CLIFFS NATURAL RESOURCES INC.
Form DFAN14A
June 26, 2014

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934 (Amendment No. __)

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Cliffs Natural Resources Inc.

(Name of Registrant as Specified In Its Charter)

Casablanca Capital LP

Donald G. Drapkin

Douglas Taylor

Robert P. Fisher, Jr.

Celso Lourenco Goncalves

Patrice E. Merrin

Joseph Rutkowski

Gabriel Stoliar

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

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THE CASE FOR CHANGE AT CLIFFS June 2014

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I Executive Summary 3

4 How d id Cliffs' Board waste $9 billion?...

5 Cliffs has lost its focus… U.S. Iron Ore Eastern Canadian Iron Ore Asia Pacific Iron Ore North American Coal Development Projects U.S. Iron Ore 62% Asia Pacific Iron Ore 31% NA Coal 7% U.S. Iron Ore 13% Asia Pacific Iron Ore 9% NA Coal 15% Eastern Canadian Iron Ore 63% 2013 Segment EBITDA (a) 2013 Segment Assets Core business for over 165 years (a) Excludes ECIO, which contributed ($14mm) EBITDA in 2013. Segment EBITDA calculated as revenue less cash costs (including railroad obli gat ions and volume penalties for ECIO) plus depreciation and amortization. Expansion attempts over the last ~10 years Mismatch between where Cliffs has invested… …and where it makes money

6 …and remains burdened by legacy problems

7 Shareholder value has plummeted by 85%… Note: Reflects closing price on June 20, 2014. $14.54 Jan 2011: Announced acquisition of Bloom Lake for $4.9 billion. Share price closed at $ 84.96 Jul 2011: Share price reached 5 - year high of $101.43 0.00 20.00 40.00 60.00 80.00 100.00 $120.00 1/1/11 7/31/11 2/27/12 9/25/12 4/24/13 11/21/13 6/20/14 Feb 2013: Announced 76% dividend cut and ~$1.0 billion dilutive equity issuance 20% decline in a single day

8 2013 (a) Cliffs was dropped from the S&P 500 Index on March 26, 2014. Reflects pricing through June 20, 2014. YTD 2014 (a) (17%) (19%) (20%) (21%) (22%) (26%) (27%) (27%) (32%) (50%) (60%) (40%) (20%) 0% Mosaic Co/The CenturyLink HCP FirstEnergy Corp Intuitive Surgical Teradata Corp Peabody Energy Corp Edwards Lifesciences Corp Cliffs Natural Resources Newmont Mining Corp …making Cliffs one of the worst - performing stocks (a) … (19%) (19%) (19%) (22%) (25%) (29%) (30%) (32%) (38%) (45%) (50.0%) (25.0%) 0.0% GameStop Corp Amazon.com Inc Tractor Supply Co PetSmart Inc Bed Bath & Beyond Inc Best Buy Co Inc Staples Inc Whole Foods Market Inc Coach Inc Cliffs Natural Resources Comparison with S&P 500 Components

9 …with bets against Cliffs at record highs… 35.0% Cliffs Short Interest Since January 2011 0.0% 10.0% 20.0% 30.0% 40.0% 1/15/11 8/8/11 2/29/12 9/21/12 4/14/13 11/5/13 5/29/14 1/1/11 5/30/14

10 Note: Reflects closing price on June 20, 2014. XME reflects peer group utilized by Company in its proxy materials. Iron ore majors comprised of BHP, RIO, FMG and VALE. 1 Year Return 3 Year Return 5 Year Return …as total returns have consistently underperformed… (15%) 24% 20% 26% (100%) (50%) 0% 50% 100% 150% CLF XME Iron Ore Majors S&P 500 (81%) (34%) (6%) 62% (100%) (50%) 0% 50% 100% 150% CLF XME Iron Ore Majors S&P 500 (29%) 26% 31% 144% (100%) (50%) 0% 50% 100% 150% CLF XME Iron Ore Majors S&P 500

11 …yet the Board continued to reward Management $10.2 $16.0 $23.8 $21.0 $26.8 0.0 5.0 10.0 15.0 20.0 25.0 $30.0 2009 2010 2011 2012 2013 Management Compensation ($mm) Source: Cliffs proxies dated June 10, 2014; April 1, 2013; March 23, 2012; April 4, 2011 and March 26, 2010.

A The Casablanca S olution 12

13 We believe fundamental change is needed • Race to scale • Growth at any price • De - emphasis of U.S. Iron Ore • Shift from operator to developer • Bloated overhead • Expansion beyond core iron ore • Increased exposure to seaborne commodity market Missteps during commodity supercycle 2001 – 2011 What must be done today • Focus on core expertise • Leverage strategic position • Manage through oversupply • Improve costs and capital allocation • Emphasize sustainability over growth • Return capital Cliffs must be repositioned

14 The Casablanca plan Install new leadership Refocus on core U.S . business Stop the bleeding at Bloom Lake Exit i nternational Divest non - core assets Address cost structure Return capital to shareholders Explore second - stage value - creation opportunities

15 Casablanca’s Board nominees are highly qualified… Lourenco Goncalves Former Metals USA CEO Gabriel Stoliar Former Vale CFO and EVP Rip Fisher Former Goldman Sachs Head of Mining Patrice Merrin Former Luscar CEO Joseph Rutkowski Former Nucor EVP Douglas Taylor Managing Partner and CIO, Casablanca

