	**(85.9)**	(3.2)	(82.7)
Other	**(5.5)**	(12.6)	7.1	**3.0**	(17.0)	20.0
	$ (53.7)	$ (43.5)	$ (10.2)	**$ (156.1)**	$ 13.3	$ (169.4)

Miscellaneous - net expense increased by $10.2 million and $169.4 million during the three and nine months ended September 30, 2014, respectively, from the comparable periods in 2013. The three and nine months ended September 30, 2014 was impacted negatively by $22.9 million and $85.9 million, respectively, as a result of the idling of the Wabush Scully mine operations. We estimate the full year cost of the idling to be approximately $100 million in 2014, which includes idling costs, employment-related expenditures and contract costs. During the three and nine months ended September 30, 2014, we incurred $15.3 million and $45.2 million, respectively, for failure to meet minimum monthly shipment requirements as a result of the continued delay in the Bloom Lake Phase II expansion and anticipate approximately $14 million to $16 million for each quarter until the Bloom Lake Phase II expansion is completed. We also recorded $36.4 million during the third quarter of 2014 related to minimum shipment penalties associated with the cancellation of the Wabush mine rail contract. Additionally, for the nine months ended September 30, 2014, there was an unfavorable incremental impact of $28.1 million due to the change in foreign exchange re-measurement on short-term intercompany notes, Australian bank accounts that are denominated in U.S. dollars and certain monetary financial assets and liabilities, which are denominated in something other than the functional currency of the entity. In the three months ended September 30, 2014 the foreign exchange remeasurement incremental impact was a favorable $40.5 million.

Other Income (Expense)

The following is a summary of other income (expense) for the three and nine months ended September 30, 2014 and 2013:

	(In Millions)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Variance Favorable/ (Unfavorable)	**2014**	2013	Variance Favorable/ (Unfavorable)
Interest expense, net	**$ (47.4)**	$ (44.7)	$ (2.7)	**$ (134.9)**	$ (134.5)	$ (0.4)
Other non-operating income (expense)	**7.1**	(1.2)	8.3	**10.5**	(2.9)	13.4
	$ (40.3)	$ (45.9)	$ 5.6	**$ (124.4)**	$ (137.4)	$ 13.0

The increase in interest expense during the three and nine months ended September 30, 2014 compared to the comparable prior-year periods is a result of the change in borrowing capacity of our revolving credit facility which resulted in $2.8 million of unamortized debt issuance costs being expensed as of the effective date of the amendment, as discussed in NOTE 8 - DEBT AND CREDIT FACILITIES.

Income Taxes

We determined our interim tax provision using the annual effective tax rate methodology as required by ASC 740, *Income Taxes*. However, as our loss for the nine months ended September 30, 2014 exceeds the anticipated ordinary loss for the full year, the tax benefit recognized for the nine months ended September 30, 2014 is limited to the amount that would be recognized if the nine months ended September 30, 2014 ordinary loss were the anticipated ordinary loss for the full year. The following represents a summary of our tax provision and corresponding effective rates for the three and nine months ended September 30, 2014 and 2013:

	(In Millions)					
	Three Months Ended September 30,			Nine Months Ended September 30,		
	2014	2013	Variance	**2014**	2013	Variance
Income tax benefit (expense)	**$ 921.4**	$ (65.7)	$ 987.1	**$ 1,012.3**	$ (69.0)	$ 1,081.3
Effective tax rate	**11.8%**	36.9%	(25.1)%	**12.7%**	13.3%	(0.6)%

A reconciliation of the statutory rate to the effective tax rate for the three and nine months ended September 30, 2014 and 2013 is as follows:

	(In Millions)			
	Nine Months Ended September 30,			
	2014		2013	
Tax at U.S. statutory rate of 35 percent	**$ (2,781.1)**	**35.0 %**	$ 180.9	**35.0 %**
Increases/(Decreases) due to:				
Percentage depletion	**(85.4)**	**1.1**	(61.0)	(11.8)
Impact of foreign operations	**577.6**	**(7.3)**	10.3	2.1
(Income) loss not subject to tax	**220.6**	**(2.8)**	(68.7)	(13.3)
Valuation allowance on future benefits (including impairment impact)	**1,027.4**	**(12.9)**	12.4	2.4
Goodwill impairment	**22.1**	**(0.3)**	—	—
Prior year adjustments made in current year	**(3.8)**	**0.1**	(13.4)	(2.6)
Foreign exchange remeasurement	**(2.6)**	**—**	(1.4)	(0.3)
Tax uncertainties	**1.5**	**—**	8.9	1.7
Repeal of Mineral Resources Rent Tax	**13.0**	**(0.2)**	—	—
Other items - net	**(1.6)**	**—**	1.0	0.1
Provision for income tax benefit and effective income tax rate including discrete items	**$ (1,012.3)**	**12.7 %**	$ 69.0	13.3 %

Our tax provision for the nine months ended September 30, 2014 was a benefit of $1,012.3 million and a 12.7 percent effective tax rate compared with an expense of $69.0 million and an effective tax rate of 13.3 percent for the comparable prior-year period. The change in the effective rate from the prior-year period is due primarily to an increase in the valuation allowance on future benefits as a result of the impairment of global assets and the determination that a portion of the deferred assets are not recoverable. Other items include the impact of foreign operations and non-deductible goodwill impairment as well as a decrease in the tax benefit from interest income not subject to tax.

Income not subject to tax includes the tax benefit of the non-taxable interest income that is expected to be $48.4 million for the year ended December 31, 2014. Of this, $27.8 million, relates to an intercompany note between the United States and Canada. This note was restructured on April 27, 2014 and will no longer result in an income tax benefit on the financials after this date. An additional, $20.6 million relates to an intercompany note between Canada and Australia, the balance of which is $777.3 million at September 30, 2014 with an interest rate of 9.4 percent and a maturity date of December 31, 2020. The balances of the intercompany loans are not permanently invested in the subsidiaries.

Equity Loss from Ventures

Equity loss from ventures for the three and nine months ended September 30, 2014 was $9.2 million and $9.8 million, respectively. The equity loss from ventures for the three and nine months ended September 30, 2014 primarily is comprised of the impairment charge of $9.2 million related to a Global Exploration Group investment. Equity loss from ventures for the three and nine months ended September 30, 2013 was $0.5 million and $73.9 million, respectively. The equity loss from ventures for the three and nine months ended September 30, 2013 primarily is comprised of the impairment charge of $67.6 million related to our 30 percent ownership interest in Amapá. In the fourth quarter of 2012, our Board of Directors authorized the sale of our 30 percent interest in Amapá. The sale of Amapá was completed in the fourth quarter of 2013.

Noncontrolling Interest

Noncontrolling interest primarily is comprised of our consolidated, but less-than-wholly owned subsidiaries at the Bloom Lake and Empire mining operations. The net loss attributable to the noncontrolling interest related to Bloom Lake was $1,010.1 million and $1,026.8 million for the three and nine months ended September 30, 2014, respectively, compared to net loss attributable to noncontrolling interest of $14.2 million and $12.0 million for the comparable periods in 2013. The net loss attributable to the noncontrolling interest for the three and nine months ended September 30, 2014 related to Bloom Lake was primarily attributable to other long-lived asset impairment charges recorded in third quarter of 2014 for the Bloom Lake operations of $6,279.2 million, of which $997.4 million was allocated to the noncontrolling interest. This would not have impacted earnings comparably in 2013.

The net income attributable to the noncontrolling interest of the Empire mining venture was $2.7 million and $22.7 million for the three and nine months ended September 30, 2014, respectively, compared to net income attributable to the noncontrolling interest of $10.9 million and $17.9 million for the comparable respective periods in 2013.

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, beginning in the third quarter of 2014, concurrent with the change in control, management began to 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 impairment charges, impacts of permanently idled or closed facilities, foreign currency remeasurement, severance and other costs associated with the change in control, litigation judgments and intersegment corporate allocations of SG&A costs. Management uses and believes that investors benefit from referring to these measures in evaluating operating 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 September 30,		**Nine Months Ended September 30,**	
	2014	2013	**2014**	2013
Net Income (Loss)	**$ (6,887.2)**	$ 113.9	**$ (6,943.4)**	$ 376.0
Less:				
Interest expense, net	**(47.4)**	(44.7)	**(134.9)**	(134.5)
Income tax benefit (expense)	**921.4**	(65.7)	**1,012.3**	(69.0)
Depreciation, depletion and amortization	**(144.0)**	(153.1)	**(430.4)**	(438.0)
EBITDA	**$ (7,617.2)**	$ 377.4	**$ (7,390.4)**	$ 1,017.5
Less:				
Impairment of goodwill and other long-lived assets	**$ (7,769.1)**	$ —	**$ (7,773.1)**	$ —
Wabush related costs	**(64.0)**	(13.0)	**(122.3)**	(2.3)
Wabush sales margin	**(20.0)**	(1.3)	**(47.5)**	(44.2)
Foreign exchange remeasurement	**26.4**	(14.1)	**8.4**	36.5
Proxy contest and change in control costs in SG&A	**(21.9)**	—	**(26.2)**	—
Litigation judgment	**—**	(9.6)	**—**	(9.6)
Severance in SG&A	**(1.9)**	(8.1)	**(12.6)**	(8.1)
Adjusted EBITDA	**$ 233.3**	$ 423.5	**$ 582.9**	$ 1,045.2
EBITDA:				
U.S. Iron Ore	**$ 242.1**	$ 296.9	**$ 538.4**	$ 715.9
Eastern Canadian Iron Ore	**(6,423.2)**	(43.8)	**(6,537.6)**	(9.6)
Asia Pacific Iron Ore	**(330.9)**	138.1	**(148.7)**	367.6
North American Coal	**(827.5)**	31.0	**(875.6)**	85.4
Other	**(277.7)**	(44.8)	**(366.9)**	(141.8)
Total EBITDA	**$ (7,617.2)**	$ 377.4	**$ (7,390.4)**	$ 1,017.5
Adjusted EBITDA:				
U.S. Iron Ore	**$ 248.7**	$ 305.0	**$ 556.1**	$ 738.0
Eastern Canadian Iron Ore	**(33.2)**	(8.6)	**(49.3)**	50.0
Asia Pacific Iron Ore	**46.1**	140.9	**234.5**	375.5
North American Coal	**6.1**	37.4	**(32.2)**	103.2
Other	**(34.4)**	(51.2)	**(126.2)**	(221.5)
Total Adjusted EBITDA	**$ 233.3**	$ 423.5	**$ 582.9**	$ 1,045.2

EBITDA for the three and nine months ended September 30, 2014 decreased by $7,994.6 million and $8,407.9 million, respectively, on a consolidated basis from the comparable periods in 2013. The decrease was primarily driven by the goodwill and long-lived asset impairment charges recorded during the third quarter of $6,304.7 million, $374.0 million, $827.8 million and $262.6 million related to the Eastern Canadian Iron Ore, Asia Pacific Iron Ore, North American Coal and Other segments, respectively. Additionally, lower sales margins across all operating segments negatively impacted EBITDA and was the main driver in the change of Adjusted EBITDA which decreased by $190.2 million and $462.3 million, respectively, for the three and nine months ended September 30, 2014 from the comparable periods in 2013. See further detail below for additional information regarding the specific factors that impacted each reportable segments' sales margin during the three and nine month ended periods.

2014 Compared to 2013

U.S. Iron Ore

The following is a summary of U.S. Iron Ore results for the three months ended September 30, 2014 and 2013:

	(In Millions)						
	Three Months Ended September 30,		Changes due to:				
	2014	2013	Revenue and cost rate	Sales volume	Idle cost/production volume variance	Freight and reimburse-ment	Total change
Revenues from product sales and services	**$ 767.4**	$ 782.4	$ (81.9)	$ 63.4	$ —	$ 3.5	$ (15.0)
Cost of goods sold and operating expenses	**(547.9)**	(508.9)	(12.8)	(36.0)	13.3	(3.5)	(39.0)
Sales margin	**$ 219.5**	$ 273.5	$ (94.7)	$ 27.4	$ 13.3	$ —	$ (54.0)

	Three Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate[1]	**$ 100.70**	$ 112.67	$ (11.97)	(10.6)%
Cost of goods sold and operating expenses rate[1] (excluding DDA)	**64.87**	64.81	0.06	0.1 %
Depreciation, depletion & amortization	**3.78**	4.34	(0.56)	(12.9)%
Total cost of goods sold and operating expenses rate	**68.65**	69.15	(0.50)	(0.7)%
Sales margin	**$ 32.05**	$ 43.52	$ (11.47)	(26.4)%
Sales tons[2] (In thousands)	**6,848**	6,285		
Production tons[2] (In thousands)				
Total	**7,794**	7,000		
Cliffs' share of total	**5,814**	5,176		

[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 $219.5 million for the three months ended September 30, 2014, compared with sales margin of $273.5 million for the three months ended September 30, 2013. The decline compared to the prior-year period is attributable to a decrease in revenue of $15.0 million and an increase in cost of goods sold and operating expenses of $39.0 million. Sales margin per ton decreased 26.4 percent to $32.05 in the third quarter of 2014 compared to the third quarter of 2013.

Revenue decreased by $18.5 million, excluding the increase of $3.5 million of freight and reimbursements from the prior-year period, predominantly due to:

- The average year-to-date realized product revenue rate decreased by $11.97 per ton or 10.6 percent to $100.70 per ton in the third quarter of 2014, which resulted in a decrease of $81.9 million. This decline is a result of:
    - Realized revenue rates impacted negatively by $4 per ton related to one major customer contract with a reduced average selling price due to a contractual change in the 2014 pricing mechanism; and
    - Changes in customer pricing negatively affected the realized revenue rate by $6 per ton driven primarily by the period-over-period reduction in the Platts 62 percent Fe fines spot price and by new base pricing from an additional contract.
- Primarily offset by higher sales volumes of 563 thousand tons or $63.4 million:
    - Substantially driven by a customer with an additional contract in 2014 and increased shipments in the third quarter of 2014 to one customer that was heavily affected by the freeze on the Great Lakes in the first quarter of 2014; and
    - Additional sales to North American customers with increased nominations in 2014, along with increased tonnage to a customer in comparison to the prior-year period as a result of their force majeure in the third quarter of 2013;
    - Partially offset by:
        - The non-renewal of one annual contract and one spot sale contract that occurred in the prior-year quarter; and
        - Decreased export sales due to higher Great Lakes nominations, lower market pricing, and the expiration of an export contract for one customer that was transferred from Wabush in the prior-year period and expired at the end of 2013.

Cost of goods sold and operating expenses in the third quarter of 2014 increased $35.5 million, excluding the increase of $3.5 million of freight and reimbursements from the same period in the prior-year period, predominantly as a result of:

- Higher sales volumes, as discussed above, that increased costs by $36.0 million compared to the prior-year period; and
- Increased costs related to higher energy rates, increased mobile equipment repairs, and increased maintenance and repair costs primarily driven by increased kiln repairs at the Empire mine in 2014 due to the 2016 life-of-mine extension and mill repair at the Hibbing mine;
- Partially offset by lower idle costs of $13.3 million due to restarting the two production lines at our Northshore mine during the first quarter of 2014 that were previously idled in January 2013 and the non-recurrence of the 2013 summer shutdown of the Empire mine in 2014.

The following is a summary of U.S. Iron Ore results for the nine months ended September 30, 2014 and 2013:

	(In Millions)						
	Nine Months Ended September 30,		Changes due to:				
	2014	2013	Revenue and cost rate	Sales volume	Idle cost/production volume variance	Freight and reimburse-ment	Total change
Revenues from product sales and services	**$ 1,643.3**	$ 1,894.2	$ (125.3)	$ (121.8)	$ —	$ (3.8)	$ (250.9)
Cost of goods sold and operating expenses	**(1,181.6)**	(1,247.1)	(54.5)	75.2	41.0	3.8	65.5
Sales margin	**$ 461.7**	$ 647.1	$ (179.8)	$ (46.6)	$ 41.0	$ —	$ (185.4)

	Nine Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate[1]	**$ 104.27**	$ 113.23	$ (8.96)	(7.9)%
Cost of goods sold and operating expenses rate[1] (excluding DDA)	**65.55**	64.91	0.64	1.0 %
Depreciation, depletion & amortization	**5.79**	5.45	0.34	6.2 %
Total cost of goods sold and operating expenses rate	**71.34**	70.36	0.98	1.4 %
Sales margin	**$ 32.93**	$ 42.87	$ (9.94)	(23.2)%
Sales tons[2] (In thousands)	**14,022**	15,095		
Production tons[2] (In thousands)				
Total	**21,528**	19,983		
Cliffs' share of total	**16,256**	14,777		

[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 $461.7 million for the nine months ended September 30, 2014, compared with sales margin of $647.1 million for the nine months ended September 30, 2013. The decline compared to the prior-year period is attributable to a decrease in revenue of $250.9 million partially offset by a decrease in cost of goods sold and operating expenses of $65.5 million. Sales margin per ton decreased 23.2 percent to $32.93 in the first nine months of 2014 compared to the first nine months of 2013.

Revenue decreased by $247.1 million, excluding the decrease of $3.8 million of freight and reimbursements from the prior-year period, predominantly due to:

- The average year-to-date realized product revenue rate declined by $8.96 per ton or 7.9 percent to $104.27 per ton in first nine months of 2014, which resulted in a decrease of $125.3 million. This decline is a result of:
    - Realized revenue rates impacted negatively by $4 per ton related to one major customer contract with a reduced average selling price due to a contractual change in the 2014 pricing mechanism; and
    - Changes in customer pricing negatively affected the realized revenue rate by $7 per ton driven primarily by the period-over-period reduction in Platts 62 percent Fe fines spot price and by new base pricing from an additional contract;
    - Partially offset by a favorable customer mix impacting the realized revenue rates by $3 per ton primarily attributable to lower export sales and increased sales tonnage from a customer contract with the most favorable rate.