16 …with deep experience across multiple disciplines Financial/Transactional Metals & Public Company Experience Experience Mining Other Investment Principal Name Experience CEO Executive Board Banking Investing Lourenco Goncalves x x x x Rip Fisher x x x x Patrice Merrin x x x x Joseph Rutkowski x x Gabriel Stoliar x x x x Douglas Taylor x x x

17 Our Board nominee qualifications Nominees Key Qualifications Lourenco Goncalves CEO Candidate Hired as CEO of Metals USA in February 2003; took the company private in November 2005; IPO'd the company in April 2010 and sold the company to Reliance Steel & Aluminum in April 2013 CEO of California Steel Industries from March 1998 to February 2003 Rip Fisher Former Goldman Sachs Managing Director, Head of Mining and Head of Canadian Corporate Finance and Investment Banking Former Director of CML HealthCare Inc., Chairman of Compensation Committee and Independent Committee to study Strategic Alternatives (company sold for 49% premium) Patrice Merrin Director of Stillwater Mining Former Chairman of CML HealthCare Inc. Director of Climate Change and Emissions Management Corp. Former CEO of Luscar and Executive Vice President of Sherritt International Joseph Rutkowski Former Nucor Corporation Executive Vice President of Business Development Gabriel Stoliar Managing Partner of Studio Investimentos, an asset management firm Former Vale S.A. CFO and Executive Director of Planning & Business Development Former BNDES Executive Director Current Chairman of Tupy (publicly traded) Douglas Taylor Managing Partner and Co - CIO of Casablanca Capital LP Former Lazard Frères & Co and Wasserstein Perella Managing Director Former Director and CFO of Sapphire Industrials

18 Casablanca is not seeking to "take control" of Cliffs • Wrong to assert Casablanca seeks "full control of Cliffs' Board… without paying a control premium" • All of our nominees would be independent directors at Cliffs and owe fiduciary duties equally to all shareholders • Five of our director nominees are independent of Casablanca • Have no prior relationship with Casablanca • Do not (and will not) receive any compensation from Casablanca • Casablanca is only seeking a majority to ensure new executive leadership is installed at this critical juncture • Our proposed settlement agreement provided for three out of nine directors with Mr. Goncalves as Executive Chairman and Gary Halverson remaining as CEO Meaningful change would benefit all shareholders

19 Key terms of the settlement that Cliffs rejected: Casablanca and Cliffs shook hands on a settlement agreement during an in - person meeting in New York on March 14, 2014 • Casablanca appoints three directors to a nine - member Board • Board size reduced from eleven to nine • Mr. Goncalves is installed as Executive Chairman • Mr. Halverson remains CEO and reports to Mr. Goncalves • Casablanca nominees take meaningful but not controlling roles on Board committees • Two nominees on four - member Strategy Committee, with Mr. Goncalves as Chairman • One nominee on each other Board committee Proposal rejected by Cliffs' Board after five weeks of stall tactics

20 Entrenchment tactics employed by the Board Indefinitely delayed Annual Meeting • Falsely asserted Casablanca requested delay (a) • Waited until Casablanca threatened consent solicitation to schedule meeting • Scheduled meeting ~3 months late Misleading statements regarding settlement objectives • No contact, or counteroffer, since reversing course and rejecting agreed - upon settlement on April 20, 2014 • Ongoing public statements regarding openness to settlement discussions without even engaging Rushed CEO appointment • Mr. Halverson appointed CEO one day after Casablanca announced Mr. Goncalves as CEO candidate Threatened proxy put • Threatened shareholders with liquidity crisis to stay in office • Stalled for a month and fought shareholder litigation before finally approving Casablanca's nominees Nominated only 9 of 11 candidates • Cosmetic attempt to appear inclusive of Casablanca • Avoids real change by limiting Casablanca representation Notes appear at the end of the section.

21 Entrenchment tactics employed by the Board (cont'd) "Dead hand" change of control provisions in employee severance agreements • New provision in employee severance agreements • Vests severance in successful proxy contests — even if dissident's nominees are approved by incumbents Attempted to revoke shareholder - friendly provisions in charter • Attempted repeal of cumulative voting • Attempted repeal of shareholder right to approve bylaw amendments CEO lobbying for Board members • Not focused on running Cliffs at this critical juncture • Out of office on whistle - stop tour to save incumbent Board Hired an arsenal of high - priced advisors • Law firm #1: Wachtell, Lipton, Rosen & Katz • Law firm #2: Jones Day • Investment banker #1: JPMorgan • Investment banker #2: Bank of America Merrill Lynch • Public Relations: Joele Frank, Willkinson Brimmer Katcher • Proxy solicitor: D.F. King & Co.

22 Continuing a pattern of historical behavior Annual Meeting Company - Sponsored Proposals to Strip Shareholders of Important Rights Result 2012 Remove shareholder right to approve bylaw amendments Failed 2013 Remove shareholder right to approve bylaw amendments Failed Eliminate cumulative voting Failed

23 (a) Cliffs' record date was originally set for March 7, 2014 — a deadline that was only four days away when the Company contacted Casa blanca on March 3, 2014, and indicated its desire to discuss a settlement. In this highly - preliminary discussion, Casablanca suggested that delaying the impending record date might be a productive way to lay the groundwork for meaningful settlement discussions. Cliffs responded by indefinitely suspending its a nnu al meeting date — stating it was doing so "in order to accommodate this request." Casablanca only suggested that the record date be pushed back, but did not a t a ny time request that the annual meeting itself be delayed . Notes