- Lower sales volumes of 1,073 thousand tons or $121.8 million:
  - Primarily driven by reduced vessel shipment availability due to the extended freeze on the Great Lakes, which delayed the start of the 2014 shipping season;
  - Decreased export sales due to increased 2014 Great Lakes nominations and low market pricing providing a disincentive for spot shipment opportunities. Additionally, an export contract for one customer was transferred from Wabush in the prior-year period and expired at the end of 2013; and
  - A spot sale that occurred in the prior-year period not recurring in the nine months ended September 30, 2014.
  - These decreases were partially offset by higher contracted tons in 2014 from one customer, higher demand from a customer due to the Great Lakes freeze preventing the customer from reaching its self-produced ore, and supplying tons to a customer with an increased nomination in 2014.

Cost of goods sold and operating expenses in the first nine months of 2014 decreased $61.7 million, excluding the decrease of $3.8 million of freight and reimbursements from the same period in the prior-year period, predominantly as a result of:

- Lower sales volumes as discussed above that decreased costs by $75.2 million compared to the prior-year period; and
- Lower idle costs of $41.0 million due to restarting the two production lines at our Northshore mine during the first quarter of 2014 that were previously idled in January 2013 and the non-recurrence of the 2013 summer shutdown of the Empire mine in 2014;
- Partially offset by higher costs related to increased mobile equipment repairs and increased maintenance and repair costs primarily driven by increased kiln repairs at Empire in 2014 due to the 2016 life-of-mine extension, mill repair at the Hibbing mine, along with higher costs related to increased energy rates in the first quarter of 2014.

Production

Cliffs' share of production in its U.S. Iron Ore segment increased by 10.0 percent in the first nine months of 2014 when compared to the comparable period in 2013. The increased production is primarily attributable to our Empire mine, which increased production by 1.1 million tons as a result of the summer shutdown that occurred in 2013, beginning early in the second quarter and ending in the third quarter. Additionally, there was an increase in production of 932 thousand tons at the Northshore mine during the first nine months of 2014, as we restarted the two idled furnaces in the first quarter of 2014. We expect restarting the two furnaces will increase production by 1.3 million tons in 2014. We had previously idled two of the four furnaces at the Northshore mine in January 2013. These increases were partially offset by decreased production of 493 thousand tons at our United Taconite mine due to extreme weather and unplanned maintenance outages.

Eastern Canadian Iron Ore

The following is a summary of Eastern Canadian Iron Ore results for the three months ended September 30, 2014 and 2013:

	(In Millions)							
	Three Months Ended September 30,		Change due to:					
	2014	2013	Revenue and cost rate	Sales volume	Wabush Idle[2]	Inventory write-down	Exchange rate	Total change
Revenues from product sales and services	**$ 148.0**	$ 284.2	$ (57.0)	$ 21.7	$ (100.9)	$ —	$ —	$ (136.2)
Cost of goods sold and operating expenses	**(224.8)**	(306.2)	17.1	(22.3)	82.2	(1.9)	6.3	81.4
Sales margin	**$ (76.8)**	$ (22.0)	$ (39.9)	$ (0.6)	$ (18.7)	$ (1.9)	$ 6.3	$ (54.8)

	Three Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate[3]	**$ 70.91**	$ 106.58	$ (35.67)	(33.5)%
Cost of goods sold and operating expenses rate (excluding DDA)[3]	**81.71**	93.28	(11.57)	(12.4)%
Depreciation, depletion & amortization[3]	**24.59**	28.02	(3.43)	(12.2)%
Total cost of goods sold and operating expenses rate[3]	**106.30**	121.30	(15.00)	(12.4)%
Sales margin[3]	**$ (35.39)**	$ (14.72)	$ (20.67)	n/m
Bloom Lake sales tons	**1,602**	1,399		
Wabush sales tons	**674**	1,196		
Total sales tons[1] (In thousands)	**2,276**	2,595		
Bloom Lake production tons	**1,536**	1,507		
Wabush production tons	**—**	691		
Total production tons[1] (In thousands)	**1,536**	2,198		

[1] Tons are metric tons (2,205 pounds).

[2] As a result of the Wabush mine idle, all revenue and cost activity related to the Wabush mine has been quantified in the Wabush Idle column of the chart above.

[3] As a result of the Wabush mine idle, all revenue and cost activity related to the Wabush mine has been excluded from the Per Ton Information above. Per Ton Information relates to the Bloom Lake mine only.

Sales margin for our Eastern Canadian Iron Ore segment decreased to a sales margin loss of $76.8 million for the three months ended September 30, 2014, compared with a sales margin loss of $22.0 million for the three months ended September 30, 2013. Sales margin loss per ton increased to a loss of $35.39 per ton in the third quarter of 2014 compared to a sales margin loss of $14.72 per ton in the third quarter of 2013.

Revenue decreased by $136.2 million for three months ended September 30, 2014, when compared to the prior-year period, primarily due to:

- A reduction in revenue of $100.9 million due to the idling of the Wabush Scully mine in Newfoundland and Labrador at the end of March 2014; and
- An overall decrease to the Bloom Lake mine average realized revenue rate, which resulted in a decrease of $57.0 million, primarily as a result of a decrease in the Platts 62 percent Fe fines spot price to an average of $90 per ton from $133 per ton in the prior-year period.

- Partially offset by higher sales volumes at the Bloom Lake mine of 203 thousand tons resulting in an increase to revenue of $21.7 million, which is primarily related to:
  - Increased availability of product in 2014 due to higher year-over-year production. This allowed us to match third quarter sales with third quarter production. In the prior year, one customer shipment needed to be deferred to match inventory availability; and
  - Higher contracted shipments to Japan and increased trial shipments to customers, partially offset by reduced spot shipments of product to China.

Cost of goods sold and operating expenses during the three months ended September 30, 2014 decreased from the same period in 2013 by $81.4 million primarily due to:

- Lower costs of $82.2 million due to the idling of the Wabush mine pellet plant in June 2013 and idling of the Wabush Scully mine in Newfoundland and Labrador at the end of March 2014;
- Favorable foreign exchange rate variances of $6.3 million; and
- Reduced spending of $18.2 million as a result of various cost reduction efforts, primarily focused on reducing spending on external services due to a reduction in mining activities including ending the overburden campaign and topographic drilling;
- Partially offset by:
  - An unfavorable variance of $1.9 million in lower-of-cost-or-market inventory charges at our Bloom Lake operations in the third quarter of 2014 primarily attributable to market declines in Platts spot rate pricing as well as higher cost of inventory driven by the timing of maintenance activities and mine development. The Bloom Lake mine did not have lower-of-cost-or-market inventory charges in the prior-year period; and
  - Higher sales volumes at the Bloom Lake facilities as discussed above resulting in increased costs of $22.3 million compared to the prior-year period.

The following is a summary of Eastern Canadian Iron Ore results for the nine months ended September 30, 2014 and 2013:

	(In Millions)							
	Nine Months Ended September 30,		Change due to:					
	2014	2013	Revenue and cost rate	Sales volume	Wabush Idle[2]	Inventory write-down	Exchange rate	Total change
Revenues from product sales and services	**$ 480.3**	$ 743.4	$ (128.2)	$ 58.9	$ (193.8)	$ —	$ —	$ (263.1)
Cost of goods sold and operating expenses	**(645.3)**	(795.7)	29.0	(83.0)	186.3	(10.6)	28.7	150.4
Sales margin	**$ (165.0)**	$ (52.3)	$ (99.2)	$ (24.1)	$ (7.5)	$ (10.6)	$ 28.7	$ (112.7)

	Nine Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate[3]	**$ 86.27**	$ 112.78	$ (26.51)	(23.5)%
Cost of goods sold and operating expenses rate (excluding DDA)[3]	**85.88**	89.81	(3.93)	(4.4)%
Depreciation, depletion & amortization[3]	**23.77**	24.84	(1.07)	(4.3)%
Total cost of goods sold and operating expenses rate[3]	**109.65**	114.65	(5.00)	(4.4)%
Sales margin[3]	**$ (23.38)**	$ (1.87)	$ (21.51)	n/m

	2014	2013
Bloom Lake sales tons	**4,843**	4,320
Wabush sales tons	**1,029**	2,067
Total sales tons[1] (In thousands)	**5,872**	6,387
Bloom Lake production tons	**4,568**	4,304
Wabush production tons	**280**	2,025
Total production tons[1] (In thousands)	**4,848**	6,329

[1] Tons are metric tons (2,205 pounds).

[2] As a result of the Wabush mine idle, all revenue and cost activity related to the Wabush mine has been quantified in the Wabush Idle column of the chart above.

[3] As a result of the Wabush mine idle, all revenue and cost activity related to the Wabush mine has been excluded from the Per Ton Information above. Per Ton Information relates to the Bloom Lake mine only.

Sales margin for our Eastern Canadian Iron Ore segment decreased to a sales margin loss of $165.0 million for the nine months ended September 30, 2014, compared with a sales margin loss of $52.3 million for the nine months ended September 30, 2013. Sales margin loss per ton increased to a loss of $23.38 per ton in the first nine months of 2014 compared to a sales margin loss of $1.87 per ton in the first nine months of 2013.

Revenue decreased by $263.1 million for the nine months ended September 30, 2014, when compared to the prior-year period, primarily due to:

- A reduction in revenue of $193.8 million due to the idling of the Wabush mine pellet plant in June 2013 and idling of the Wabush Scully mine in Newfoundland and Labrador at the end of March 2014; and
- An overall decrease to the Bloom Lake mine average realized revenue rate, which resulted in a decrease of $128.2 million, primarily as a result of a decrease in the Platts 62 percent Fe fines spot price to an average of $104 per ton from $135 per ton in the prior-year period;

- Partially offset by higher sales volumes at the Bloom Lake mine of 523 thousand tons resulting in an increase to revenue of $58.9 million, which is primarily related to increased the Bloom Lake mine production of 264 thousand tons and the timing of customer shipments that were delayed from the end of 2013 into 2014 as a result of adverse weather conditions.

Cost of goods sold and operating expenses during the nine months ended September 30, 2014 decreased from the same period in 2013 by $150.4 million primarily due to:

- Lower costs of $186.3 million due to idling the Wabush mine pellet plant in June 2013 and idling of the Wabush Scully mine in Newfoundland and Labrador at the end of March 2014;
- Favorable foreign exchange rate variances of $28.7 million; and
- Reduced spending of $23.3 million as a result of various cost reduction efforts, primarily focused on reducing spending on external services due to a reduction in mining activities including ending the overburden campaign and topographic drilling;
- Partially offset by:
  - Higher sales volumes at the Bloom Lake facilities as discussed above resulting in increased costs of $83.0 million compared to the prior-year period; and
  - An unfavorable variance of $10.6 million in lower-of-cost-or-market inventory charges at our Bloom Lake operations in the first quarter of 2014 of $8.7 million and in the third quarter of 2014 of $1.9 million primarily attributable to market declines in Platts spot rate pricing as well as higher cost of inventory driven by the timing of maintenance activities and mine development. The Bloom Lake mine did not have lower-of-cost-or-market inventory charges in the prior-year period.

Production

The Bloom Lake facility produced 4.6 million and 4.3 million tons of iron ore concentrate during the nine months ended September 30, 2014 and 2013, respectively. We are currently attempting to secure equity partnerships with steelmakers who would participate in the expansion to a Phase II operating level. If unsuccessful, we will pursue other alternatives for the asset. In the short term, we will continue to operate the Bloom Lake mine Phase I operations on a reduced tailings and water management capital plan.

Production at the Wabush facility was 0.3 million tons of iron ore concentrate during the nine-month period ending September 30, 2014 and 0.8 million tons of iron ore concentrate and 1.2 million tons of iron ore pellets during the nine-month period ending September 30, 2013, respectively. Due to high production costs and lower pellet premium pricing, we idled production at the Wabush mine pellet plant and transitioned to producing an iron ore concentrate product from our Wabush mine during June 2013. At the end of March 2014, we idled our Wabush Scully mine in Newfoundland and Labrador and are beginning to implement the permanent closure plan for the mine. The idle and ultimate closure was driven by the unsustainable high cost structure, which results in operations that were not considered economically viable to run over time.

Asia Pacific Iron Ore

The following is a summary of Asia Pacific Iron Ore results for the three months ended September 30, 2014 and 2013:

	(In Millions)					
			Change due to:			
	Three Months Ended September 30,					
	2014	2013	Revenue and cost rate	Sales volume	Exchange rate	Total change
Revenues from product sales and services	**$ 212.3**	$ 301.7	$ (129.2)	$ 34.7	$ 5.2	$ (89.3)
Cost of goods sold and operating expenses	**(203.2)**	(202.7)	23.3	(22.3)	(1.7)	(0.7)
Sales margin	**$ 9.1**	$ 99.0	$ (105.9)	$ 12.4	$ 3.5	$ (90.0)

	Three Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate	**$ 69.04**	$ 108.88	$ (39.84)	(36.6)%
Cost of goods sold and operating expenses rate (excluding DDA)	**52.36**	59.44	(7.08)	(11.9)%
Depreciation, depletion & amortization	**13.72**	13.71	0.01	0.1 %
Total cost of goods sold and operating expenses rate	**66.08**	73.15	(7.07)	(9.7)%
Sales margin	**$ 2.96**	$ 35.73	$ (32.77)	(91.7)%

Sales tons[1] (In thousands)	**3,075**	2,771
Production tons[1] (In thousands)	**2,789**	2,798

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

Sales margin for Asia Pacific Iron Ore decreased to $9.1 million during the three months ended September 30, 2014 compared with $99.0 million for the same period in 2013 and sales margin per ton decreased 91.7 percent to $2.96 per ton in the third quarter of 2014 compared to the third quarter of 2013 primarily as a result of decreased pricing as discussed below.

Revenue decreased $89.3 million in the third quarter of 2014 over the prior-year period primarily as a result of:

- An overall decrease to the average realized revenue rate, which resulted in a decrease of $129.2 million, primarily as a result of a decrease in the Platts 62 percent Fe fines spot price to an average of $90 per ton from $133 per ton in the prior-year period; and
- Partially offset by higher sales volume of 3.1 million tons during the three months ended September 30, 2014 compared with 2.8 million tons during the prior-year period due to timing of rail deliveries and shipments, resulting in an increase in revenue of $34.7 million.

Cost of goods sold and operating expenses in the three months ended September 30, 2014 slightly increased by $0.7 million compared to the comparable period in 2013 primarily as a result of:

- Higher sales volumes, as discussed above, that resulted in increased costs of $22.3 million compared to the same period in the prior year; and
- Offset by lower mining costs of $21.0 million mainly due to lower mining contractor costs primarily resulting from a focus on efficiencies across the operation, reduced headcount costs of $2.0 million and lower sales royalties of $8.1 million primarily attributable to the decline in the Platts 62 percent Fe fines spot price. These cost savings are partially offset by an increase in site administration expenses of $12.5 million due to severance payments and reclassification of headcount to the sites.

The following is a summary of Asia Pacific Iron Ore results for the nine months ended September 30, 2014 and 2013:

	(In Millions)					
	Nine Months Ended September 30,		Change due to:			
	2014	2013	Revenue and cost rate	Sales volume	Exchange rate	Total change
Revenues from product sales and services	**$ 699.6**	$ 899.5	$ (257.5)	$ 61.8	$ (4.2)	$ (199.9)
Cost of goods sold and operating expenses	**(588.2)**	(644.2)	59.0	(44.0)	40.9	55.9
Sales margin	**$ 111.4**	$ 255.3	$ (198.5)	$ 17.8	$ 36.7	$ (144.0)

	Nine Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate	**$ 81.20**	$ 111.53	$ (30.33)	(27.2)%
Cost of goods sold and operating expenses rate (excluding DDA)	**53.92**	65.48	(11.56)	(17.7)%
Depreciation, depletion & amortization	**14.35**	14.40	(0.05)	(0.3)%
Total cost of goods sold and operating expenses rate	**68.27**	79.88	(11.61)	(14.5)%
Sales margin	**$ 12.93**	$ 31.65	$ (18.72)	(59.1)%

Sales tons[1] (In thousands)	**8,616**	8,065
Production tons[1] (In thousands)	**8,310**	8,386

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

Sales margin for Asia Pacific Iron Ore decreased to $111.4 million during the nine months ended September 30, 2014 compared with $255.3 million for the same period in 2013 and sales margin per ton decreased 59.1 percent to $12.93 per ton in the first nine months of 2014 compared to the first nine months of 2013 primarily as a result of decreased pricing as discussed below.

Revenue decreased $199.9 million in the first nine months of 2014 over the prior-year period primarily as a result of:

- An overall decrease to the average realized revenue rate, which resulted in a decrease of $257.5 million, primarily as a result of a decrease in the Platts 62 percent Fe fines spot price to an average of $104 per ton from $135 per ton in the prior-year period; and
- Partially offset by the higher sales volume of 8.6 million tons during the nine months ended September 30, 2014 compared with 8.1 million tons during the prior-year period due to timing of rail deliveries and shipments, resulting in an increase in revenue of $61.8 million.

Cost of goods sold and operating expenses in the nine months ended September 30, 2014 decreased $55.9 million compared to the comparable period in 2013 primarily as a result of:

- Lower mining costs of $80.4 million mainly due to lower mining contractor costs primarily resulting from a focus on efficiencies across the operation, reduced headcount costs of $5.0 million and lower sales royalties of $11.6 million primarily attributable to the decline in the Platts 62 percent Fe fines spot price. These cost savings are partially offset by an increase in site administration expenses of $32.9 million due to severance payments and reclassification of headcount to the sites; and
- Favorable foreign exchange rate variances of $40.9 million or $5 per ton;
- These decreases were offset partially by higher sales volumes, as discussed above, that resulted in increased costs of $44.0 million compared to the same period in the prior year.

Production

Production at Asia Pacific Iron Ore during the nine months ended September 30, 2014 remained consistent when compared to the same period in 2013 with a slight decrease of 76 thousand production tons. The decrease in production tons compared to the prior-year period is mainly attributable to a planned major shutdown in April 2014.

North American Coal

The following is a summary of North American Coal results for the three months ended September 30, 2014 and 2013:

	(In Millions)						
	Three Months Ended September 30,		Change due to:				
	2014	2013	Revenue and cost rate	Sales volume	Inventory write-down	Freight and reimburse-ment	Total change
Revenues from product sales and services	**$ 170.5**	$ 178.3	$ (43.4)	$ 23.6	$ —	$ 12.0	$ (7.8)
Cost of goods sold and operating expenses	**(194.8)**	(180.1)	23.6	(23.9)	(2.4)	(12.0)	(14.7)
Sales margin	**$ (24.3)**	$ (1.8)	$ (19.8)	$ (0.3)	$ (2.4)	$ —	$ (22.5)

	Three Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate[1]	**$ 75.71**	$ 98.95	$ (23.24)	(23.5)%
Cost of goods sold and operating expenses rate[1] (excluding DDA)	**72.49**	76.16	(3.67)	(4.8)%
Depreciation, depletion & amortization	**16.28**	23.91	(7.63)	(31.9)%
Total cost of goods sold and operating expenses rate	**88.77**	100.07	(11.30)	(11.3)%
Sales margin	**$ (13.06)**	$ (1.12)	$ (11.94)	n/m
Sales tons[2] (In thousands)	**1,861**	1,623		
Production tons[2] (In thousands)	**1,910**	2,077		

[1] Excludes revenues and expenses related to domestic freight, which are offsetting and have no impact on sales margin.

[2] Tons are short tons (2,000 pounds).

Sales margin for North American Coal decreased to a loss of $24.3 million during the three months ended September 30, 2014, compared to a sales margin loss of $1.8 million during the three months ended September 30, 2013. Sales margin per ton decreased to a loss of $13.06 per ton in the third quarter of 2014 compared to a sales margin loss of $1.12 per ton in the third quarter of 2013.

Revenues from product sales and services were $170.5 million, which is a decrease of $19.8 million over the prior-year period, excluding the increase of $12.0 million of freight and reimbursements, predominantly due to:

- Lower realized product revenue rate for the three months ended September 30, 2014 resulted in a decrease of $43.4 million or 23.5 percent on a per-ton basis. This decline is a result of:
    - The downward trend in market pricing period over period, including a decrease of $25 per ton in the quarterly benchmark price, along with a more favorable impact in 2013 from carryover contracts; and
    - An unfavorable change in product mix negatively impacting the realized revenue rate by $5 per ton primarily attributable to higher export sales and lower domestic sales of high-volatile and low-volatile metallurgical coal and increased thermal coal sales, which is unfavorable to the overall realized revenue rate.

- Sales volume increases of 238 thousand tons or 15 percent during the third quarter of 2014 in comparison to the prior-year period resulting in an increase in revenue of $23.6 million, primarily due to:
    - Higher sales of low-volatile metallurgical coal due to increased export sales and additional spot sales. Increased sales of high-volatile metallurgical coal as a result of new export relationships were partially offset by a non-renewal of a customer contract. Additionally, higher thermal coal sales due to a new contract contributed to the increase in sales volume.

Cost of goods sold and operating expenses in the third quarter of 2014 increased $2.7 million, excluding the increase of $12.0 million of freight and reimbursements from the comparable period in the prior year, predominantly as a result of:

- Higher sales volume attributable to reduced low- and high-volatile metallurgical coal sales, as discussed above, resulting in cost increases of $23.9 million; and
- An unfavorable variance in the lower-of-cost-or-market inventory charge of $2.4 million in comparison to the same prior-year period as the lower-of-cost-or-market inventory charges for the three months ended September 30, 2014 and September 30, 2013 were $5.0 million and $2.6 million, respectively. This charge was driven by the downward trend in market pricing;
- Primarily offset by cost savings of $14.2 million as a result of accelerated depreciation, depletion and amortization in the prior-year period due to a change in useful lives that did not recur in the current year period, along with cost savings of $4.6 million relating to improved spending controls on parts and supplies inventory.

The following is a summary of North American Coal results for the nine months ended September 30, 2014 and 2013:

	(In Millions)						
			Change due to:				
	Nine Months Ended September 30,						
	2014	2013	Revenue and cost rate	Sales volume	Inventory write-down	Freight and reimburse-ment	Total change
Revenues from product sales and services	**$ 515.8**	$ 638.5	$ (145.4)	$ (3.0)	$ —	$ 25.7	$ (122.7)
Cost of goods sold and operating expenses	**(641.2)**	(631.9)	50.3	2.9	(36.8)	(25.7)	(9.3)
Sales margin	**$ (125.4)**	$ 6.6	$ (95.1)	$ (0.1)	$ (36.8)	$ —	$ (132.0)

	Nine Months Ended September 30,			
Per Ton Information	**2014**	2013	Difference	Percent change
Realized product revenue rate[1]	**$ 78.31**	$ 104.91	$ (26.60)	(25.4)%
Cost of goods sold and operating expenses rate[1] (excluding DDA)	**84.38**	85.57	(1.19)	(1.4)%
Depreciation, depletion & amortization	**16.86**	18.14	(1.28)	(7.1)%
Total cost of goods sold and operating expenses rate	**101.24**	103.71	(2.47)	(2.4)%
Sales margin	**$ (22.93)**	$ 1.20	$ (24.13)	n/m
Sales tons[2] (In thousands)	**5,469**	5,497		
Production tons[2] (In thousands)	**5,496**	5,536		

[1] Excludes revenues and expenses related to domestic freight, which are offsetting and have no impact on sales margin.

[2] Tons are short tons (2,000 pounds).

Sales margin for North American Coal decreased to a loss of $125.4 million during the nine months ended September 30, 2014, compared to a sales margin of $6.6 million during the nine months ended September 30, 2013.

Sales margin per ton decreased to a loss of $22.93 per ton in the first nine months of 2014 compared to a sales margin of $1.20 per ton in the first nine months of 2013.

Revenues from product sales and services were $515.8 million, which is a decrease of $148.4 million over the prior-year period, excluding the increase of $25.7 million of freight and reimbursements, predominantly due to:

- Lower realized product revenue rate for the nine months ended September 30, 2014 resulted in a decrease of $145.4 million or 25.4 percent on a per-ton basis. This decline is a result of:
    - The downward trend in market pricing period over period, including a decrease of $33 per ton in the nine-month average benchmark price, along with a more favorable impact in 2013 from carryover contracts; and
    - An unfavorable change in product mix negatively impacting the realized revenue rate by $9 per ton primarily attributable to export tons to China in the first nine months of 2014 that did not occur in the same period of 2013, lower domestic sales of low-volatile metallurgical coal and increased thermal coal sales, which is unfavorable to the overall realized revenue rate.
- Sales volume decreases of 28 thousand tons or 0.5 percent during the first nine months of 2014 in comparison to the prior-year period resulting in a decrease in revenue of $3.0 million, primarily due to lower sales of low- and high-volatile metallurgical coal mainly offset by higher thermal coal sales.

Cost of goods sold and operating expenses in the first nine months of 2014 decreased $16.4 million, excluding the increase of $25.7 million of freight and reimbursements from the comparable period in the prior year, predominantly as a result of:

- The impact of lower-of-cost-or-market inventory charges in the first quarter of 2014 resulted in lower costs of $28.6 million as inventory was sold throughout second and third quarter of 2014;
- Lower sales volume attributable to reduced low- and high-volatile metallurgical coal sales, as discussed above, resulting in cost reductions of $2.9 million; and
- Decreased costs related to royalties and production taxes of $13.0 million due to a reduced year-over-year revenue rate and $7.0 million related to an acceleration of depreciation, amortization and depletion expense in the third quarter of 2013 due to a change in useful lives that did not reoccur in the current year;
- Partially offset by an unfavorable variance in the lower-of-cost-or-market inventory charge of $36.8 million in comparison to the same prior-year period as the lower-of-cost-or-market inventory charges at September 30, 2014 and 2013 were $42.1 million and $5.3 million, respectively. This charge was driven by the downward trend in market pricing.

Production

Production of low- and high-volatile metallurgical coal in the nine months ended September 30, 2014 was 4,798 thousand tons which is 4.9 percent lower in comparison to the prior-year period primarily as a result of moving the long wall at one of our low-volatile metallurgical coal mines during third quarter 2014. Due to increased demand for thermal coal in 2014, we increased production at our thermal coal mine from one shift to two shifts in the first quarter of 2014 to align production with customer demand. Thermal coal production was 698 thousand tons during the nine months ended September 30, 2014, which is an increase of 42.1 percent compared to the same prior-year period. The increase in thermal coal production partially offset the decrease in production of low- and high-volatile coal. Additionally in August 2014, the Oak Grove mine set its one-day production record by producing 14 thousand tons in one day.

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 continue to focus on cash generation in our business operations as well as reductions of any discretionary expenditures in order to ensure we are positioned to face the challenges and uncertainties of the volatile pricing markets for our products.

Based on current mine plans and subject to future iron ore and coal prices and supply and demand, we expect our budgeted capital expenditures, dividends and other cash requirements during 2014 to exceed our estimated operating cash flows. Although we expect our cash flows from operating activities to be exceeded by our capital expenditures and dividends during 2014, we maintain adequate liquidity via financing arrangements to fund our normal business operations and strategic initiatives through our revolving credit agreement. During the third quarter of 2014, we generated positive cash flows from operations and were able to reduce our overall net debt position by approximately $100 million. We currently anticipate a similar reduction in net debt the fourth quarter of 2014. Based on current market conditions, we expect to be able to fund our requirements for at least the next 12 months.

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

The following discussion summarizes the significant activities impacting our cash flows during the nine months ended September 30, 2014 and 2013 as well as those expected to impact 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 provided by operating activities was $104.0 million for the nine months ended September 30, 2014, compared to $685.9 million for the same period in 2013. Decreased operating cash flows in the first nine months of 2014 were primarily due to lower operating results as previously discussed.

We expect economic growth in the U.S. to continue through the remainder of 2014. Despite the unanticipated first quarter 2014 contraction in real GDP, the significant real GDP growth experienced in the second and the preliminary estimates of an annualized real GDP growth of 3.5 percent in the third quarter has marked a return of the U.S. economy to its prior upward trajectory. Domestic steel production and the corresponding demand for steelmaking raw materials are expected to be supported directly by construction activity, energy extraction, and motor vehicle production, and indirectly, by an improving labor market. We expect the growth in the U.S. to continue to provide a strong source of demand for our products. Additionally, we expect China’s economy will continue to expand while, correspondingly, increased Chinese domestic steel production will continue to require imported steelmaking raw materials to satisfy demand. However, both slowing Chinese demand, in part reflected by a decline in year-over-year real GDP growth, and increasing supply appear likely to persist, resulting in continued downward pressure on prices of steelmaking raw materials.

On February 11, 2014, we announced our plan to idle the Wabush Scully mine in Newfoundland and Labrador and the Wabush Scully mine was idled during March 2014. The impact of the idling which includes idling costs, employment-related expenditures and contract costs totaled $85.9 million for the nine months ended September 30, 2014 and we estimate approximately $100 million in total to be incurred throughout 2014 and we are evaluating anticipated costs for 2015 as we begin implementing the permanent closure plan for the mine.

Coupled with efficient tax structures, our U.S. operations and our financing arrangements provide sufficient capital resources to support operations and do not require us to repatriate earnings from our foreign operations; however, if we repatriated these earnings, we would be subject to income tax. Our U.S. cash and cash equivalents balance at September 30, 2014 was $56.7 million, or approximately 23.3 percent of our consolidated total cash and cash equivalents balance of $244.0 million. As of September 30, 2014 and December 31, 2013, we had no restrictions on our borrowing capacity of our U.S.-based revolving credit agreement inclusive of the changes made in Amendment No. 5. 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. If the demand for our product weakens and pricing deteriorates for a prolonged period, we have the financial and operational flexibility to reduce production, delay capital expenditures, sell assets and reduce overhead costs to provide liquidity in the absence of cash flow from operations.

Investing Activities

Net cash used by investing activities was $207.9 million for the nine months ended September 30, 2014, compared with $734.4 million for the comparable period in 2013.

We had capital expenditures of $233.2 million and $742.2 million for the nine months ended September 30, 2014 and 2013, respectively. Up until the first quarter of 2014, our main capital investment focus was on the construction of the Bloom Lake mine's operations. We are currently attempting to secure equity partnerships with steelmakers who would participate in the expansion to a Phase II operating level. If unsuccessful, we will pursue other alternatives for the asset. In the short term, we will continue to operate the Bloom Lake mine Phase I operations on a reduced tailings and water management capital plan. On the expansion projects at the Bloom Lake mine, we have spent approximately $35.5 million during the first nine months of 2014, which predominately relates to work performed in 2013. This compares to the Bloom Lake mine ramp-up and expansion project work of approximately $473 million during the nine months ended September 30, 2013.

Additionally, we spent approximately $194 million and $236 million globally on expenditures related to sustaining capital during the nine months ended September 30, 2014 and 2013, respectively. Sustaining capital spend includes infrastructure, mobile equipment, environmental, safety, fixed equipment, product quality and health.

In alignment with our strategy to focus on allocating capital among key priorities related to liquidity management, and business investment, we anticipate total cash used for capital expenditures in 2014 to be on the lower end of our previously reported guidance range of $275 million to $325 million. This includes approximately $100 million of cash-payment carryover for 2013 incurred costs, with the remainder comprised of new sustaining and permission-to-operate capital expenditures, including a sustainable level to support our full-year production volume and cash cost expectations as well as safety and environmental obligations.

Financing Activities

Net cash provided by financing activities in the first nine months of 2014 was $17.4 million, compared to $162.0 million for the comparable period in 2013. In 2013, net cash provided by financing activities during the first nine months of 2013 was driven by public offerings of 29.25 million depositary shares and 10.35 million common shares, resulting in net proceeds of $709.4 million and $285.3 million, respectively, after underwriting fees and discounts. A portion of the net proceeds from the share offerings were used to repay the $847.1 million outstanding under the term loan. Net cash provided by financing activities were also impacted by net borrowings on our credit facilities of $214.7 million and $55.0 million during the nine months ended September 30, 2014 and 2013. Net cash provided by financing activities was offset by dividend distributions of $107.9 million and $91.8 million for the nine months ended September 30, 2014 and 2013, respectively.

Capital Resources

We expect to fund our business obligations from available cash, current and future 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 September 30, 2014 and December 31, 2013:

	(In Millions)	
	September 30, 2014	December 31, 2013
Cash and cash equivalents	**$ 244.0**	$ 335.5
Available revolving credit facility [1]	**$ 1,125.0**	$ 1,750.0
Revolving loans drawn	**—**	—
Senior notes	**2,900.0**	2,900.0
Senior notes drawn	**(2,900.0)**	(2,900.0)
Letter of credit obligations and other commitments	**(5.2)**	(8.4)
Borrowing capacity available	**$ 1,119.8**	$ 1,741.6

[1] On October 24, 2014, with effect as of September 30, 2014, via Amendment No. 5 to the revolving credit agreement, we reduced the size of the existing unsecured facility from $1.250 billion to $1.125 billion.

Our primary source of funding is our revolving credit facility, which matures on October 16, 2017. We also have cash on hand, generated by the business, which totaled $244.0 million as of September 30, 2014. The combination of cash and availability under the credit facility gave us approximately $1.4 billion in liquidity entering the fourth quarter of 2014, which is expected to be used to fund operations, capital expenditures and finance strategic initiatives.

On October 24, 2014, we amended the Amended and Restated Multicurrency Credit Agreement among Cliffs Natural Resources Inc. and various lenders dated August 11, 2011 (as further amended by Amendment No. 1 as of October 16, 2012, Amendment No. 2 as of February 8, 2013, Amendment No. 3 as of June 30, 2014 and Amendment No. 4 as of September 9, 2014), or revolving credit agreement, to effect the following:

- Reduces the size of the existing facility from $1.250 billion to $1.125 billion.
- Grants a valid and perfected first-priority (subject to certain permitted liens) security interest in certain property and assets of the Company and certain of its subsidiaries, subject to customary exclusions all specified in a security agreement.
- With effect as of September 30, 2014, removes the maximum balance sheet leverage ratio of debt to capitalization of less than 45 percent, which was a covenant introduced in June 2014, and replaces that covenant with a maximum leverage ratio covenant of secured debt to EBITDA that is not to exceed 3.5 times.
- Retains the minimum interest coverage ratio requirement of 3.5 times, and subsequently reduces the minimum interest coverage ratio to 2.0 times upon completion of certain collateral actions within 60 days of the execution of the amendment.
- Subjects restricted payments (including the $200 million share repurchase, which was approved in September 2014) and current dividend structure to a $400 million liquidity test.
- Adds limitations regarding acquisitions, investments (including investments in non-wholly owned subsidiaries and joint ventures) and subsidiary debt.
- Eliminates the accounts receivable securitization facility.
- Terminates the ability to have foreign borrowers under the revolving credit agreement.

The amended facility retains substantial financial flexibility for management to execute our strategy and provides us a consistent source of liquidity.

On September 9, 2014, we amended the Amended and Restated Multicurrency Credit Agreement among Cliffs Natural Resources Inc. and various lenders dated August 11, 2011 (as further amended by Amendment No. 1 as of October 16, 2012, Amendment No. 2 as of February 8, 2013 and Amendment No.3 as of June 30, 2014), or revolving credit agreement, to effect the following:

- Permitting a one-time exemption of up to $200 million in share repurchases (consummated in a single transaction or series of related transactions), effective until December 31, 2015. We are not obligated to make any purchases and the program may be suspended or discontinued at any time.
- Reducing the size of the existing unsecured facility from $1.75 billion to $1.25 billion.
- Adding restrictions on the granting of certain pledges and guarantees.
- Adding an obligation to enter into a security agreement, on or before June 30, 2015, to grant security interests to secure obligations under the revolving credit agreement on U.S. receivables and inventory, other than receivables and related property subject to certain existing receivable securitization or other facilities, a pledge of 65% of the stock of all material, wholly-owned first-tier foreign subsidiaries and a pledge of all of the stock of all material U.S. subsidiaries, in each case, subject to certain limitations.