II Cliffs' History of Failed Empire - Building 24

25 Cliffs' Board has pursued a failed strategy of empire - building… • Cliffs has operated as a viable, U.S. - based iron ore miner for over 165 years • In the past decade, Management — with Board support — chose to expand beyond its core Great Lakes iron ore franchise, in what we believe was a pursuit of higher commodity prices at shareholders' expense • We believe this stemmed from: • "Build it big" mentality that fed rampant spending and indiscriminate capex (including Cliffs' attempts to become a developer) • "Scale at any cost" mindset • Led Management to over expand beyond core competencies, entering non - core businesses and geographies and taking on excessive debt

26 …creating a poster child for "deworsification"… Selected Expansion Attempts: Strategy Bloom Lake Coal (a) Chromite (b) Amapá (c) Wabush (d) Total Diversify into New Commodity x x Diversify Geographically x x x x New Project Development x x x Cost ($ in millions) $6,400 $ 1,350 $500 $500 $285 $9,035 Loss making Loss making Halted Sold for de minimis value Idled for $100 million $9 billion wasted with $0 contributed to earnings Result Notes appear at the end of the section.

27 …starving shareholders… Capital Allocation $290 $290 $92 $518 $619 ($862) ($2,870) ($3,253) ($9,000) ($7,000) ($5,000) ($3,000) ($1,000) $1,000 Share Repurchases Common Dividends Capital Spending ($7,293) ($8,671) Capital Spending (inc l . M&A) 5 Year (c) 3 Year (b) 1 Year (a) ($mm) s (a) From Q1 2013 to Q4 2013. (b) From Q1 2011 to Q4 2013. (c) From Q1 2009 to Q4 2013.

28 …unnecessarily running up debt… Debt (a) $440 $525 $525 $1,713 $3,684 $4,055 $3,044 0 750 1,500 2,250 3,000 3,750 $4,500 2006 2007 2008 2009 2010 2011 2012 2013 Rapid increase over last four years ($mm) ~$1.0 billion dilutive equity issuance (a) Each of the years ended 12/31.

29 …but continuing to reward Management $10.2 $16.0 $23.8 $21.0 $26.8 0.0 5.0 10.0 15.0 20.0 25.0 $30.0 2009 2010 2011 2012 2013 Management Compensation ($mm) Source: Cliffs proxies dated June 10, 2014; April 1, 2013; March 23, 2012; April 4, 2011 and March 26, 2010.

30 The Bloom Lake money pit

31 Bloom Lake: a $6.4 billion misadventure Cost: $6.4 billion • $4.9 billion to acquire asset (Jan. 2011) • $1.5 billion capex spent since acquisition Results: • Phase II expansion on hold • Phase I remains loss making • Up to $800 million ongoing capex needs (a) • Ongoing liabilities • Take - or - pay railroad penalties ($ 60+ million/yr) (b) • Volume commitments to JV partner • Regularly revised operating projections, budget and timeline $6.4 billion bet on forever - high commodity prices Description • Produces premium 66% iron ore concentrate • Transported by rail to port of Pointe Noire, Québec for shipping • JV partnership with Wuhan Iron and Steel Corp • In Nov. 2013, Wuhan reduced its 25 % interest in Bloom Lake to 17% (a) Per Management guidance on Q3 2013 earnings call. (b) Management estimated ~$14 – 16 million/quarter for take - or - pay railroad contracts per 2013 10 - K.

32 A $1.4 billion lump of coal Cost: $1.4 billion • $750 million to acquire asset (July 2010) • $600 million capex spent since acquisition Results: • Expected to be loss - making in 2014 (a) • Revenue ($/t): $80 – $85 • Cash cost ($/t): $85 – $90 • Management synergy expectations never realized • Achieved breakeven profitability at best $1.4 billion misconceived, non - core, volatile and loss - making expansion Description • Coal assets located in West Virginia and Mississippi • Pinnacle Complex • Oak Grove • Cliffs Logan County Coal • Primarily produce metallurgical coal (a) Revenue and cash costs reflect latest management guidance.

33 Ring of Fire c onsumes $500 million Cost: $500 million • $230 million to acquire asset (Nov 2009 / May 2010) • $270 million capex spent since acquisition Results: • Presumed a $2 billion road would appear • Ontario regulators rejected Cliffs' request for land rights to build a road — without road, there appears no current means of moving ore out of the site • Announced plan to indefinitely suspend project (Nov 2013) • Announced plan to sell exploration camp to Noront Resources (May 2014) $500 million bet without necessary infrastructure on an over - supplied commodity Description • Ring of Fire chromite assets located in the James Bay lowlands of Northern Ontario (Ring of Fire) • Black Label (100% interest) • Black Thor (100% interest) • Big Daddy (70% interest)

34 (a) Based on $757 million acquisition of West Virginia Coal (7/6/10) plus ~$470 million cumulative capex between 2010 and 2013. Exc ludes impact of Sonoma Coal (acquired for $140 million (1/9/07), divested for $141 million (7/10/12)). 2014 breakeven assumption based on midpoint of Company guidance of $85 – $90 expected revenues/ton and $85 – $90 expected cash costs/ton. (b) $500 million estimated total investment includes ~$70 million per year for feasibility and assessment studies, over 3 years. (c) Based on $498.6 million book value and accounted for under the equity method as of 12/31/11. (d) Based on $103 million purchase price (initial stake acquired (1/1/97) for $15 million and remaining interest acquired (10/9/0 9) for $88 million), plus Casablanca - estimated $80 million cumulative capex, plus Company - announced $100 million idling costs. Cumulative capex estimate d based on difference between $183 million asset impairment charge incurred in Q4 2013 and $103 million cumulative purchase price. Notes

III Deceptive Communications Mask Ongoing Problems 35

36 Cliffs Management asserts it is addressing its problems

Cliffs Claim: “FY 2014 capital spending budget decreased 65%” 37 Capex “cuts” mask current future spending obligations… Casablanca Observations • Add Back: • ~$800 million sustaining capex forecast on Bloom Lake over next four years (a) • No disclosure on status of remaining capex requirements Deferring capex is not the same as cutting it $275 – 325 million $375 – 425 million Initial Budget $835 – 885 million First Revision Second Revision Source: Cliffs investor presentation on June 18, 2014. Cliffs announced first revision to capital spending on February 11, 2014 and second revision on May 27, 2014. (a) Per Management guidance on Q3 2013 earnings call.