All terms of Amendment No. 3 as of June 30, 2014, as discussed below, remained in place and were not changed by Amendment No. 4 as of September 9, 2014.

Previously this year, on June 30, 2014, we amended the Amended and Restated Multicurrency Credit Agreement among Cliffs Natural Resources Inc. and various lenders dated August 11, 2011 (as further amended by Amendment No. 1 as of October 16, 2012 and Amendment No. 2 as of February 8, 2013), or revolving credit agreement, to effect the following:

- Replacing the current maximum leverage covenant ratio of debt to earnings of less than 3.5 times with a maximum balance sheet leverage ratio of debt to capitalization of less than 45 percent.
- Resetting the minimum interest coverage ratio from 2.5 to 1.0 to the ratio of 3.5 to 1.0.

- Amending the definition of EBITDA to include certain cash charges related to the Company's Wabush mine and other cash restructuring charges and the definition of net worth to exclude up to $1 billion in non-cash impairment charges.
- Modifying the covenants restricting certain investments and acquisitions, the incurrence of certain indebtedness and liens, and the amount of dividends that may be declared or paid and shares that may be repurchased.

As of September 30, 2014, we were in compliance with all financial covenants related to the revolving credit agreement inclusive of the changes made in Amendment No. 5. Additionally, as of December 31, 2013, we were in compliance with all applicable financial covenants related to the revolving credit agreement.

We believe that the revolving credit agreement provides us sufficient liquidity to support our operating and investing activities. We continue to focus on achieving a capital structure that achieves the optimal mix of debt, equity and other prudent financing arrangements.

Several credit markets may provide additional capacity should that become necessary. The bank market may provide funding through a term loan, bridge loan, credit facility or through exercising the $250 million accordion in our current revolving credit agreement. Additionally, we have access to the bond market as a source of capital. The risk associated with these credit markets is a significant increase in borrowing costs as a result of limited capacity and market conditions.

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 concentrate, iron ore lump, low-volatile metallurgical coal, high-volatile metallurgical coal and thermal coal. Our financial results can vary significantly as a result of fluctuations in the market prices of iron ore and coal. 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 62 percent Fe fines spot rate 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, Eastern Canadian 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 September 30, 2014, we have recorded $23.3 million as derivative liabilities included in *Other current liabilities* in the Statements of Unaudited Condensed Consolidated Financial Position related to our estimate of final revenue rate with our U.S. Iron Ore, Eastern Canadian 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 $3.1 million decrease and a net $23.3 million decrease in *Product revenues* in the Statements of Unaudited Condensed Consolidated Operations for the three and nine months ended September 30, 2014 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 September 30, 2014, we had a derivative asset of $54.5 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 $55.8 million as of December 31, 2013. We estimate that a $75 change in the average hot-band steel price realized from the September 30, 2014 estimated price recorded would cause the fair value of the derivative instrument to increase or decrease by approximately $41.1 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 at September 30, 2014.

Volatile Energy and Fuel Costs

The volatile cost of energy is an important issue affecting our production costs, primarily in relation to our iron ore operations. Our consolidated U.S. Iron Ore mining ventures consumed approximately 14.4 million MMBtu's of natural gas at an average delivered price of $7.08 per MMBtu and 22.2 million gallons of diesel fuel at an average delivered price of $3.25 per gallon during the first nine months of 2014. Our consolidated Eastern Canadian Iron Ore mining ventures consumed approximately 6.0 million gallons of diesel fuel at an average delivered price of $4.28 per gallon during the first nine months of 2014. Our CLCC operations consumed approximately 2.6 million gallons of diesel fuel at an average delivered price of $3.53 per gallon during the first nine months of 2014. Consumption of diesel fuel by our Asia Pacific operations was approximately 11.1 million gallons at an average delivered price of $3.27 per gallon for the same period.

In the ordinary course of business, there also will be likely increases in prices relative to electrical costs at our U.S. mine sites related specifically to our Tilden and Empire mines in Michigan because we exercised our right to purchase electrical supply in the deregulated market during 2013, which is based on the Midwestern Independent System Operator Day-Ahead price. Additionally, as the cost of producing electricity increases, energy companies regularly seek to reclaim those costs from the mine sites, which often results in tariff disputes.

Our strategy to address increasing energy rates includes improving efficiency in energy usage, identifying alternative providers and utilizing the lowest cost alternative fuels. At the present time, we have not entered into any hedging activity or forward contracts for electricity, natural gas or diesel fuel. 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 $9.9 million in our annual fuel and energy cost based on expected consumption for the remainder of 2014.

Valuation of Goodwill and Other Long-Lived Assets

We assign goodwill arising from acquired businesses to the reporting units that are expected to benefit from the synergies of the acquisition. Goodwill is tested for impairment at the reporting unit level (operating segment or one level below an operating segment) on an annual basis as of October 1st and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, curtailment of project development activities, competition or sale or disposition of a significant portion of a reporting unit.

Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units and determination of the fair value of each reporting unit. The fair value of each reporting unit is estimated using a discounted cash flow methodology, which considers forecasted cash flows discounted at an estimated weighted average cost of capital. Assessing the recoverability of our goodwill requires significant assumptions regarding the estimated future cash flows and other factors to determine the fair value of a reporting unit including, among other things, estimates related to long-term price expectations, expected results of anticipated exploration activities, foreign currency exchange rates, expected capital expenditures and working capital requirements expected at commencement of production, which are based upon our long-range plan and life of mine estimates. The assumptions used to calculate the fair value of a reporting unit may change from year to year based on operating results, current market conditions or changes to expectations of market trends and other factors. Changes in these assumptions could materially affect the determination of fair value for each reporting unit.

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.

Should the company fail to secure additional equity investment to fund the Phase II expansion at Bloom Lake, the carrying value of the asset group may be reevaluated for impairment. Additionally, if the mine were to be closed, various commitments including rail minimums, royalties, and other ongoing costs could be incurred.

Foreign Currency Exchange Rate Risk

We are subject to changes in foreign currency exchange rates primarily as a result of our operations in Australia and Canada, 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. For our Canadian operations, the functional currency is the U.S. dollar; however, the production costs for these operations primarily are incurred in the Canadian dollar. The primary objective for the use of foreign exchange rate contracts is to reduce exposure to changes in Australian and U.S. currency exchange rates and Canadian and U.S. currency exchange rates, respectively, and to protect against undue adverse movement in these exchange rates.

At September 30, 2014, we had outstanding Australian and Canadian foreign exchange rate contracts with notional amounts of $285.0 million and $257.4 million, respectively, with varying maturity dates ranging from October 2014 to September 2015 for which we elected hedge accounting. To evaluate the effectiveness of our hedges, we conduct sensitivity analysis. A 10 percent increase in the value of the Australian dollar from the month-end rate would increase the fair value of these contracts to approximately $13.9 million, and a 10 percent decrease would reduce the fair value to approximately negative $33.2 million. A 10 percent increase in the value of the Canadian dollar from the month-end rate would increase the fair value of these contracts to approximately $21.0 million, and a 10 percent decrease would decrease the fair value to approximately negative $29.6 million. We may enter into additional hedging instruments in the near future as needed in order to further hedge our exposure to changes in foreign currency exchange rates.

The following table represents our foreign currency exchange contract position for contracts held as cash flow hedges as of September 30, 2014:

	($ in Millions)			
Contract Maturity	**Notional Amount**	**Weighted Average Exchange Rate**	**Spot Rate**	**Fair Value**
Contract Portfolio [1] :				
AUD Contracts expiring in the next 12 months	$ 285.0	0.90	0.8747	$ (10.6)
CAD Contracts expiring in the next 12 months	257.4	1.09	1.1198	(6.8)
Total Hedge Contract Portfolio	$ 542.4			$ (17.4)

---

[1] Includes collar options and forward contracts.

Refer to NOTE 3 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES for further information.

Interest Rate Risk

Interest payable on our senior notes is at fixed rates. Interest payable under our revolving credit facility is at a variable rate based upon the base rate or the LIBOR rate plus a margin depending on a leverage ratio. As of September 30, 2014, we had no amounts drawn on the revolving credit facility.

The interest rate payable on the $500.0 million senior notes due in 2018 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. The maximum rate increase of 2.00 percent for the interest rate payable on the notes would result in an additional interest expense of $10.0 million per annum.

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.

Regulatory Developments

Mercury TMDL and Minnesota Taconite Mercury Reduction Strategy

TMDL regulations are contained in the Clean Water Act. As a part of Minnesota's Mercury TMDL Implementation Plan, in cooperation with the MPCA, the taconite industry developed a Taconite Mercury Reduction Strategy and signed a voluntary agreement in 2009 to effectuate its terms. The strategy includes a 75 percent target reduction of mercury air emissions from Minnesota pellet plants collectively by 2025. It recognizes that mercury emission control technology currently does not exist and will be pursued through a research effort. According to the voluntary agreement, any developed technology must meet the “adaptive management criteria” such that the technology must be economically feasible, must not impact pellet quality, and must not cause excessive corrosion in pellet furnaces, associated duct work and existing wet scrubbers on the furnaces.

According to the voluntary agreement, the mines proceeded with medium- and long-term testing of possible technologies. For Cliffs, the requirements in the voluntary agreement applies to the United Taconite and Hibbing facilities. At this time, we are unable to predict the potential impacts of the voluntary Taconite Mercury Reduction Strategy. However, a number of research projects were conducted between 2011 and 2013 as the industry continues to assess options for reduction. While injection of powdered activated carbon into furnace off-gasses for mercury capture in the wet scrubbers showed positive initial results, further testing during 2013 yielded lower overall potential. Alternate technologies are presently being assessed for potential further pilot testing.

On September 22, 2014, Minnesota promulgated Mercury Air Emissions Reporting and Reduction Rule mandating mercury air emissions reporting and reduction. The adopted rule expanded applicability to all of our Minnesota operations and require submitting a mercury reduction plan in 2018 to reduce mercury emissions from all of our Minnesota taconite furnaces by 72 percent by January 2025 and 70 percent reduction from Northshore's industrial boilers by January 1, 2018. The adopted rule does not include all four Adaptive Management Criteria for evaluating mercury reduction, which were agreed upon in the October 2009 Minnesota's Mercury TMDL Implementation Plan.

To date, there is currently no proven technology to reduce mercury emissions from taconite furnaces to the target level of 72 percent that would meet all four Adaptive Management Criteria. We remain concerned about the technical and economic feasibility to reduce taconite mercury emissions by 72 percent and are conducting detailed engineering analysis to determine the impact of the regulations on each unique iron ore indurating furnace affected by this rule. The results of this analysis will guide further dialog with the MPCA regarding our implementation of the requirements.

Outlook

We expect economic growth in the U.S. to continue through the remainder of 2014. Despite the unanticipated first-quarter 2014 contraction in GDP, the significant GDP growth experienced in the second quarter marked a return of the U.S. economy to its prior upward trajectory. Domestic steel production and the corresponding demand for steelmaking raw materials are expected to be supported directly by construction activity, energy extraction and motor vehicle production.

Due to the commodity pricing volatility for the products that we sell and for the purpose of providing a full-year outlook, we will utilize a price of $80 per ton 62 percent Fe seaborne iron ore fines (C.F.R. China), as a base price assumption for the fourth quarter when providing its full-year 2014 revenues-per-ton sensitivities for our iron ore business segments. With $80 per ton as a base price assumption for the fourth quarter of 2014, combined with year-to-date sales, included in the table below are the expected full-year revenues-per-ton range for our iron ore business segments and the per-ton sensitivity for each $10 per ton variance from the base price assumption in the fourth quarter.

2014 Full-Year Realized Revenue Sensitivity Summary (1)

	U.S. Iron Ore (2)	Bloom Lake Mine (3)	Asia Pacific Iron Ore (4)
Revenues Per Ton	$100 - $105	$80 - $85	$75 - $80
Sensitivity Per Ton (+/- $10)	+/- $0	+/- $2	+/- $2

(1) Based on year-to-date sales and a fourth-quarter 62% Fe seaborne iron ore fines price assumption (C.F.R. China) of $80.

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

(3) Bloom Lake mine tons are reported in metric tons of concentrate, F.O.B. Eastern Canada. Wabush tons were excluded from this guidance as a result of the idle.

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

The revenues-per-ton sensitivities consider various contract provisions and lag-year adjustments contained in certain supply agreements. Actual realized revenues per ton for the full year will depend on iron ore price changes, customer mix, freight rates, production input costs and/or steel prices (all factors contained in certain of our supply agreements).

U.S. Iron Ore Outlook (Long Tons)

For 2014, we are maintaining our full-year sales and production volume expectation of 22 million tons of iron ore pellets.

We are maintaining our 2014 full-year U.S. Iron Ore pellet cash-cost-per-ton expectation of $65 - $70. We are maintaining our depreciation, depletion and amortization expectation of approximately $5 per ton.

In 2015, we expect to sell approximately 22 million tons of pellets from our U.S. Iron Ore business. In the third quarter of 2014, we have also made the decision to discontinue exporting pellets through the St. Lawrence Seaway in 2015.

Eastern Canadian Iron Ore Outlook (Metric Tons, F.O.B. Eastern Canada)

For 2014, our sales and production volume expectation for the Bloom Lake mine is 6.5 million tons. The sales volume expectation does not include approximately 1 million tons from the Wabush mine.

We are maintaining our full-year 2014 cash-cost-per-ton expectation in Eastern Canadian Iron Ore of $80 - $85. The full-year cash-cost-per-ton expectation only includes the Bloom Lake mine. Depreciation, depletion and amortization is expected to be approximately $19 per ton for full-year 2014.

We will not be providing 2015 sales tonnage guidance for Bloom Lake because a definitive decision on the future of this mine has not been made.

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

We are maintaining our full-year 2014 Asia Pacific Iron Ore expected sales and production volumes of approximately 11 million tons. The product mix is expected to contain 53 percent lump.

We are lowering our 2014 full-year Asia Pacific Iron Ore cash-cost-per-ton expectation to $50 - $55 from its previous expectation of $55 - $60. Depreciation, depletion and amortization is anticipated to be approximately $13 per ton for the full-year 2014.

In 2015, we expect to sell approximately 11 million tons from our Asia Pacific Iron Ore business, including 52 percent lump.

North American Coal Outlook (Short Tons, F.O.B. the mine)

We are maintaining our full-year 2014 North American Coal expected sales and production volumes of 7 million tons. Sales volume mix is anticipated to be approximately 70 percent low-volatile metallurgical coal and 20 percent high-volatile metallurgical coal, with thermal coal making up the remainder.

We are maintaining our full-year 2014 North American Coal revenues-per-ton outlook of $75 - $80. We have approximately 90 percent of our expected 2014 sales volume committed and priced at $78 per short ton at the mine.

We are lowering our North American Coal full-year cash cost expectation to $80 - $85 per ton, from our previous expectation of $85 - 90 per ton. Full-year 2014 depreciation, depletion and amortization is expected to be approximately $14 per ton.

In 2015, we expect to sell approximately 8 million tons from our North American Coal business, with approximately 70 percent low-volatile metallurgical coal and 20 percent high-volatile metallurgical coal, with a minor contribution of thermal coal making up the remainder.

The following table provides a summary of our 2014 guidance for our four business segments:

	2014 Outlook Summary			
	U.S. Iron Ore (A)	**Bloom Lake Mine (B)**	**Asia Pacific Iron Ore (C)**	**North American Coal (D)**
Sales volume (million tons)	**22**	**6.5**	**11**	**7**
Production volume (million tons)	**22**	**6.5**	**11**	**7**
Cash cost per ton (E)	**$65 - $70**	**$80 - $85**	**$50 - $55**	**$80 - $85**
DD&A per ton	**$5**	**$19**	**$13**	**$14**

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

(B) Bloom Lake mine tons are reported in metric tons of concentrate, F.O.B. Eastern Canada. Wabush tons were excluded from this guidance as a result of the idle.

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

(D) North American Coal tons are reported in short tons, F.O.B. the mine.

(E) Cash cost per ton is defined as cost of goods sold and operating expenses per ton less depreciation, depletion and amortization per ton, which is a non-GAAP financial measure, that management uses in evaluating operating performance. The presentation of this measure is not intended to be considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with U.S. GAAP. The presentation of these measures may be different from non-GAAP financial measures used by other companies.

SG&A Expenses and Other Expectations

We are lowering our full-year 2014 SG&A expense expectation to approximately $165 million, from our previous expectation of $185 million, which excludes severance, change in control and proxy-contest-related costs of approximately $45 million. We are also lowering our full-year cash outflows expectation for exploration to $10 million, from our previous expectation of $15 million.

Consolidated full-year 2014 depreciation, depletion and amortization is expected to be approximately $485 million.

Capital Budget

We are expecting 2014 capital expenditures to be at the lower end of the previously reported guidance range of $275 to $325 million.

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:

- our ability to resolve issues with respect to the Bloom Lake mine, including within the expected timeframe;
- trends affecting our financial condition, results of operations or future prospects, particularly the continued volatility of iron ore and coal prices;
- our actual levels of capital spending;
- uncertainty or weaknesses in global economic conditions, including downward pressure on prices, reduced market demand and any slowing of the economic growth rate in China;
- availability of capital and our ability to maintain adequate liquidity and successfully implement our financing plans;

- our ability to successfully integrate acquired companies into our operations and achieve post-acquisition synergies;
- our ability to successfully identify and consummate any strategic investments or capital projects and complete planned divestitures;
- our ability to cost-effectively achieve planned production rates or levels;
- changes in sales volume or mix;
- 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 impact of price-adjustment factors on our sales contracts;
- the ability of our customers and joint venture partners to meet their obligations to us on a timely basis or at all;
- our ability to reach agreement with our iron ore customers regarding any modifications to sales contract provisions or renewal of contracts;
- our actual economic iron ore and coal reserves or reductions in current mineral estimates, including whether any mineralized material qualifies as a reserve;
- the impact of our customers using other methods to produce steel or reducing their steel production;
- 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;
- 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;
- 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;
- our ability to maintain appropriate relations with unions and employees and enter into or renew collective bargaining agreements on satisfactory terms;
- risks related to international operations;
- the potential existence of significant deficiencies or material weakness in our internal controls over financial reporting;
- problems or uncertainties with leasehold interests, productivity, tons mined, transportation, mine-closure obligations, environmental liabilities, employee-benefit costs and other risks of the mining industry; and
- the risk factors identified in Part I - Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2013.

For additional factors affecting the business of Cliffs, refer to Part II - 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, 2013 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, 2013.

PART II

Item 1. *Legal Proceedings*

Putative Class Action Lawsuits. In May 2014, alleged purchasers of our common shares filed two lawsuits in the United States District Court for the Northern District of Ohio against us and certain current and former officers and directors of the Company. The actions are 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 and Weinstock v. Cliffs Natural Resources Inc., et al., No. 1:14-CV-1106. Both actions assert 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 Quebec, 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. Both lawsuits seek class certification and an award of monetary damages to the putative class in an unspecified amount, along with costs of suit and attorneys' fees. These lawsuits have been referred to our insurance carriers. On July 15, 2014, the plaintiff voluntarily dismissed without prejudice the Weinstock lawsuit. On October 21, 2014, defendants filed a motion to dismiss the Department of the Treasury of the State of New Jersey and its Division of Investment lawsuit.

Southern Natural Gas Lawsuit: On July 23, 2014, Southern Natural Gas Company, L.L.C. filed a lawsuit in the Circuit Court of Jefferson County, Alabama (Case No. 68-CV-2014-900533.00) against the Company and others. The suit seeks to prevent coal mining activity underneath a gas pipeline at our Oak Grove property and to require defendants to pay the costs associated with relocating that pipeline. The suit seeks declaratory judgment, permanent injunctive relief and nuisance damages. Our motion to dismiss the complaint was denied on October 30, 2014 and discovery is ongoing.

Taconite MACT Compliance Review. EPA Region 5 issued Notices of Violation during the first quarter of 2014 to Empire, Tilden and United Taconite related to alleged historical violations of the Taconite MACT rule and certain elements of the respective state-issued Title V operating permits. Initial meetings were held with the EPA in the second quarter of 2014. While the matter has been referred to the DOJ for enforcement, the overall impact is not anticipated currently to have a material impact on our business.

Item 1A. *Risk Factors*

Our Annual Report on Form 10-K for the year ended December 31, 2013 includes a detailed discussion of our risk factors. The information presented below amends, updates and should be read in conjunction with the risk factors and information disclosed in that Form 10-K and in our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2014.

Our operating expenses could increase significantly if the price of electrical power, fuel or other energy sources increases.

Our mining operations and development projects require significant use of energy. Operating expenses at all of our mining locations are sensitive to changes in electricity prices and fuel prices, including diesel fuel and natural gas prices. These items make up approximately 20 to 25 percent in the aggregate of our operating costs in our U.S. Iron Ore locations, for example. Prices for electricity, natural gas and fuel oils can fluctuate widely with availability and demand levels from other users. During periods of peak usage, supplies of energy may be curtailed and we may not be able to purchase them at historical rates. A disruption in the transmission of energy, inadequate energy transmission infrastructure, or the termination of any of our energy supply contracts could interrupt our energy supply and affect adversely our operations. While we have some long-term contracts with electrical suppliers, we are exposed to fluctuations in energy costs that can affect our production costs. As an example, our mines in Minnesota are subject to changes in Minnesota Power's rates, such as rate changes that are reviewed and approved by the state public utilities commission in response to an application filed by Minnesota Power. We also enter into market-based pricing supply contracts for electricity, natural gas and diesel fuel for use in our operations. Those contracts expose us to price increases in energy costs, which could cause our profitability to decrease significantly.

In addition, U.S. public utilities are expected to pass through additional capital and operating cost increases related to new, pending U.S. environmental regulations that are expected to require significant capital investment and use of cleaner fuels over the next 10 years and may impact U.S. coal-fired generation capacity. We are estimating that power rates for our electricity-intensive operations could increase above 2013 levels by up to 8 percent by 2016, representing an annual power spend increase of approximately $21 million by 2016 for our U.S. operations. These environmental regulations are also forcing the future closure of the Presque Isle Power Plant in the Upper Peninsula of Michigan which supplies electricity to our mines in Michigan. Due to the announced closure of the power plant, it has now been deemed as a System Support Resource and could cause a potential annual increase of $46 million per year in electricity costs for our mines in Michigan if certain regulatory actions are approved.

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 [1]**	**Average Price Paid per Share (or Unit) [1]**	**Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs [2]**	**Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet be Purchased Under the Plans or Programs [2]**
July 1 - 31, 2014	986	$ 15.84	—	$ —
August 1 - 31, 2014	23,648	$ 17.15	—	$ 200,000,000
September 1 - 30, 2014	—	$ —	—	$ —
	24,634	**$ 17.10**	**—**	**$ 200,000,000**

---

[1] These shares were delivered to us by employees to satisfy tax withholding obligations due upon the vesting or payment of stock awards or scheduled distributions from our VNQDC Plan.

[2] On August 25, 2014, the Board of Directors authorized a new share repurchase plan pursuant to which we may buy back our outstanding common shares in the open market or in private negotiated transactions up to a maximum of $200 million dollars. No shares have been purchased through September 30, 2014. The authorization is active until December 31, 2015.

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 5. Other Information

We held our 2014 Annual General Meeting of Shareholders (the "2014 Annual General Meeting") on July 29, 2014. We anticipate holding our 2015 Annual General Meeting of Shareholders (the "2015 Annual General Meeting") on Tuesday, May 12, 2015, with a location and time to be determined. Because the 2015 Annual Meeting date represents a change of more than 30 days from the anniversary date of the 2014 Annual General Meeting, pursuant to Rule 14a-8 under the Exchange Act, we have set a new deadline for the receipt of any shareholder proposals submitted pursuant to Rule 14a-8 for inclusion in our proxy materials for the 2015 Annual General Meeting. In order to be considered timely, such shareholder proposals must be received by us on or before December 16, 2014, which we believe is a reasonable time before we begin to print and send our proxy materials. This deadline will also apply in determining whether notice is timely for purposes of exercising discretionary voting authority with respect to proxies for purposes of Rule 14a-4(c) under the Exchange Act.

All shareholder proposals submitted pursuant to Rule 14a-8 under the Exchange Act, and all notices of other items of business must be directed to the Secretary by fax to (216) 694-6509 or by mail to the Secretary, Cliffs Natural Resources Inc., 200 Public Square, Suite 3300, Cleveland, Ohio 44114. We reserve the right to reject, rule out of order or take other appropriate action with respect to any proposal or director nomination that does not comply with these and other applicable requirements.

Item 6. Exhibits

(a) List of Exhibits — Refer to Exhibit Index on pg. 83.

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 and Chief Accounting Officer

Date: November 7, 2014

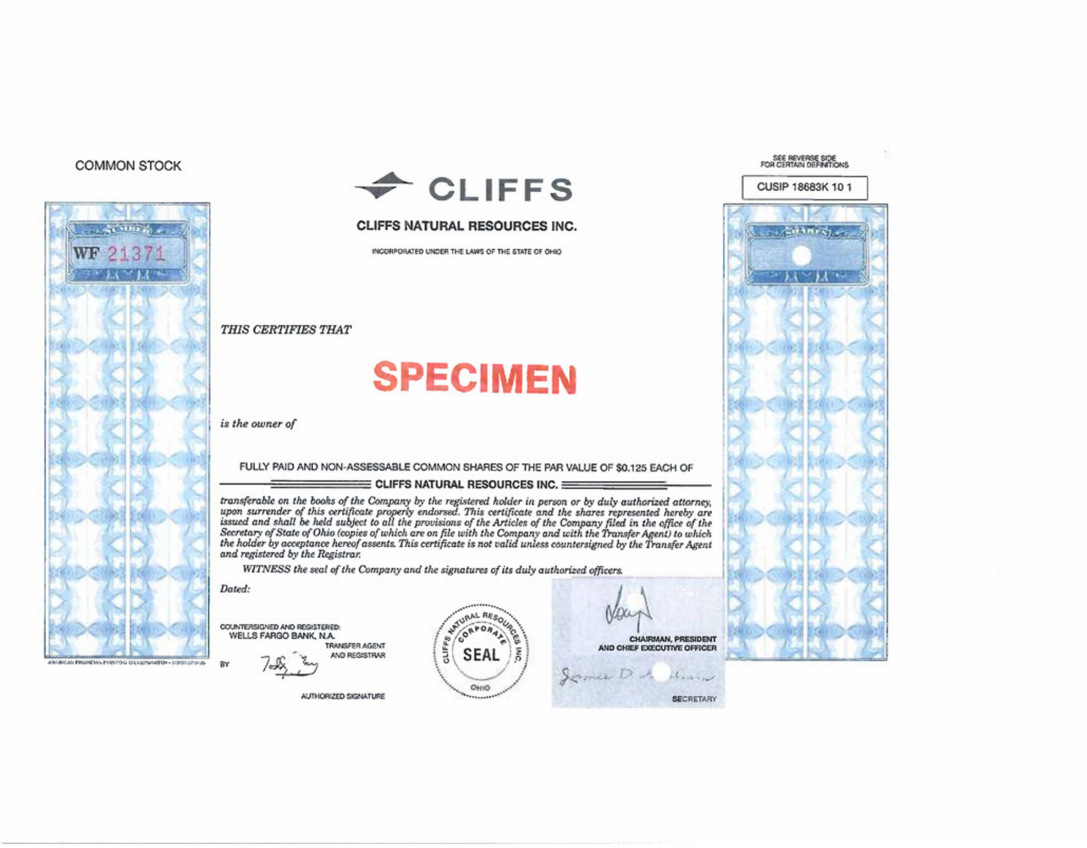
EXHIBIT INDEX

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	Form of Common Share Certificate (filed herewith)
10.1	Amendment No. 4, dated as of September 9, 2014, to the Amended and Restated Multicurrency Credit Agreement, dated as of August 11, 2011, among the Company, the foreign subsidiaries of the Company from time to time party thereto, the lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent (filed as Exhibit 10.1 to Cliffs Natural Resources Inc.'s Form 8-K on September 12, 2014 and incorporated herein by reference)
10.2	Amendment No. 5, dated as of October 24, 2014, to the Amended and Restated Multicurrency Credit Agreement, dated as of August 11, 2011, among the Company, the foreign subsidiaries of the Company from time to time party thereto, the lenders from time to time party thereto and Bank of America, N.A., as Administrative Agent (filed herewith)
10.3	*Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan (filed as Exhibit 10.1 to Cliffs Natural Resources Inc.'s Form 8-K on August 4, 2014 and incorporated herein by reference)
10.4	*Form of Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan Non-Qualified Stock Option Award Memorandum and Stock Option Award Agreement (filed as Exhibit 10.2 to Cliffs Natural Resources Inc.'s Form 8-K/A on September 16, 2014 and incorporated herein by reference)
10.5	*Form of Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan Non-Qualified Stock Option Award Memorandum and Stock Option Award Agreement (filed as Exhibit 10.2 to Cliffs Natural Resources Inc.'s Form 8-K/A on September 16, 2014 and incorporated herein by reference)
10.6	*2014 Nonemployee Directors' Compensation Plan (filed as Exhibit 10.2 to Cliffs Natural Resources Inc.'s Form 8-K on August 4, 2014 and incorporated herein by reference)
10.7	*Letter Agreement, by and between Lourenco Goncalves and Cliffs Natural Resources Inc., signed as of September 11, 2014 (filed as Exhibit 10.1 to Cliffs Natural Resources Inc.'s Form 8-K/A on September 16, 2014 and incorporated herein by reference)
10.8	*Form of Change In Control Severance Agreement (covering newly hired officers) (filed as Exhibit 10.4 to Cliffs Natural Resources Inc.'s Form 8-K/A on September 16, 2014 and incorporated herein by reference)
10.9	Agreement between Cliffs Natural Resources Inc. and Casablanca Capital LP, dated October 7, 2014 (filed as Exhibit 99.1 to Cliffs Natural Resources Inc.'s Form 8-K on October 14, 2014 and incorporated herein by reference)
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 November 7, 2014 (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 Terrance M. Paradie as of November 7, 2014 (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 November 7, 2014 (filed 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 Terrance M. Paradie, Executive Vice President, Chief Financial Officer and Treasurer of Cliffs Natural Resources Inc., as of November 7, 2014 (filed 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



COMMON STOCK

NUMBER

WF 21371

CLIFFS

CLIFFS NATURAL RESOURCES INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF OHIO

SEE REVERSE SIDE
FOR CERTAIN DEFINITIONS

CUSIP 18683K 10 1

SHARES

THIS CERTIFIES THAT

SPECIMEN

is the owner of

FULLY PAID AND NON-ASSESSABLE COMMON SHARES OF THE PAR VALUE OF $0.125 EACH OF

CLIFFS NATURAL RESOURCES INC.

transferable on the books of the Company by the registered holder in person or by duly authorized attorney, upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to all the provisions of the Articles of the Company filed in the office of the Secretary of State of Ohio (copies of which are on file with the Company and with the Transfer Agent) to which the holder by acceptance hereof assents. This certificate is not valid unless countersigned by the Transfer Agent and registered by the Registrar.

WITNESS the seal of the Company and the signatures of its duly authorized officers.

Dated:

COUNTERSIGNED AND REGISTERED:
WELLS FARGO BANK, N.A.
TRANSFER AGENT
AND REGISTRAR

BY

AUTHORIZED SIGNATURE

CHAIRMAN, PRESIDENT
AND CHIEF EXECUTIVE OFFICER

SECRETARY

CLIFFS NATURAL RESOURCES INC.

A COPY OF THE EXPRESS TERMS OF THE SHARES REPRESENTED BY THIS CERTIFICATE AND OF ALL OTHER CLASSES AND SERIES OF SHARES WHICH CLIFFS NATURAL RESOURCES INC. IS AUTHORIZED TO ISSUE WILL BE MAILED TO ANY SHAREHOLDER WITHOUT CHARGE WITHIN FIVE DAYS AFTER RECEIPT FROM SUCH SHAREHOLDER OF A WRITTEN REQUEST THEREFOR. SUCH REQUESTS SHOULD BE ADDRESSED TO THE SECRETARY OF CLIFFS NATURAL RESOURCES INC., 33RD FLOOR, 200 PUBLIC SQUARE, CLEVELAND, OHIO 44114-2315.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM – as tenants in common

TEN ENT – as tenants by entireties

JT TEN – as joint tenants with right of survivorship and not as tenants in common

UTMA – ______ Custodian ______
(Cust) (Minor)
under Uniform Transfers to Minors
Act ______
(State)

Additional abbreviations may also be used though not in above list.

For value received ____ *hereby sell, assign, and transfer unto*

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

☐ ______________________________

____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING ZIP CODE OF ASSIGNEE)

____

____

______________________________ *Shares*

of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint ______

______________________________ *Attorney*

to transfer the said stock on the books of the within-named Corporation with full power of substitution in the premises.

Dated ________

X ______________________________

X ______________________________

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

SIGNATURE GUARANTEED

ALL GUARANTEES MUST BE MADE BY A FINANCIAL INSTITUTION (SUCH AS A BANK OR BROKER) WHICH IS A PARTICIPANT IN THE SECURITIES TRANSFER AGENTS MEDALLION PROGRAM ("STAMP"), THE NEW YORK STOCK EXCHANGE, INC. MEDALLION SIGNATURE PROGRAM ("MSP"), OR THE STOCK EXCHANGES MEDALLION PROGRAM ("SEMP") AND MUST NOT BE DATED. GUARANTEES BY A NOTARY PUBLIC ARE NOT ACCEPTABLE.

Exhibit 10.2

AMENDMENT NO. 5 TO AMENDED AND RESTATED MULTICURRENCY CREDIT AGREEMENT

AMENDMENT NO. 5 TO AMENDED AND RESTATED MULTICURRENCY CREDIT AGREEMENT dated as of October 24, 2014 (this "**Amendment**") to the Amended and Restated Multicurrency Credit Agreement dated as of August 11, 2011 (as heretofore amended by Amendment No. 1 to Amended and Restated Multicurrency Credit Agreement, dated October 16, 2012, among the Company, the Administrative Agent, JP Morgan and the Required Lenders party thereto ("**Amendment No. 1**"), Amendment No. 2 to Amended and Restated Multicurrency Credit Agreement, dated February 8, 2013, among the Company, the Administrative Agent, JP Morgan and the Required Lenders party thereto ("**Amendment No. 2**"), Amendment No. 3 to Amended and Restated Multicurrency Credit Agreement, dated June 30, 2014, among the Company, the Administrative Agent, JP Morgan and the Required Lenders party thereto ("**Amendment No. 3**"), Amendment No. 4 to Amended and Restated Multicurrency Credit Agreement, dated September 9, 2014, among the Company, the Administrative Agent, JP Morgan and the Required Lenders party thereto ("**Amendment No. 4**"; and together with Amendment No. 1, Amendment No. 2 and Amendment No. 3, the "**Prior Amendments**"), the "**Credit Agreement**") among CLIFFS NATURAL RESOURCES INC. (the "**Company**"), certain Foreign Subsidiaries of the Company from time to time party thereto, various Lenders from time to time party thereto and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (the "**Administrative Agent**"), JPMORGAN CHASE BANK, N.A., as Syndication Agent and L/C Issuer ("**JP Morgan**"), MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, J.P. MORGAN SECURITIES LLC, CITIGROUP GLOBAL MARKETS INC., PNC CAPITAL MARKETS INC. and U.S. BANK NATIONAL ASSOCIATION, as Joint Lead Arrangers and Joint Book Managers, and FIFTH THIRD BANK and CITIZENS BANK, N.A., as Co-Documentation Agents.