38 …and don’t address money - losing Bloom Lake operations $175 – $475 million potential operating losses over next five years at Bloom Lake Bloom Lake Phase I Casablanca Estimates 2014 2015 2016 2017 2018 Iron Ore Price $114.0 $100.0 $100.0 $100.0 $100.0 Freight Differential (25.0) (22.5) (22.5) (22.5) (22.5) Product Premium 7.5 8.0 8.0 8.0 8.0 Net Realized Price $96.5 $85.5 $85.5 $85.5 $85.5 Volumes 6.5 6.5 6.5 6.5 6.5 Revenues $627.3 $555.8 $555.8 $555.8 $555.8 COGS 568.8 552.5 536.3 536.3 536.3 Cash Costs $87.5 $85.0 $82.5 $82.5 $82.5 Gross Margin $58.5 $3.3 $19.5 $19.5 $19.5 Take-or-Pay (60.0) (60.0) (60.0) (60.0) (60.0) Operating Loss @ $100/t ($1.5) ($56.8) ($40.5) ($40.5) ($40.5) Memo: Operating Loss @ $90/t ($40.5) ($121.8) ($105.5) ($105.5) ($105.5) ($ in millions, except iron ore price and volume)

Cliffs Adjusted Decrease Q1 2014 Q1 2013 ($ mm) % SG&A (46.1) (48.4) (2.3) (5%) Exploration (4.2) (22.7) (18.5) (81%) Total (50.3) (71.1) (20.8) (29%) Q1 2014 Results Cliffs Claim (a) : “SG&A and Exploration expenses decreased 30% (a) ” 39 Similarly, claims of SG&A strike us as misleading … (a) Source: Cliffs Q1 2014 earnings investor presentation on April 25, 2015 and investor presentation on June 18, 2014. (a) Excludes $5 million severance - related expenses . Casablanca Observations LTM 2014 Results Cliffs Claim: “LTM SG&A and Exploration expenses decreased 34%” LTM SG&A SG&A is down only ~15% Decrease occurred before Halverson hired 288 273 241 248 232 234 8% (2%) (17%) (15%) (19%) (14%) (30%) (20%) (10%) 0% 10% 100 200 $300 Q4 2012 Q1 2013 Q2 2013 Q3 2013 Q4 2013 Q1 2014 Y - o - Y Change ($ in millions) Exploration failures at Ring of Fire repackaged as budget cuts Only $2.3 million cut from SG&A

Executives 2014 Gary Halverson, CEO William Boor Terry Fedor Terrance Paradie Clifford Smith Kelly Tompkins David Webb Timothy Flanagan Cliffs Claim: "39% decrease in Officer - level executives over the last 12 months" 40 …as are claims on headcount reduction… Casablanca Observations • 5 people cut • Total Corporate headcount remains at 442 (a) Executives 2013 Joseph Carrabba, CEO Laurie Brlas William Boor Donald Gallagher Terrance Paradie Clifford Smith Kelly Tompkins David Webb Timothy Flanagan Duke Vetor David Blake Steven Raguz Terrence Mee Only 5 people cut (5 ÷ 13 = 39%) (a) Cliffs Natural Resources 2013 10 - K.

41 …with over 440 people still at Corporate… (a) Cliffs Natural Resources 2013 10 - K; information as of December 31, 2013. Eastern North Asia CorporateU.S. CanadianAmerican Pacific & Support Iron Ore Iron Ore Coal Iron Ore Services Other Total Salaried 700 407 379 177 442 28 2,133 Hourly 2,825 973 1,207 - - - 5,005 Total 3,525 1,380 1,586 177 442 28 7,138

Corporate Offices (a) : 42 …and a sprawling global footprint (a) Cliffs Natural Resources 2013 10 - K. Cliffs has seven Corporate offices

IV Governance Concerns: Entrenchment and Disorganization 43

44 Casablanca's governance concerns: Poor Board oversight and decision - making Entrenchment tactics Poor alignment with shareholders Poor director and executive qualifications

45 ISS Quickscore: 8 [Source: ISS Governance QuickScore Profile.

A A History of Poor Board Oversight and Decision - making 46

47 Poor Board oversight and decision - making Board Responsibility Decision Consequences Setting Strategy Diversify into international seaborne iron ore market • Increased risk by moving Cliffs into highly - volatile international commodity markets • Put Company in direct competition with large - cap miners • Added corporate overhead required to administer far - flung operations and market product abroad Diversify away from Iron Ore • Moved Cliffs into over - supplied markets (coal, ferrochrome) where it lacked any competitive advantages Become a developer • Entered business without any expertise • Increased risk profile by adding development risk to commodity risk • Created valuation uncertainty as development projects ran over budget, forecasts were reduced and completion schedules were delayed

48 Poor Board oversight and decision - making (cont'd) Board Responsibility Decision Consequences Approving Acquisitions Acquire Consolidated Thompson / Bloom Lake • $4.9 billion, plus additional $1.5 billion capex spent on further development • Remains unprofitable and became a significant valuation overhang for entire Company Acquire coal assets • Over $1.5 billion spent on three transactions • Coal assets remain unprofitable Acquire Chromite Ring of Fire • $500 million spent between acquisition and subsequent capex on project that is now on hold Acquire remainder of Wabush • Project shut down at over $100 million cost • Total cost approximately $285 million Approve purchase price of acquisitions • Substantial acquisitions executed at top of the market for high valuations in industry known for its cyclicality • Substantial write - downs of over $1.5 billion in last two years

49 Poor Board oversight and decision - making (cont'd) Board Responsibility Decision Consequences Approving Capex Budget Continue spending money to develop Bloom Lake • Company became one of the most shorted stocks on the S&P 500 as outcome of development became increasingly cloudy Continue investing in Ring of Fire • $500 million invested before Company learned it had no road access to mine site Continue to fund exploration budget • No new viable projects developed Approving Corporate Finance Transactions Issue debt to acquire Consolidated Thompson • $2.25 billion increase in debt Issue preferred equity and cut dividend • Stock price dropped 20% in single day when issuance announced • Project for which proceeds were earmarked (Bloom Lake) not built • No apparent penalties in Management compensation

50 Poor Board oversight and decision - making (cont'd) Board Responsibility Decision Consequences Setting Compensation Secret & subjective benchmarking • Opaque "fudge factor" in determining bonuses • Bonuses paid at or over target in most years, regardless of results No capex / ROE weighting for cash bonuses • Did not hold Management responsible for profligate capital spending with poor results Constantly - shifting earnings metrics used to determine bonuses • Earnings targets magically met new targets and bonuses were paid Leadership Succession Planning Granted Kirsch rotating titles • Held five positions — Director, Lead Director, Chairman, Executive Chairman and Non - executive Chairman — within 12 months Hired CEO - in - training • Reviewed 90 candidates • Unable to identify a CEO and settled on a COO • Rushed COO into CEO spot in response to Casablanca

51 Majority of existing Board approved Bloom Lake Directors Cliffs Director Since Richard K. Riederer 2002 Susan M. Cunningham (a) 2005 Barry J. Eldridge 2005 Susan M. Green 2007 Janice K. Henry 2009 James Kirsch 2010 Andrés R. Gluski (a) 2011 Timothy W. Sullivan 2013 Mark E. Gaumond 2013 Gary B. Halverson 2013 Stephen Johnson 2013 6 of 11 current directors approved the Consolidated Thompson/ Bloom Lake transaction ($4.9 billion) 9 of 11 approved subsequent investment in Bloom Lake (additional ~$ 1.5 billion) (a) Not standing for reelection.

a Strategic Planning Paralysis 52

53 Strategic planning paralysis

54 The old strategy : growth at any cost Screenshot of Cliffs Website Source: http://www.cliffsnaturalresources.com/EN/aboutus/GrowthStrategy/Pages/default.aspx as of March 5, 2014. Cliffs' website as of March 5, 2014 (Removed after Casablanca criticized it)

55 The new non - strategy: a wheel of platitudes Source: http://www.cliffsnaturalresources.com/EN/aboutus/VisionMission/Pages/default.aspx as of June 20, 2014. Cliffs' website as of June 20, 2014 Pretty, but no substance, in our view

B Entrenchment Tactics 56

57 The Board has gone to great lengths to entrench itself

58 Entrenchment tactics employed by the Board Indefinitely delayed Annual Meeting • Falsely asserted Casablanca requested delay (a) • Waited until Casablanca threatened consent solicitation to schedule meeting • Scheduled meeting ~3 months late Misleading statements regarding settlement objectives • No contact, or counteroffer, since reversing course and rejecting agreed - upon settlement on April 20, 2014 • Ongoing public statements regarding openness to settlement discussions without even engaging Rushed CEO appointment • Mr. Halverson appointed CEO one day after Casablanca announced Mr. Goncalves as CEO candidate Threatened proxy put • Threatened shareholders with liquidity crisis to stay in office • Stalled for a month and fought shareholder litigation before finally approving Casablanca's nominees Nominated only 9 of 11 candidates • Cosmetic attempt to appear inclusive of Casablanca • Avoids real change by limiting Casablanca representation Notes appear at the end of the section.

59 Entrenchment tactics employed by the Board (cont'd) "Dead hand" change of control provisions in employee severance agreements • New provision in employee severance agreements • Vests severance in successful proxy contests — even if dissident's nominees are approved by incumbents Attempted to revoke shareholder - friendly provisions in charter • Attempted repeal of cumulative voting • Attempted repeal of shareholder right to approve bylaw amendments CEO lobbying for Board members • Not focused on running Cliffs at this critical juncture • Out of office on whistle - stop tour to save incumbent Board Hired an arsenal of high - priced advisors • Law firm #1: Wachtell, Lipton, Rosen & Katz • Law firm #2: Jones Day • Investment banker #1: JPMorgan • Investment banker #2: Bank of America Merrill Lynch • Public Relations: Joele Frank, Willkinson Brimmer Katcher • Proxy solicitor: D.F. King & Co.