WITNESSETH:

WHEREAS, the parties hereto desire to amend the Credit Agreement as set forth below;

NOW, THEREFORE, the parties hereto agree as follows:

Section 1. *Defined Terms; References.* Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. Each reference to "hereof", "hereunder", "herein" and "hereby" and each other similar reference and each reference to "this Agreement" and each other similar reference contained in the Loan Documents shall, after this Amendment becomes effective, refer to the Credit Agreement as amended hereby.

Section 2. *Amendments*.

(a) Section 1.01 of the Credit Agreement is amended by adding the following defined terms thereto in the appropriate alphabetical position:

"**Applicable Adjusted Total Commitments**" is defined in **Section 2.01(a)** hereof.

"**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).

"**CNTA Covered Indebtedness**" means (a) debt secured by Principal Property or Principal Subsidiary Interests and (b) Attributable Debt relating to any sale and leaseback transaction of any Principal Property to the extent restricted by the lien covenants in the Notes Documents.

"**Commodity Exchange Act**" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

“**Disregarded Domestic Subsidiary”** means (i) any Domestic Subsidiary that is a disregarded entity for United States Federal Income tax purposes substantially all of the assets of which consist of Equity Interests in one or more Foreign Subsidiaries and (ii) Cleveland-Cliffs International Holding Company so long as it conducts no business and substantially all of its assets consist of Equity Interests in one or more Foreign Subsidiaries.

“**Equity Interest**” means (i) in the case of a corporation, any shares of its capital stock, (ii) in the case of a limited liability company, any membership interest therein, (iii) in the case of a partnership, any partnership interest (whether general or limited) therein, (iv) in the case of any other business entity, any participation or other interest in the equity or profits thereof, (v) any warrant, option or other right to acquire any Equity Interest described in this definition or (vi) any Security Entitlement (as defined in the UCC) in respect of any Equity Interest described in this definition.

“**Excluded Swap Obligation**” means, with respect to any Guarantor, any Swap Obligation if, and only to the extent that, all or a portion of the Guaranty of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof), including by virtue of such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guaranty of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guaranty or security interest is or becomes illegal.

“**Fifth Amendment Effective Date**” means the date that the conditions precedent to the effectiveness of Amendment No. 5, dated as of October 24, 2014, to this Agreement have been satisfied or waived.

“**Flood Hazard Property**” means improved real property with buildings or other improvements located within such special flood hazard area pursuant to a standard flood hazard determination form ordered and received by the Administrative Agent.

“**Flood Insurance Laws**” means, collectively, (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (iii) the National Flood Insurance Reform Act of 1994 as now or hereafter in effect or any successor statute thereto and (iv) the Flood Insurance Reform Act of 2004, and any regulations promulgated thereunder, as now or hereafter in effect or any successor statute or regulations thereto.

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

“**Junior Debt Prepayments**” is defined in **Section 6.16(a)** hereof.

“**Liquidity**” means, at any time, the sum of (x) the aggregate amount of unrestricted (other than Liens under the Loan Documents) cash and Cash Equivalents of the Loan Parties at such time plus (y) the aggregate amount of the unused Total Commitments (or, if less, the unused Applicable Adjusted Total Commitments).

“**Material Real Property**” means any Real Property owned or leased by any Loan Party; *provided* that such Material Real Property may exclude (i) any individual parcel with a fair market value (as reasonably determined by the Company and reasonably acceptable to the Administrative Agent) not to exceed $25,000,000; *provided* that such parcel is not necessary to operate the relevant complex or facility associated with such parcel (as reasonably determined by the Company and reasonably acceptable to the Administrative Agent), (ii) any Real Property or interest therein used or held in connection with a mine owned by a joint venture of which a Loan Party 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 any of its Subsidiaries with respect to) the creation of a security interest therein and (iii) any leasehold interest in the office headquarters of the Company located at 200 Public Square, Cleveland, Ohio 44114. In addition, the Administrative Agent may agree, in its sole discretion, to exclude from this definition of “Material Real Property” any Building (as defined in the applicable Flood Insurance Laws) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Laws). In such event, notwithstanding any provision in this Agreement, any Mortgage, or any other Collateral Document to the contrary, such Building or Manufactured (Mobile) Home shall not be included in this definition of “Material Real Property” and such Building or Manufactured (Mobile) Home shall not be encumbered by any Mortgage.

“**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 Administrative Agent for the benefit of the Secured Parties creating a Lien on such Material Real Property, substantially in such form as may be reasonably agreed between the Company and the Administrative Agent.

“**National Flood Insurance Program**” shall mean the program created by the U.S. Congress pursuant to the National Flood Insurance Act of 1968 and the Flood Disaster Protection Act of 1973, as revised by the National Flood Insurance Reform Act of 1994, as each may be amended, or any successor statute thereto, that mandates the purchase of flood insurance to cover real property improvements located in Special Flood Hazard Areas in participating communities and provides protection to property owners through a U.S. federal insurance program.

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

“**Permitted Securitization Financing Payoff**” means the termination of, and repayment in full of all obligations owed under, the Permitted Securitization Financing and delivery to the Administrative Agent of a payoff letter reasonably satisfactory to the Administrative Agent and copies of UCC-3 termination financing statements in form appropriate for filing with respect to such termination.

“**Qualified ECP Guarantor**” means, in respect of any Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant Guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person as constitutes an “eligible contract participant” under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an “eligible contract participant” at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

“**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.

“**Scotia Existing Letters of Credit**” means those letters of credit existing as of the Fifth Amendment Effective Date issued by The Bank of Nova Scotia, New York Agency for the benefit of the Company and its Subsidiaries and as set forth on Schedule 2.02.

“Secured Obligations” means the Obligations, the Hedging Liability and the Funds Transfer and Deposit Account Liability, *provided*, that Secured Obligations shall not include, with respect to any Guarantor, Excluded Swap Obligations of such Guarantor.

“**Senior Secured Debt**” means that portion of Total Funded Debt that is (a) outstanding under this Agreement or the Loan Documents or (b) secured by a Lien on any property or assets of the Company or any of its Restricted Subsidiaries.

“**Senior Secured Leverage Ratio**” means, at any time the same is to be determined, the ratio of (a) Senior Secured Debt to (b) EBITDA of the Company and its Restricted Subsidiaries for the four fiscal quarters of the Company most recently ended.

“**Special Flood Hazard Area**” means an area that FEMA’s current flood maps indicate has at least a one percent (1%) chance of a flood equal to or exceeding the base flood elevation (a 100-year flood) in any given year.

“**Specified JV Holdco”** means (i) in the case of the Tilden Mining joint venture, Cliffs TIOP Holding, LLC, (ii) in the case of the Empire Iron Mining joint venture, Cliffs Empire Holding, LLC and (iii) in the case of the Hibbing Taconite joint venture, each of Cliffs Pickands Holding, LLC, Cliffs Mining Holding, LLC and Cliffs Mining Holding Sub Company.

“**Step 1 Collateral Completion Date**” means the date on which all of the requirements of Section 6.20(a) are completed or waived.

“**Step 2 Collateral Completion Date**” means the date on which all of the requirements of Section 6.20(b) are completed or waived.

“**Swap Counterparty**” means, with respect to any swap with a Lender, any person or entity that is or becomes a party to such swap.

“**Swap Obligation**” means, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of section 1a(47) of the Commodity Exchange Act between any Lender and one or more Swap Counterparties.

“**UCC**” means the Uniform Commercial Code as in effect in the State of New York *provided* that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, “UCC” means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

(b) The following definitions are amended as follows:

(i) The definition of “Applicable Margin” is hereby amended as follows:

(A) the grid in the definition thereof is hereby amended in its entirety as follows:

Level	Leverage Ratio For Such Pricing Date	Applicable Margin For Base Rate Loans And L/C Borrowings Shall Be:	Applicable Margin For Eurocurrency Loans And Letter Of Credit Fee Shall Be:	Applicable Margin For Commitment Fee Shall Be:
I	Less than 1.00 to 1.00	0.25%	1.00%	0.125%
II	Less than 1.50 to 1.00, but greater than or equal to 1.00 to 1.00	0.25%	1.25%	0.15%
III	Less than 2.00 to 1.00, but greater than or equal to 1.50 to 1.00	0.50%	1.50%	0.175%
IV	Less than 2.75 to 1.00, but greater than or equal to 2.00 to 1.00	0.75%	1.75%	0.20%
V	Less than 3.25 to 1.00, but greater than or equal to 2.75 to 1.00	1.00%	2.00%	0.25%
VI	Less than 3.50 to 1.00, but greater than or equal to 3.25 to 1.00	1.25%	2.25%	0.30%
VII	Less than 4.25 to 1.00, but greater than or equal to 3.50 to 1.00	1.50%	2.50%	0.35%
VIII	Greater than or equal to 4.25 to 1.00	1.75%	2.75%	0.40%

(B) The sentence immediately following the grid in the definition thereof is amended to read: "Notwithstanding the foregoing, Level VII shall apply from the Fifth Amendment Effective Date until the date on which the officer's certificate referenced in Section 6.01(c) is delivered with respect to the quarter ending September 30, 2014.

(ii) The definition of "Balance Sheet Leverage Ratio" is hereby deleted.

(iii) The definition of "CNTA Basket" is amended as follows:

"**CNTA Basket**" means the basket under the covenants restricting liens in the Notes Documents (as in effect on the date hereof) for CNTA Covered Indebtedness, in an aggregate amount for all CNTA Covered Indebtedness not to exceed the CNTA Limit.

(iv) The definition of "CNTA Limit" is amended as follows:

"**CNTA Limit**" means, as of any time of incurring any CNTA Covered Indebtedness, 15% of Consolidated Net Tangible Assets at such time, it being understood and agreed that in no event shall any Bonds (or any other notes issued pursuant to a similar indenture or supplemental indenture or any other unsecured Indebtedness of the Company or any Subsidiary incurred under Section 6.12(k)) issued on or after the Fourth Amendment Effective Date, provide for the determination of a basket on secured Indebtedness (however calculated) more restrictive than that provided in the Bonds as of the Fourth Amendment Effective Date.

(v) The definition of "Collateral Documents" is amended by inserting the phrase ", the Mortgages" immediately after the phrase "the Security Agreement" where it appears therein.

(vi) The definition of “Funds Transfer and Deposit Account Liability” is amended as follows:

“**Funds Transfer and Deposit Account Liability** ” means the liability of the Company or any of its Subsidiaries owing to any Person arising out of (a) the execution or processing of electronic transfers of funds by automatic clearing house transfer, wire transfer or otherwise to or from the deposit accounts of the Company and/or any Subsidiary now or hereafter maintained with any of the Lenders or their Affiliates, (b) the acceptance for deposit or the honoring for payment of any check, draft or other item with respect to any such deposit accounts, and (c) any other deposit, disbursement, and cash management services, including, without limitation, treasury, depository, overdraft, credit or debit card, purchase card, electronic funds transfer, merchant processing services and other cash management arrangements, in each case afforded to the Company or any such Subsidiary by any such Person that, at the time it enters into such arrangement, is a Lender or an Affiliate of a Lender.

(vii) The definition of “Hedging Liability” is amended as follows:

“Hedging Liability” means the liability of the Company or any Subsidiary to any Person in respect of (i) any Hedge Agreement existing as of the Fifth Amendment Effective Date between the Company or such Subsidiary, as the case may be, and any such Person that is a Lender or an Affiliate of a Lender on the Fifth Amendment Effective Date and (ii) any Hedge Agreement as the Company or such Subsidiary, as the case may be, may from time to time after the Fifth Amendment Effective Date, enter into with any such Person that, at the time it enters into such Hedge Agreement, is a Lender or an Affiliate of a Lender.

(i) The first sentence of the definition of “L/C Issuer” is amended as follows:

“**L/C Issuer**” means Bank of America, JPMorgan Chase Bank, N.A., The Bank of Nova Scotia, New York Agency and any other Lender that may agree to issue Letters of Credit hereunder pursuant to an instrument in form satisfactory to the Company, such Lender and the Administrative Agent, in each case in its capacity as issuer of a Letter of Credit hereunder.

(ii) The definition of “LIBOR” is amended to add the following proviso at the end of each of the sentences of such definition: “; *provided* that if such rate shall be less than zero, such rate shall be deemed zero for purposes of this Agreement”.

(iii) The definition of “Loan Party” is amended to read as follows:

“**Loan Party**” means the Company and each Guarantor.

(iv) The definition of “Material Subsidiary” is amended to read as follows:

“**Material Subsidiary**” shall mean and include (i) each Wholly-Owned Subsidiary that is a Domestic Subsidiary, except any Wholly-Owned Subsidiary that is a Domestic Subsidiary and does not have (together with its Subsidiaries) (a) at the time of determination thereof, consolidated total assets that constitute more than 5% (or 10% if the date of determination is prior to January 1, 2012) of the consolidated total assets of the Company and its Subsidiaries at such time and (b) consolidated gross revenues for any fiscal year of the Company ending on or after January 1, 2012, that constitute more than 5% (or 10% for a fiscal year ending on December 31, 2010 or December 31, 2011) of the consolidated gross revenues of the Company and its Subsidiaries during such fiscal year, (ii) each Subsidiary that was an originator under the Permitted Securitization Financing and (iii) each Domestic Subsidiary that the Company has designated to the Administrative Agent in writing as a Material Subsidiary. As of the Fifth

Amendment Effective Date, the Material Subsidiaries are The Cleveland-Cliffs Iron Company, Cliffs Mining Company, Cliffs Sales Company, Northshore Mining Company, Cliffs Minnesota Mining Company, Cliffs North American Coal LLC, CLF PinnOak LLC, Silver Bay Power Company, Cliffs Empire, Inc., Cliffs TIOP, Inc., Cleveland-Cliffs International Holding Company, Cliffs Logan County Coal, LLC, Cliffs West Virginia Coal Inc, Oak Grove Resources LLC, Pinnacle Mining Company, LLC, Southern Eagle Land, LLC, Toney's Fork Land, LLC and United Taconite LLC.

(v) The definition of "Permitted Transaction Condition" is amended as follows:

"**Permitted Transaction Condition**" means, with respect to (i) an Investment made pursuant to clauses (o) or (q) of the definition of "Restricted Investment" or (ii) a Permitted Acquisition, and, in each case, after giving effect to such Investment or Permitted Acquisition, the Company shall be in pro forma compliance with the financial covenants set forth in Section 6.18 (provided that for purposes of this definition, the levels set forth in Section 6.18 shall be deemed to be 0.5x tighter than the specified levels).

(vi) The definition of "Restricted Investment" is amended as follows:

(A) Clause (d) is amended as follows:

"(d) Permitted Acquisitions so long as the Permitted Transaction Condition is satisfied; *provided* that from and after the Fifth Amendment Effective Date, (i) the aggregate amount of consideration (excluding common equity interests of the Company) paid in respect of such Permitted Acquisition, together with the aggregate amount of Investments made in reliance on (x) clause (o) of the definition of "Restricted Investments" and (y) clause (q) of the definition of "Restricted Investments" (excluding, in the case of clauses (x) and (y), the amount of such Investments made using common equity of the Company), shall not exceed U.S. $200,000,000 on and after the Fifth Amendment Effective Date, (ii) the assets being acquired in such Acquisition are located in, and the Person whose Equity Interests are being acquired in such Acquisition is organized in, the United States, any State thereof or the District of Columbia and (iii) in the case of any Acquisition with consideration in excess of U.S. $100,000,000, the Company shall deliver to the Administrative Agent at least 3 Business Days (or such shorter period as may be agreed to by the Administrative Agent) prior to any such Acquisition a certificate confirming *pro forma* compliance with the Permitted Transaction Condition".

(B) Clause (k) is amended as follows:

"(k) (i) Investments by any Loan Party in or to any other Loan Party, (ii) Investments by any Loan Party in or to any Wholly-Owned Subsidiary that is not a Guarantor, *provided* that (A) the sum of Investments made from and after the Fifth Amendment Effective Date under this clause (ii) shall not exceed an aggregate amount equal to $150,000,000 at any time outstanding and (B) no Investment under this clause (ii) that is in the form of intercompany loans shall be evidenced by a promissory note unless such promissory note is pledged to the Administrative Agent in accordance with the terms of the Security Agreement, (iii) Investments by any Subsidiary that is not a Guarantor in or to any Loan Party, *provided* that any such Investment under this clause (iii) that is in the form of intercompany loans shall be unsecured and subordinated to the Obligations pursuant to the terms of the Intercompany Note (as defined in the Security Agreement) or other document having subordination terms substantially similar to the terms contained in the Intercompany Note or other document having subordination terms substantially similar to the terms contained in the Intercompany Note or otherwise reasonably satisfactory to the Administrative Agent and (iv) Investments between Subsidiaries that are not Guarantors, *provided* that if the Subsidiary making the Investment under this clause (iv) is a Wholly-Owned Subsidiary, the recipient of such Investment shall also be a Wholly-Owned Subsidiary".

(C) Clause (m) is amended as follows:

"(m) Investments in Joint Ventures in the United States existing as of the Fifth Amendment Effective Date and set forth on Schedule 6.15(B) for the purpose of financing such entities' (i) operating expenses incurred in the ordinary course of business, (ii) reasonable Capital Expenditures and (iii) other reasonable obligations that are accounted for by the Company and its Restricted Subsidiaries as increases in equity in such Joint Ventures".

(D) Clause (n) is amended as follows:

"(n) Investments in The Bloom Lake Iron Ore Mine Limited Partnership and Wabush Mines joint ventures so long as the Permitted Transaction Condition is satisfied".

(E) Clause (o) is amended as follows:

"(o) so long as the Permitted Transaction Condition is satisfied, Investments of the Company and its Restricted Subsidiaries to make acquisitions of additional mining interests located in the United States or for other strategic or commercial purposes in the United States; *provided* that from and after the Fifth Amendment Effective Date, (i) after giving effect to any such Investment, no Default or Event of Default shall exist, (ii) the aggregate amount of consideration (excluding common equity interests of the Company) paid in respect of such Investments, together with (x) the aggregate amount of consideration paid in connection with an Acquisition made in reliance on clause (d) of the definition of "Restricted Investments" and (y) the aggregate amount of Investments made in reliance on clause (q) of the definition of "Restricted Investments" (excluding, in the case of clauses (x) and (y), the amount of such Acquisitions and Investments made using common equity of the Company), shall not exceed U.S. $200,000,000 from and after the Fifth Amendment Effective Date, and (iii) in the case of any such Investment in excess of U.S. $100,000,000, the Company shall deliver to the Administrative Agent at least 3 Business Days (or such shorter period as may be agreed to by the Administrative Agent) prior to such Investment, a certificate confirming *pro forma* compliance with the Permitted Transaction Condition".

(F) Clause (p) is amended as follows:

"(p) [reserved]".

(G) Clause (q) is amended as follows:

"(q) Investments, not otherwise permitted under clauses (a) - (p), of the Company and its Restricted Subsidiaries so long as the Permitted Transaction Condition is satisfied; *provided* that from and after the Fifth Amendment Effective Date, (i) the aggregate amount of consideration (excluding common equity interests of the Company) paid in respect of such Investments, together with (x) the aggregate amount of consideration paid in connection with an Acquisition made in reliance on clause (d) of the definition of "Restricted Investments" and (y) the aggregate amount of Investments made in reliance on clause (o) of the definition of "Restricted Investments" (excluding, in the case of clauses (x) and (y), the amount of such Acquisitions and Investments made

> using common equity of the Company), shall not exceed U.S. $200,000,000 from and after the Fifth Amendment Effective Date and (ii) in the case of any such Investment in which the aggregate amount to be invested is greater than U.S. $100,000,000, the Company shall deliver to the Administrative Agent at least 3 Business Days (or such shorter period as may be agreed to by the Administrative Agent) prior to such Investment, a certificate confirming pro forma compliance with the Permitted Transaction Condition".

(c) The definition of "Secured Parties" is amended as follows:

"**Secured Parties**" means, collectively, the Lenders, the Administrative Agent, each co-agent or sub-agent appointed by the Administrative Agent from time to time pursuant to **Section 9.05**, and each other holder of Secured Obligations.

(d) The definition of "Security Agreement" is amended as follows:

"**Security Agreement**" is defined in Section 6.20(a) hereof.

(e) The definition of "Security Requirement" is hereby deleted.

(f) The definition of "Total Capitalization" is hereby deleted.

(g) The definition of "Total Commitments" is amended by (A) replacing the phrase "One Billion Two Hundred Fifty Million Dollars (U.S. $1,250,000,000)" with "One Billion One Hundred Twenty-Five Million Dollars (U.S. $1,125,000,000)" and (B) replacing the phrase "the Fourth Amendment Effective Date" with the phrase "the Fifth Amendment Effective Date".

(h) The definition of "Unrestricted Subsidiaries" is amended by adding the following sentence at the end thereof: "Notwithstanding anything to the contrary herein, from and after the Fifth Amendment Effective Date, the Company shall not have the right to designate any Subsidiary as an Unrestricted Subsidiary and represents that no Unrestricted Subsidiary exists as of the Fifth Amendment Effective Date."

(i) Section 2.01(a) is amended to replace clause (i) of the proviso to the first sentence with the following clause: "(i) the Total Outstandings shall not exceed the Total Commitments in effect at such time, *provided* that (A) if the Step 1 Collateral Completion Date has not occurred by the Fifth Amendment Effective Date, the Total Outstandings shall also not exceed U.S. $750,000,000 until the earlier of the Step 1 Collateral Completion Date and the fifteenth (15th) day after the Fifth Amendment Effective Date, (B) if the Step 1 Collateral Completion Date has not occurred by such fifteenth (15th) day, from and after the sixteenth (16th) day after the Fifth Amendment Effective Date, the Total Outstandings shall also not exceed U.S. $500,000,000 until the earlier of the Step 1 Collateral Completion Date and the fifty-ninth (59th) day after the Fifth Amendment Effective Date, (C) if the Step 1 Collateral Completion Date has not occurred by such fifty-ninth (59th) day, from and after the sixtieth (60th) day following the Fifth Amendment Effective Date, the Total Outstandings shall also not exceed U.S. $300,000,000; and (D) each of the amounts in clauses (A), (B) and (C) (each of such amounts, the "**Applicable Adjusted Total Commitments**") shall be reduced by U.S. $110,000,000 if the Permitted Securitization Financing Payoff has not occurred by such date".

(j) Section 2.02 is amended to add the following new clause (k):

> "(k) *Scotia Existing Letters of Credit*. On and after the Fifth Amendment Effective Date, each Scotia Existing Letter of Credit shall be deemed to be a Letter of Credit issued hereunder."

(k) Section 2.14 is amended to add the following new clause (e):

"(e) Notwithstanding anything to the contrary herein, from and after the Fifth Amendment Effective Date, the Company shall not have the right to designate any Subsidiary as a Designated Borrower and represents that (i) no Designated Borrower exists as of the Fifth Amendment Effective Date and (ii) there are no outstanding Obligations owed by any Designated Borrower as of the Fifth Amendment Effective Date, after giving effect to Amendment No. 5, dated as of [October 24], 2014, to this Agreement".

(l) Section 3.02 is amended as follows:

(i) Clause (d) is amended as follows:

"[reserved]"

(m) Section 5.07 is amended by adding the following sentence at the end thereof: "Notwithstanding the foregoing, in no event shall the proceeds of any Loan or Letter of Credit be used in violation of any applicable anti-corruption laws or Sanctions."

(n) Section 5.27 is hereby amended as follows:

"Section 5.27. *Collateral Documents.* The Collateral Documents, upon their due execution and delivery, will create in favor of the Administrative Agent for the benefit of the Secured Parties a valid and, together with such filings and other actions necessary to perfect and protect the Liens in the Collateral created under and in the manner contemplated by the Collateral Documents and Section 6.20, perfected first priority Lien in the Collateral, securing the payment of the Secured Obligations, subject to Liens permitted by the Loan Documents."

(o) Section 6.12 is amended as follows:

(i) Clause (c) is amended to add the following proviso at the end thereof: "; *provided* that the aggregate amount at any time outstanding of all such Indebtedness incurred pursuant to this clause (c) from and after the Fifth Amendment Effective Date shall not exceed U.S. $100,000,000;".

(ii) Clause (e) is amended as follows:

"(e) (i) until the date that is 30 days after the Fifth Amendment Effective Date, Indebtedness not to exceed U.S. $110,000,000 in respect of the Permitted Securitization Financing (it being understood and agreed that the Permitted Securitization Financing Payoff shall occur within 30 days of the Fifth Amendment Effective Date and that the Permitted Securitization Financing shall be subject to Section 2.01 until such payoff occurs) and (ii) AUD 30,000,000 in respect of the Portman Limited Facility.

(iii) Clause (h) is amended as follows:

"(h) Contingent Obligations in respect of Indebtedness otherwise permitted under this Section 6.12 (excluding, for the avoidance of doubt, guarantees by any Restricted Subsidiary of any obligations of the Company other than pursuant to the Loan Documents)".

(iv) Clause (i) is amended as follows:

"(i) Indebtedness incurred in connection with any sale/leaseback transaction; *provided*, that such Indebtedness incurred from and after the Fifth Amendment Effective Date shall be in an aggregate amount not to exceed U.S. $100,000,000 at any time outstanding."

(v) Clause (j) is amended as follows:

"(j) Indebtedness of Non-Guarantor Subsidiaries (i) listed on Schedule 6.12, or (ii) not otherwise permitted by this Section; *provided* that the aggregate amount at any time outstanding of all such Indebtedness referenced in this subclause (ii) shall not exceed U.S. $75,000,000".

(vi) Clause (k) is amended as follows:

"(k) unsecured Indebtedness of the Company and the Guarantors not otherwise permitted by this Section; *provided* that from and after the Fifth Amendment Effective Date, (i) immediately after giving effect to such Indebtedness, the Company shall be in pro forma compliance with the financial covenant set forth in Section 6.18(b) and (ii) no such Indebtedness in excess of U.S. $25,000,000 shall be incurred unless both the Step 1 Collateral Completion Date and the Step 2 Collateral Completion Date shall have occurred".

(p) Section 6.13 is amended as follows:

(i) Clause (c) is amended by replacing the phrase "Closing Date" with "Fifth Amendment Effective Date" in each instance where such phrase appears therein.

(ii) Clause (i) is amended by replacing the word "a" with the word "the" where it appears therein.

(iii) Clause (j) is amended to replace the amount "U.S. $50,000,000" contained therein with the amount "U.S. $25,000,000".

(iv) Clause (k) is amended as follows:

"(k) Liens on the assets of Non-Guarantor Subsidiaries securing Indebtedness of Non-Guarantor Subsidiaries permitted under Section 6.12(j)".

(v) The proviso at the end thereof is amended by replacing the phrase "the Security Requirement, whether or not the Security Requirement is then in effect" with the phrase "Section 6.20".

(q) Section 6.14 is amended as follows:

(i) Clause (c) is amended as follows:

"(c) the sale, transfer, lease, or other disposition of Property (i) of any Loan Party to another Loan Party, (ii) of any Subsidiary that is not a Loan Party to any Loan Party, (iii) of any Subsidiary that is not a Loan Party to any other Subsidiary that is not a Loan Party, *provided* that if the transferor under this clause (iii) is a Wholly-Owned Subsidiary, the transferee shall also be a Wholly-Owned Subsidiary, and (iv) of any Loan Party to any Wholly-Owned Subsidiary that is not a Loan Party, *provided* that if such transaction under this clause (iv) constitutes an Investment, such transaction is permitted under clause (k) of the definition of "Restricted Investments".

(i) Clauses (e), (f) and (g) are each amended to read as follows:

“[reserved]”.

(ii) Clause (k) is hereby amended by adding “(k),” immediately following the phrase “permitted by clauses (f),” therein.

(iii) Clause (m) is amended as follows:

“(m) the sale, transfer, lease, or other disposition of Property of the Company or any Restricted Subsidiary, in any single transaction or series of related transactions, which are not sales, transfers, leases, or disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole; *provided* that (i) the Company shall be in pro forma compliance with Section 6.18 hereof and in the case of any sale, lease, transfer or other disposition in excess of U.S. $100,000,000 shall deliver to the Administrative Agent at least 3 Business Days (or such shorter period as may be agreed by the Administrative Agent) prior to any such transaction a certificate confirming such pro forma compliance with Section 6.18, (ii) no sale, transfer, lease or other disposition of iron ore assets in the United States or any Equity Interests in Joint Ventures or any other Person holding such iron ore assets in the United States shall be permitted under this clause (m) (other than the sale of the assets or the common stock of Cliffs Erie) and (iii) no sale, transfer, lease or other disposition of Property under this clause (m) shall be permitted if after giving effect thereto, Liens on any then-remaining existing Collateral will have to be released in order for CNTA Covered Indebtedness to be within the CNTA Basket (assuming for purposes of this determination that all such CNTA Covered Indebtedness was incurred at such time)”.

(r) Section 6.16(a) is amended by inserting the following immediately before the period:

“or (iii) prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner (it being understood that payments of regularly scheduled principal, interest and mandatory prepayments shall be permitted) of any Bonds or any unsecured Indebtedness of any Company or any Subsidiary under **Section 6.12(k)** (actions described in this clause (iii), “ **Junior Debt Prepayments** ”)”.

(s) Section 6.16(b) is amended by (i) deleting the phrase “prior to December 31, 2015” where it appears in the first proviso of clause (y) thereof and (ii) inserting the following proviso immediately before the period:

“; provided, that amounts described in clause (i) and this clause (ii)(y) may only be paid if after giving effect to any such Restricted Payment under that the Company shall have Liquidity of at least $400,000,000 after giving pro forma effect to such Restricted Payment and (iii) no Junior Debt Prepayments may be made unless after giving effect to any such Junior Debt Prepayment, the Company shall have Liquidity of at least $400,000,000”.

(t) Section 6.18 is amended as follows:

(i) Clause (a) is amended in its entirety to read as follows:

“*Senior Secured Leverage Ratio*. The Company shall not, as of the last day of each fiscal quarter of the Company, commencing with the fiscal quarter ending September 30, 2014, permit the Senior Secured Leverage Ratio to be more than 3.50x to 1.00.”

(ii) Clause (b) is amended by inserting the following proviso immediately before the period:

"*provided* that following the Step 2 Collateral Completion Date, the Company shall not, as of the last day of each fiscal quarter of the Company, permit the Interest Coverage Ratio at such time to be less than 2.00x to 1.00".

(u) Section 6.20 is amended in its entirety as follows:

"6.20 *Covenant to Give Security; Further Assurances* .

(a) Within 60 days of the Fifth Amendment Effective Date, the Company shall, and shall cause each other Loan Party to (a) deliver, at the Company's expense, a security agreement, substantially in the form of Exhibit J, and which shall provide among other things that the Obligations secured by Principal Property or Principal Subsidiary Interests (together with any other CNTA Covered Indebtedness) shall not exceed, at any time that any CNTA Covered Indebtedness is incurred, the CNTA Limit at such time so as to not require any Bonds to be equally and ratably secured with the Secured Obligations (as amended, restated, modified or supplemented from time to time pursuant to the terms thereof, the "**Security Agreement**"), duly executed by the Company and each Loan Party, pursuant to which each Loan Party shall grant a valid and perfected first-priority (subject to Permitted Liens) security interest in (1) accounts receivable, equipment, inventory and other personal property of the Loan Parties, in each case in which security interests may be perfected by the filing of a financing statement under the UCC in the central filing office of the state where the applicable Loan Party is located, subject to customary exclusions specified in the Security Agreement, (2) the equity interests owned by any Loan Party in all Material Subsidiaries (other than any Disregarded Domestic Subsidiary) of the Company and (3) the equity interests owned by any Loan Party in all Material Foreign Subsidiaries and all Material Subsidiaries which are Disregarded Domestic Subsidiaries of the Company, limited to 65% of the voting equity interests and 100% of the non-voting interests in such Material Foreign Subsidiaries and such Disregarded Domestic Subsidiaries (in each case, only to the extent that such grant under clause (3) would not give rise to any adverse tax consequence under Section 956 of the Code), together with:

(i) to the extent applicable, certificates and instruments representing the equity interests referred to therein accompanied by undated stock powers or instruments of transfer executed in blank,

(ii) financing statements in form appropriate for filing in the central filing office of the state where each applicable Loan Party is located under the applicable Uniform Commercial Code in order to perfect the Liens created under the Security Agreement (but in any event excluding filing of financing statements with respect to as-extracted collateral, timber to be cut, fixture filings, or any other filings in any office where a mortgage on real property would be filed or recorded), covering the Collateral described in the Security Agreement,

(iii) certified copies of UCC, tax and judgment lien searches, or equivalent reports or searches, each of a recent date listing all effective financing statements, lien notices or comparable documents (together with copies of such financing statements and documents) that name any Loan Party as debtor and that are filed in those state jurisdictions in which any Loan Party is organized or maintains its principal place of business, none of which encumber the Collateral covered or intended to be covered by the Collateral Documents (other than Permitted Liens),

(iv) a Perfection Certificate duly executed by each of the Loan Parties, and

(v) a customary legal opinion, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties reasonably acceptable to the Administrative Agent as to (1) due authorization, delivery, execution and enforcement of the Loan Documents by each Loan Party (to the extent not covered by legal opinions previously provided to the Administrative Agent), (2) filing perfection under the UCC of the Collateral described in the Security Agreement and perfection under the UCC of the pledge of equity interests described in the Security Agreement and (3) such other matters as the Administrative Agent may reasonably request.

(b) Within 60 days following the Fifth Amendment Effective Date, the Company shall, and shall cause each other Loan Party to (a) duly execute and deliver to the Administrative Agent such ancillary documents to the Security Agreement, in form and substance reasonably satisfactory to the Administrative Agent, as are necessary to grant the Administrative Agent a first-priority (subject to Permitted Liens) security interest in all of the Intellectual Property of the Company and each other Loan Party pledged under the Security Agreement and authorize the Administrative Agent to file the same in the United States Patent and Trademark Office or the United States Copyright Office; and (b) take any actions (including, without limitation, entering into one or more account control agreements) necessary to enable the Administrative Agent to obtain "control" (within the meaning of the applicable UCC) with respect to each Deposit Account and Securities Account (each as defined in the UCC) of the Company and each other Loan Party, other than Excluded Accounts (as defined in the Security Agreement).