60 Some details on the Board’s proxy put brinksmanship: • Board implicitly threatened to use “Proxy Put ” to preserve power • Cliffs Preliminary Proxy: Election of majority Casablanca slate could trigger a change of control under the senior notes, potentially compelling Company to repurchase notes • Failed to disclose: Board could have immediately defused Proxy Put by approving Casablanca nominees (not as an endorsement, but for the narrow purpose of not triggering the Proxy Put) • Common corporate practice, in our view • Entrenchment tactic constitutes a breach of the Board’s fiduciary duties, in our view • Delaware Court of Chancery, in Kallick v. SandRidge Energy (2013): • Ultimate approval came only after pressure from Casablanca and other shareholders • One month of delays for Board to “consider” nominees that were originally announced on March 6, 2013 • Fought shareholder litigation (three separate actions brought) … there is immediate, irreparable harm when the directors of a corporation leverage a proxy put to enhance the incumbent Board’s chances of procuring stockholder votes …

61 The Board’s new “dead - hand” employment agreements... Key Provisions of Change in Control Severance Agreements (a) Summary Actual Language “Change in Control” triggered if Incumbent Board is replaced… “‘Change in Control’ means: … (ii) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board;… …unless the Incumbent Board approves incoming Board members… “…provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board,… ...but activists’ nominees don’t count, even if the Board approves them “…but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board” Unusual, in Casablanca’s view, and just added this year (a) Filed as exhibit 10.1 to Cliffs 2013 10 - K.

62 …continue a pattern of historical behavior Annual Meeting Company - Sponsored Proposals to Strip Shareholders of Important Rights Result 2012 Remove shareholder right to approve bylaw amendments Failed 2013 Remove shareholder right to approve bylaw amendments Failed Eliminate cumulative voting Failed

63 (a) Cliffs' record date was originally set for March 7, 2014 — a deadline that was only four days away when the Company contacted Casa blanca on March 3, 2014, and indicated its desire to discuss a settlement. In this highly - preliminary discussion, Casablanca suggested that delaying the impending record date might be a productive way to lay the groundwork for meaningful settlement discussions. Cliffs responded by indefinitely suspending its a nnu al meeting date — stating it was doing so "in order to accommodate this request." Casablanca only suggested that the record date be pushed back, but did not a t a ny time request that the annual meeting itself be delayed . Notes

C Poor Alignment with Shareholders 64

65 The Board’s approach to executive compensation…

66 …rewarding Management for failed strategies… • Short - term executive bonus review process lacks transparency • Undisclosed and discretionary “corporate strategic objectives” factor given significant weight and was funded over target in most years (see following slide for details) • Earnings factors frequently “adjusted” and different in each of the last four years • No weightings for Return on Invested Capital, or other factors impacted by capital deployed • CEO paid $34+ million over last five years • Executive Chairman paid $1.2 million in 2013 and has $4.5 million pay opportunity in 2014 • New COO Halverson paid $2.6 million in 2013 for 43 days of work • Roughly $60,000 per day • All other directors in aggregate own below 0.3% of shares outstanding • Less than $5.0 million at current prices

67 …using a "fudge factor" to calculate bonuses… • Undisclosed "Corporate Strategic Objectives" factor is key executive bonu component • Factor is subjective and determined by Compensation Committee • The Company maintains that the criteria for determining this factor is confidential for competitive reasons Note: Reflects "Funded" component of Executive Management Performance Incentive ("EMPI") plan. (a) Per Cliffs proxies dated June 10, 2014; April 1, 2013; March 23, 2012; April 4, 2011 and March 26, 2010. "Corporate Strategic Objectives" Factor Weighting in Executive Short-Term Incentive Plan 2009 2010 2011 2012 2013 Target Weighting 25.0% 25.0% 25.0% 25.0% 25.0% Funding 42.0% 45.0% 50.0% 20.0% 30.0% Eldridge Eldridge Eldridge Eldridge Eldridge McAllister McAllister McAllister McAllister Gaumond Phillips Phillips Kirsch Kirsch Kirsch Cambre Henry Henry Henry Sullivan Sullivan Compensation Committee members standing for reelection Compensation Committee Membership Funded above target in four of the last five years (a) "Corporate Strategic Objectives" Factor Weighting in Executive Short - Term Incentive Plan (a)

68 …that rewarded Management for Bloom Lake and Chromite… (a) Bloom Lake 2013 capex and operating figures estimated by Casablanca based on Company's disclosed figures for Eastern Canadian Ir on Ore segment, backing out estimated figures for Wabush of $30 million 2013 sustaining capex and operating margin of ($80) million, based on Wabush vol umes of 2.8 million tons, cash costs of $143 per ton and realized price of $114.5 per ton. (b) Casablanca estimate. Assumes Bloom Lake (ex: Wabush) operating margin of $155 million ($75 million 2013 ECIO operating margi n l ess ($80) million operating margin at Wabush) less $60 million take - or - pay payment. Resulting operating margin of $95 million is then adjusted fo r Wuhan's 25% stake, resulting in $71 million attributable to Cliffs. (c) Reflects operating margin divided by total invested assets. ($ in millions) Capex & Acquisition Cost 2013 Operating Margin 2013 Return on Assets (c) Project 2013 Cumulative Bloom Lake (a) ~($600) ($6,000) $71 (b) ~1.2% Ferrochrome (Chromite) ~($40) ($500) – 0% "… in 2013, the Corporate Strategic Objectives included areas such as operational excellence (safety, environmental), growth and diversification (including the Bloom Lake expansion and Ferrochrome) , global execution (including talent management, labor strategy and diversity), balance sheet improvement and working capital allocation ." — Cliffs Proxy dated June 10, 2014 (emphasis added) Bonuses paid for these results

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Weighting Factors of Executive Short-Term Incentive Plan 2009 2010 2011 2012 2013 Earnings Earnings Metric Used for Bonuses Adj. Pre-tax Earnings Adj. Pre-tax Earnings None Net Income Adjusted EBITDA Target 50.0% 50.0% – 20.0% 20.0% Funded 38.1% 37.6% – 0.0% 26.2% Operating Production Volumes – – 25.0% 27.5% 30.0% Realized Price – – 25.0% – – Cost Controls 25.0% 25.0% 25.0% 27.5% 25.0% Subtotal 25.0% 25.0% 75.0% 55.0% 55.0% 69 …and created questionable Management incentives… (a) Reflects aggregated metric for each category — actual weightings are further broken down by geographical segment. See Company pro xies for disclosure for details. (a) (a) (a) Earnings metric changed four times in four years; increasing emphasis on volumes No weighting to account for capital spend despite $ 9 billion of failed expenditures Over $1.5 billion in write - downs in last two years, but no penalty to Management Weighting Factors of Executive Short - Term Incentive Plan Earnings Operating

70 …without regard for shareholder returns Year - on - Year Total Shareholder Returns 2009 2010 2011 2012 2013 5 - Year Total $5.4 $5.6 $6.4 $6.2 $10.7 (a) $34.3 (60%) (40%) (20%) 0% 20% 40% 60% 80% CLF XME Cliffs underperforms the benchmark XME ETF (a) Includes $7.1 million severance. 2013 figures reflect only Joseph Carrabba's compensation. Mr. Carrabba retired as CEO effe cti ve November 11, 2013. Does not reflect additional $2.5 million paid to Gary Halverson as COO and $1.2 million paid to James Kirsch in 2013. CEO compensation increased as shareholder returns plummeted ($ in millions) 2011 2012 2013 2009 2010 CEO Compensation

71 Buried details on Executive Chairman compensation… 2013 Executive Compensation (a) Where is James Kirsch's compensation as Executive Chairman? Details on James Kirsch's 2013 Compensation James Kirsch 2014 Compensation Opportunity (b) (a) Per Cliffs proxy dated June 10, 2014. (b) Per Letter Agreement between Cliffs and James Kirsch dated December 4, 2013. Mr. Kirsch ceased to be Executive Chairman on Ma y 2 3, 2014. Name Total ($) Gary B. Halverson $2,539,145 Terrance M. Paradie 1,156,654 P. Kelly Tompkins 1,985,267 Donald J. Gallagher 3,881,130 Colin Williams 1,313,262 William Hart 1,168,045 Joseph A. Carrabba 10,744,662 Laurie Brlas 3,983,243 Total $26,771,408 Cash $333,750 Phantom Stock (Cashed Out) 750,000 RSUs 85,000 RSU Dividends 3,450 Housing Expenses 21,400 Total $1,193,600 Target Max Base Salary $800,000 $800,000 Target Bonus 960,000 1,920,000 Long Term Incentive 1,800,000 1,800,000 Total $3,560,000 $4,520,000 Omitted from proxy

72 $0 Note : Calculation of cash investment excludes shares granted as part of director and executive compensation. …yet James Kirsch has never paid a penny for Cliffs stock Jim Kirsch

73 Gary Halverson is paid richly as a novice CEO… Gary Halverson's 2013 Compensation (a) Gary Halverson's 2014 Compensation Opportunity (a) (a) Per Cliffs proxy dated June 10, 2014. Paid $60,000 per day for 43 days' work as CEO - in - training Target Max Base Salary $950,000 $950,000 Target Bonus 1,140,000 2,280,000 Long Term Incentive 3,562,500 3,562,500 Total $5,652,500 $6,792,500 Salary $118,750 Bonus 600,000 RSUs 1,648,350 Executive Management Incentive 139,162 Relocation Expense 32,883 Total $2,539,145

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74 $0 Note : Calculation of cash investment excludes shares granted as part of director and executive compensation. …yet did not invest any of his winnings in Cliffs stock Gary Halverson CEO

Economic Exposure of Board Shares Shares Purchased Granted for Cash Executive Chairman 39,975 0 CEO 97,560 0 Other Board Members (Aggregate) 91,651 3,460 Total 229,186 3,460 Board of Directors Insiders Name Common Stock Ownership $ Value % Out. Gary Halverson 97,560 $1,418,522 0.06% James Kirsch 39,975 581,237 0.03% Barry Eldridge 23,882 347,244 0.02% Susan Cunningham 20,232 294,173 0.01% Andres Gluski 12,049 175,192 0.01% Susan Green 11,628 169,071 0.01% Janice Henry 11,201 162,863 0.01% Timothy Sullivan 5,823 84,666 0.00% Mark Gaumond 5,047 73,383 0.00% Stephen Johnson 2,728 39,665 0.00% Richard Riederer 2,521 36,655 0.00% Total Board of Directors 232,646 $3,382,673 0.15% 75 Board and Management together own less than ~0.3% (a) Per Bloomberg. (b) Reflects 1,040, 1,290 and 1,130 shares acquired by Andres Gluski on November 5, 2013, May 11, 2012 and August 1, 2011, respec tiv ely. Mr. Gluski is not standing for reelection. (c) Excluded from Executive Total. (c) (c) Executive Leadership Name Common Stock Ownership $ Value % Out. Kelly Tompkins 69,415 1,009,294 0.05% William Boor 68,827 1,000,745 0.04% Terrance Paradie 30,134 438,148 0.02% Clifford Smith 37,685 547,940 0.02% David Webb 17,268 251,077 0.01% Terry Fedor 10,281 149,486 0.01% Total Non-Board Executives 233,610 $3,396,689 0.15% Total Board + Executives 466,256 $6,779,362 0.30% (b) (a)