(c) Within 180 days of the Fifth Amendment Effective Date (subject to up to three 30-day extensions as the Administrative Agent may agree, such agreement not to be unreasonably withheld, delayed or conditioned) in the case of Material Real Property in which a Loan Party owns an interest, the Company shall, and cause each Loan Party to, provide, or, in the case of any Material Real Property in which a Loan Party has a leasehold interest where the terms of the lease of such leased real property (or applicable state law, if such lease is silent on the issue) prohibit a mortgage thereof, the Company shall, and cause each Loan Party to, use commercially reasonable efforts to cause the landlord to allow and if so allowed (without, for the avoidance of doubt, subjecting the Loan Parties or their properties to undue burden or expense in relation to the collateral value represent by such real property), shall provide the Administrative Agent with, (a) a Mortgage for each Material Real Property, duly executed by the appropriate Loan Party, 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 Administrative Agent reasonably 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 Administrative Agent for the benefit of the 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 clause (a), (b) with respect to any Building (as defined in the applicable Flood Insurance Laws) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Laws) comprising part of a Material Real Property that is a Flood Hazard Property, (1) the Company's written acknowledgement of receipt of written notification from the Administrative Agent as to the fact that such asset is a Flood Hazard Property and as to whether the community in which such Material Real Property is located is participating in a National Flood Insurance Program and (2) evidence of flood insurance in form and substance reasonably satisfactory to the Administrative Agent not to exceed the maximum amount available under the Flood Insurance Laws, and (c) customary opinions of counsel to the Loan Party 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 Administrative Agent; *provided*, 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 Indebtedness) shall not exceed, at any time that any CNTA Covered Indebtedness is incurred, the CNTA Limit at such time so as to not require any Bonds to be equally and ratably secured with the Secured Obligations."

(d) In the event that the Company or any Restricted Subsidiary forms or acquires any other Restricted Subsidiary that is a Material Subsidiary on or after the Fifth Amendment Effective Date, the Company shall cause such Material Subsidiary to comply with the requirements of clauses (a)–(c) of this Section 6.20 applicable to it; *provided*, that for purposes of the requirements of this Section 6.20(d), (1) all references to the Fifth Amendment Effective Date in clauses (a)–(c) shall be deemed to refer to the date of formation or acquisition of such Material Subsidiary, (2) the reference to the Security Agreement in clause (a) shall be deemed to be a reference to a Security Agreement Supplement (as defined in the Security

Agreement) and (3) the Company shall cause such Material Subsidiary to comply with the requirements of clause (a) within 30 days of the date of formation or acquisition of such Material Subsidiary.

(e) In the event that any Loan Party acquires or leases any Material Real Property on or after the Fifth Amendment Effective Date, the Company shall cause such Loan Party to comply with the requirements of clause (c) of this Section 6.20; *provided* that the reference to the Fifth Amendment Effective Date in such clause (c) shall be deemed to be a reference to the date of acquisition of such Material Real Property.

(v) Article 6 is further amended by adding a new Section 6.21 at the end thereof as follows:

> "6.21 *Limitation on Assets and Operations of Specified JV Holdcos* . The Company shall not permit any Specified JV Holdco to engage in any business activities or have any assets or liabilities other than (a) its ownership and acquisition of Equity Interests in the applicable joint venture (or any other entity holding an ownership interest in such joint venture), together with activities directly related thereto, (b) actions required by law to maintain its existence and (c) activities incidental to its maintenance and continuance and to the foregoing activities.

(w) Section 7.01 is amended to add the following new clause (l):

> "(l) any Collateral Document or any material provision thereof shall cease to be in full force or effect (other than pursuant to the terms hereof or thereof or as a result of acts or omissions of the Administrative Agent or any Lender), or any grantor, pledgor or mortgagor thereunder or any Loan Party shall deny or disaffirm in writing any grantor's, pledgor's or mortgagor's obligations under any Collateral Document".

(x) Section 7.02 is amended to add the following sentence at the end thereof:

> "In addition, if any Event of Default other than those described in subsection (j) or (k) of Section 7.01 hereof occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law."

(y) Section 7.03 is amended to add the following sentence at the end thereof:

> "In addition, if any Event of Default described in subsections (j) or (k) of Section 7.01 occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable Law."

(z) Section 9.09(b) is amended by deleting the phrases "at any time after the satisfaction of the Security Requirement," and "at any time after the Security Requirement has been satisfied," where they appear therein.

(aa) Section 10.01 is amended to restyle the current clause (h) as clause (i) and to add the following language as clause (h):

> "(h) *Treatment of Obligations.* For purposes of determining withholding Taxes imposed under FATCA, from and after the Fifth Amendment Effective Date, the Company and the Administrative Agent shall treat (and the Lenders hereby authorize the Administrative Agent to treat) the Obligations as not qualifying as a "grandfathered obligation" within the meaning of Section 1.1471-2(b)(2)(i) of the United States Treasury Regulations".

(bb) Section 10.13 is amended by adding the following sentence at the end thereof:

“The foregoing costs and expenses shall include all search, filing and recording charges and fees and taxes related thereto, and other reasonable out-of-pocket expenses incurred by the Administrative Agent.”

(cc) A new Section 10.26 is hereby added to read as follows:

“Section 10.26. *Keepwell*. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under the Guaranty in respect of all Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 10.26 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 10.26, or otherwise under the Guaranty, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section shall remain in full force and effect until the Obligations are paid in full, all Letters of Credit are terminated and no further Commitment remains in effect. Each Qualified ECP Guarantor intends that this Section 10.26 constitute, and this Section 10.26 shall be deemed to constitute, a “keepwell, support, or other agreement” for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.”

(dd) A new Section 10.27 is hereby added to read as follows:

“Section 10.27. *Release of Collateral*. No amendment or waiver of any Loan Document shall, without the written consent of each Lender, release all or substantially all of the Collateral in any transaction or series of related transactions.”

(ee) The Company hereby, effective on the Fifth Amendment Effective Date, irrevocably reduces the Total Commitments from U.S. $1,250,000,000 to U.S. $1,125,000,000 by replacing Schedule 1(a) of the Credit Agreement, in its entirety, with Schedule 1 attached hereto.

(ff) Schedule 2.02 attached hereto shall be added to the Credit Agreement as Schedule 2.02 thereto.

(gg) Schedule 6.12 attached hereto shall be added to the Credit Agreement as Schedule 6.12 thereto.

(hh) Schedule 6.13 shall be replaced in its entirety by Schedule 6.13 attached hereto.

(ii) Schedule 6.15 is amended to revise the heading of item 2 thereof to: “Existing Investments in the following Joint Ventures:”.

(jj) Schedule 6.15(B) – Existing Joint Ventures attached hereto shall be added to the Credit Agreement as Schedule 6.15(B) thereto.

(kk) Exhibit J attached hereto shall be added to the Credit Agreement as Exhibit J thereto.

SECTION 3. *Representations of Company.* The Company represents and warrants that, after giving effect to this Amendment, (i) each of the representations and warranties of the Loan Parties set forth in the Credit Agreement and in the other Loan Documents will be true and correct in all material respects on and as of the Fifth Amendment Effective Date (except to the extent the same expressly relate to an earlier date with respect to which such representations and warranties shall be true and correct in all material respects as to such earlier date) and (ii) no Default or Event of Default will have occurred and be continuing on such date.

SECTION 4. *Governing Law.* This Amendment shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 5. *Counterparts.* This Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. Delivery of an executed signature page of this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart hereof.

SECTION 6. *Effectiveness.* This Amendment shall become effective on the date (" **Fifth Amendment Effective Date**") when the Administrative Agent shall have received:

(a) from each of the Company, the Guarantors and Lenders comprising the Required Lenders a counterpart hereof signed by such party; and

(b) an amendment fee for the account of each Lender and such other fees as have been heretofore mutually agreed in writing; and

(c) the Company shall have paid all reasonable out-of-pocket expenses of the Administrative Agent invoiced to it at least two Business Days prior to the Fifth Amendment Effectiveness Date.

Provided, that upon the occurrence of the Fifth Amendment Effective Date the amendment provided herein to Section 6.18(a) of the Credit Agreement shall be deemed to have been made with effect as of September 30, 2014*.*

SECTION 7. *Guarantor Acknowledgement, Consent and Ratification*. Each Guarantor hereby acknowledges that it has reviewed the terms and provisions of the Credit Agreement and this Amendment and consents to the Amendment. Each Guarantor hereby confirms that (a) each Loan Document to which it is a party or by which it is otherwise bound will continue to guarantee, to the fullest extent possible in accordance with the Loan Documents, the payment and performance of all "Obligations" under each of the Loan Documents to which it is a party (in each case as such terms are defined in the applicable Loan Document), (b) each of the Loan Documents to which it is a party or by which it is otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be impaired or limited by the execution or effectiveness of this Amendment and (c) each of the Prior Amendments is hereby ratified in all respects.

Each Guarantor acknowledges and agrees that (i) notwithstanding the conditions to effectiveness set forth in this Amendment, such Guarantor is not required by the terms of the Credit Agreement or any other Loan Document to consent to any amendments or waivers of the Credit Agreement effected pursuant to this Amendment and (ii) nothing in the Credit Agreement, this Amendment or any other Loan Document shall be deemed to require the consent of such Guarantor to any amendments or waivers of the Credit Agreement.

SECTION 8. *Designated Borrower Termination* . Each party hereto hereby agrees that each of the Designated Borrowers' status as such is hereby terminated, and such Designated Borrowers are released from all obligations and liabilities under the Loan Documents. The Administrative Agent hereby agrees that the notice from the Company required in Section 2.14(d) is waived.

[*Signature Pages Follow*]

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

CLIFFS NATURAL RESOURCES INC.

By: /s/ Terrance M. Paradie
Name: Terrance M. Paradie
Title: Executive Vice President, Chief Financial Officer and Treasurer

By: /s/ James D. Graham
Name: James D. Graham
Title: Vice President, Chief Legal Officer and Secretary

GUARANTORS

NORTHSHORE MINING COMPANY
CLIFFS SALES COMPANY
CLIFFS MINNESOTA MINING COMPANY
CLIFFS NORTH AMERICAN COAL LLC
SILVER BAY POWER COMPANY
CLIFFS EMPIRE, INC.
CLIFFS TIOP, INC.
CLIFFS LOGAN COUNTY COAL, LLC
CLIFFS WEST VIRGINIA COAL INC.
UNITED TACONITE LLC
PINNACLE MINING COMPANY, LLC
OAK GROVE RESOURCES LLC
TONEY'S FORK LAND, LLC
SOUTHERN EAGLE LAND, LLC
CLIFFS TIOP HOLDING, LLC
CLIFFS EMPIRE HOLDING, LLC

By: /s/ Terrance M. Paradie
Name: Terrance M. Paradie
Title: Vice President and Treasurer

THE CLEVELAND-CLIFFS IRON COMPANY

By: /s/ Terrance M. Paradie
Name: Terrance M. Paradie
Title: Treasurer

CLF PINNOAK LLC

By: /s/ Terrance M. Paradie
Name: Terrance M. Paradie
Title: Senior Vice President, Chief Financial Officer and Treasurer

CLIFFS MINING COMPANY
CLIFFS PICKANDS HOLDING, LLC
CLIFFS MINING HOLDING, LLC
CLIFFS MINING HOLDING SUB COMPANY

By: /s/ Terrance M. Paradie
Name: Terrance M. Paradie
Title: Executive Vice President, Chief Financial Officer and Treasurer

BANK OF AMERICA, N.A., as Administrative
Agent

By: /s/ Marc Ahlers
Name: Marc Ahlers
Title: Vice President

If second signature is required:

By: ____________________
Name:
Title:

BANK OF AMERICA, N.A., as a Lender

By: /s/ Marc Ahlers
Name: Marc Ahlers
Title: Vice President

If second signature is required:

By:
Name:
Title:

Citibank, N.A.

By: /s/ David Jaffe
Name: David Jaffe
Title: Vice President

If second signature is required:

By: ____________________
Name:
Title:

PNC BANK NATIONAL ASSOCIATION

By: /s/ Joseph G. Moran
Name: Joseph G. Moran
Title: Senior Vice President

U.S. BANK NATIONAL ASSOCIATION

By: /s/ Mark Irey
Name: Mark Irey
Title: Vice President

FIFTH THIRD BANK

By: /s/ Martin H. McGinty
Name: Martin H. McGinty
Title: Vice President

If second signature is required:

By: ____________________
Name:
Title:

Mizuho Bank, Ltd.

By: /s/ Donna DeMagistris
Name: Donna DeMagistris
Title: Authorized Signatory

CITIZENS BANK, N.A.

By: /s/ Carl S. Tabacjar, Jr.
Name: Carl S. Tabacjar, Jr.
Title: Vice President

If second signature is required:

By: ________________________
Name:
Title:

Bank of Montreal, Chicago Branch

By: /s/ Yacouba Kane
Name: Yacouba Kane
Title: Vice President

If second signature is required:

By: ____________________
Name:
Title:

COMMONWEALTH BANK OF AUSTRALIA

By: /s/ Nicholas Rees
Name: Nicholas Rees
Title: Director

WELLS FARGO BANK, N.A.

By: /s/ Michael Thomas
Name: Michael Thomas

If second signature is required:

By: ______________________
Name:
Title:

KEYBANK NATIONAL ASSOCIATION

By: /s/ Suzannah Valdivia
Name: Suzannah Valdivia
Title: Vice President

THE HUNTINGTON NATIONAL BANK

By: /s/ Lori Cummins
Name: Lori Cummins
Title: Vice President

CIBC Inc.

By: /s/ Robert Robin
Name: Robert Robin
Title: Authorized Signatory

If second signature is required:

By: /s/ Dominic Sorresso
Name: Dominic Sorresso
Title: Authorized Signatory

CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK

By: /s/ Blake Wright
Name: Blake Wright
Title: Managing Director

By: /s/ James Austin
Name: James Austin
Title: Vice President

HSBC Bank USA, N.A.

By: /s/ Frank M Eassa
Name: Frank M Eassa
Title: Vice President

If second signature is required:

By: ____________________
Name:
Title:

Bank of Tokyo-Mitsubishi UFJ, Ltd., New York
Branch

By: /s/ Eric Otieno
Name: Eric Otieno
Title: Vice President

Sumitomo Mitsui Banking Corporation

By: /s/ James D. Weinstein
Name: James D. Weinstein
Title: Managing Director

If second signature is required:

By: ________________________
Name:
Title:

THE BANK OF NOVA SCOTIA

By: /s/ Rafael Tobon
Name: Rafael Tobon
Title: Director

If second signature is required:

By: ____________________
Name:
Title:

WESTPAC BANKING CORPORATION

By: /s/ Richard Yarnold
Name: Richard Yarnold
Title: Senior Relationship Manager
Corporate & Institutional Banking

If second signature is required:

By: ____________________
Name:
Title:

MUFG Union Bank, N.A.

By: /s/ Eric Otieno
Name: Eric Otieno
Title: Vice President

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: November 7, 2014

By: /s/ Lourenco Goncalves
Lourenco Goncalves
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Terrance M. Paradie, 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: November 7, 2014

By: /s/ Terrance M. Paradie
Terrance M. Paradie
Executive Vice President, Chief Financial Officer & Treasurer

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 September 30, 2014, 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, 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: November 7, 2014

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 September 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the “Form 10-Q”), I, Terrance M. Paradie, Executive Vice President, Chief Financial Officer & Treasurer 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: November 7, 2014

By: /s/ Terrance M. Paradie
Terrance M. Paradie
Executive Vice President, Chief Financial Officer & Treasurer

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 September 30, 2014, 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 September 30, 2014:

		Three Months Ended September 30, 2014							
		(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
Pinnacle Mine / 4601816	Coal	22	—	—	—	$ 19,310	27 (2)	2	13
Pinnacle Plant / 4605868	Coal	5	—	—	—	—	1 (3)	—	—
Green Ridge #1 / 4609030	Coal	—	—	—	—	—	—	—	—
Green Ridge #2 / 4609222	Coal	—	—	—	—	—	—	—	1
Oak Grove / 0100851	Coal	27	—	1	—	43,995	27 (4)	5	13
Concord Plant / 0100329	Coal	—	—	—	—	100	—	—	—
Dingess-Chilton / 4609280	Coal	—	—	—	—	—	5 (5)	—	1
Powellton / 4609217	Coal	28	—	—	—	19,783	30 (6)	5	—
Saunders Prep / 4602140	Coal	3	—	—	—	—	—	—	—
Toney Fork / 4609101	Coal	—	—	—	—	—	6 (7)	1	—
Elk Lick Tipple / 4604315	Coal	1	—	—	—	—	—	—	—
Lower War Eagle / 4609319	Coal	26	—	—	—	13,792	24 (8)	8	1
Elk Lick Chilton / 4609390	Coal	—	—	—	—	—	—	—	—
Tilden / 2000422	Iron Ore	18	—	—	—	37,725	8 (9)	1	2
Empire / 2001012	Iron Ore	19	—	—	—	79,418	7 (10)	2	1
Northshore Plant / 2100831	Iron Ore	1	—	—	—	57,986	10 (11)	3	1
Northshore Mine / 2100209	Iron Ore	—	—	—	—	—	—	—	—
Hibbing / 2101600	Iron Ore	—	—	—	—	—	38 (12)	13	—
United Taconite Plant / 2103404	Iron Ore	11	—	—	—	53,139	54 (13)	9	10
United Taconite Mine / 2103403	Iron Ore	—	—	—	—	—	1 (14)	—	—

(1) Amounts included under the heading “Total Dollar Value of MSHA Proposed Assessments” are the total dollar amounts for proposed assessments received from MSHA on or before September 30, 2014.

(2) This number consists of 9 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 18 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(3) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(4) This number consists of 25 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules and 2 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.

(5) This number consists of 2 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 3 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(6) This number consists of 7 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 23 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(7) This number consists of 6 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(8) This number consists of 4 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 20 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(9) 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 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.

(10) This number consists of 7 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(11) This number consists of 10 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(12) This number consists of 24 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules; 10 pending legal actions 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.

(13) This number consists of 48 pending legal actions related to contests of citations and orders referenced in Subpart B of FMSH Act's procedural rules and 6 pending legal actions related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.

(14) This number consists of 1 pending legal action related to contests of proposed penalties referenced in Subpart C of FMSH Act's procedural rules.