D Poor Director and Executive Qualifications 76

77 The Board’s rushed CEO appointment…

78 …was a poor exercise of i ts fiduciary duties (a) Announced October 25, 2013. Mr. Halverson assumed the President and COO position effective November 18, 2013. One day later, Board deems Halverson ready to become CEO February January December November Casablanca's Interpretation: Halverson needed on - the - job training before assuming the CEO spot, even by the standards of this Board November 18 Halverson appointed President and COO "to build a deep understanding of the business at an operating level before assuming the CEO leadership position" (a) January 27 Casablanca Letter detailing proposals to enhance value February 12 Casablanca proposes Lourenco Goncalves as CEO of Cliffs February 13 One day later, Cliffs announces Halverson as CEO

79 Our view: Gary Halverson is ill - equipped to be CEO • Lack of track record at Barrick Gold • Three - month stint as interim Chief Operating Officer of Barrick Gold • One of five COOs in the last two years • NO experience as a CEO or as a public - company director • NO proven leadership experience • NO experience in ferrous metals Cliffs needed a CEO able to fix mistakes of the past — instead, the Board appointed a journeyman operator that works to perpetuate the status quo

80 Cliffs' Board has become a refuge for failed CEOs % Shareholder Loss as CEO James Kirsch (Nov '05 – Nov '12) Richard Riederer (Nov '95 – Jan '01) Stephen Johnson (Dec '09 – Oct '13) Gary Halverson (a) (Nov '13 – present) (86%) (39%) (72%) (47%) (100%) (80%) (60%) (40%) (20%) 0% (a) Halverson served as COO and President from November 28, 2013 to February 12, 2014, during which time the CEO seat remained va can t; he became CEO thereafter.

Casablanca's Views CEO (Nov '05 – Nov '12) Cliffs Director (Mar '10 – Present) • Oversaw 86% value destruction as CEO of Ferro • During Kirsch's tenure, over - invested in a trendy solar energy strategy • Stock recovered 413% after Kirsch departed (a) • As a Cliffs Board member, approved similarly - trendy over - investment 81 0.00 10.00 20.00 $30.00 Nov-05 Aug-07 May-09 Feb-11 Nov-12 Nov 2012: Kirsch resigns $2.64 Nov 2005: Kirsch Appointed CEO $19.52 James Kirsch: CEO Experience 86% Shareholder Loss Ferro Stock Price under CEO Kirsch (a) Through March 4, 2014.

Casablanca's Views CEO (Dec '09 – Oct '13) Cliffs Director (Oct '13 – Present) • Oversaw 39% value destruction as CEO of McDermott • Stock recovered 26% after Johnson's departure (a) • Cliffs' announcement of Johnson's directorship: 82 Stephen Johnson: CEO Experience 5.00 12.00 19.00 $26.00 Dec-09 Dec-10 Nov-11 Oct-12 Oct-13 Oct 2013: Johnson announced retirement $7.20 Dec 2009: Johnson Appointed CEO $11.80 (a) Through January 16, 2014. (b) Source: September 30, 2013 Company press release. McDermott Stock Price under CEO Johnson "[Johnson] brings forth exceptional experience with large international construction projects. Steve's strategic counsel will be important to our board as we execute future expansion and growth plans ." (b) 39% Shareholder Loss

Casablanca’s Views CEO (Nov ‘95 – Jan ‘01) Cliffs Director (Jun ‘02 – Present) • Sole CEO experience was at $200 million market cap company • Market cap declined by 72% to ~$50 million while Riederer served as CEO • Has served on Cliffs’ Board for 12 years — oversaw hiring of both Carrabba and Halverson 83 Richard Riederer : CEO Experience 0.00 2.00 4.00 6.00 $12.00 Nov-95 Mar-97 Jun-98 Oct-99 Jan-01 Jan 2001: Riederer resigns $1.20 Nov 1995: Riederer appointed CEO $4.25 Weirton Steel Stock Price under CEO Riederer 72% Shareholder Loss

Casablanca's Views • No CEO or board experience before joining Cliffs • Joined Cliffs as CEO - in - training (CEO spot left empty) • Market cap declined by 47% since Halverson joined in Nov 2013 84 Cliffs Stock Price under Halverson 47% Shareholder Loss COO (Nov '13 – Feb '14) CEO (Feb '14 – Present) Cliffs Director (Nov '13 – Present) June 2014: Present $14.54 Nov 2013: Halverson appointed COO $27.50 Gary Halverson: CEO Experience 12.00 18.00 24.00 $30.00 Nov-13 Jan-14 Mar-14 Apr-14 Jun-14

V The Casablanca Plan to Unlock Value 85

86 Multi - pronged plan Install new leadership Refocus on core U.S . business Stop the bleeding at Bloom Lake Exit i nternational Divest non - core assets Address cost structure Return capital to shareholders Explore second - stage value - creation opportunities

87 “New Cliffs” would be a regional champion • Reduced commodity risk • Geographically protected market • Single, high - quality, reliable product • Strong market share • Premier end markets • Simplified story • Focused management • Healthy balance sheet • Lean operating structure • Tangible growth opportunities What’s left What’s discarded • Seaborne iron ore volatility • High - risk development overhang • Far - flung geography • Distracting exploration efforts • Loss - making operations • Excessive corporate overhead

88 Producing at a loss is imprudent — a more proactive approach is needed • Move quickly to stop bleeding • No more producing at a loss per incremental ton • Implement robust strategic review process • Expand range of strategic solutions • Aggressively restructure take - or - pay contract • Reengage with current JV partner (Wuhan) • Strive to repair relationship Stop the bleeding at Bloom Lake Derisk, defease and deconsolidate