CLIFFS NATURAL RESOURCES INC.
Form PRRN14A
June 06, 2014

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)
of the Securities Exchange Act of 1934

Filed by the Registrant £

Filed by a Party other than the Registrant S

Check the appropriate box:

S Preliminary Proxy Statement

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

£ Definitive Proxy Statement

£ Definitive Additional Materials

£ Soliciting Material Under Rule 14a-12

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)

Payment of Filing Fee (check the appropriate box):

S No fee required.

£ Fee computed on table below per Exchange Act Rule 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:
(2) Aggregate number of securities to which transaction applies:
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4) Proposed maximum aggregate value of transaction:
(5) Total fee paid:

£ Fee paid previously with preliminary materials.

£ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

PRELIMINARY COPY SUBJECT TO COMPLETION
DATED JUNE 5, 2014

CLIFFS NATURAL RESOURCES INC.

PROXY STATEMENT
OF
CASABLANCA CAPITAL LP

PLEASE SIGN, DATE AND MAIL THE ENCLOSED GOLD PROXY CARD TODAY

This Proxy Statement and the enclosed **GOLD** proxy card are being furnished by Casablanca Capital LP (Casablanca Capital), Donald G. Drapkin (Mr. Drapkin) and Douglas Taylor (Mr. Taylor and together with Casablanca Capital and Mr. Drapkin, collectively, Casablanca) and the other Nominees (as defined below) (collectively, the Participants) in connection with the solicitation of proxies (the Proxy Solicitation) from the shareholders of Cliffs Natural Resources Inc. (Cliffs or the Company).

For the reasons set forth in this proxy statement, we do not believe that the current board of directors of the Company (the Board) is acting in the best interests of the Company s shareholders. We are therefore seeking your support at the upcoming 2014 annual meeting of shareholders (the Annual Meeting) to be held on Tuesday, July 29, 2014, at North Point, 901 Lakeside Avenue, Cleveland, OH 44114 at 11:30 a.m., with respect to the following (each, a Proposal and, collectively, the Proposals):

1. to elect Casablanca s slate of six director nominees, Robert P. Fisher, Jr., Celso Lourenco Goncalves, Patrice E. Merrin, Joseph Rutkowski, Gabriel Stoliar and Douglas Taylor (collectively, the Nominees) to serve as directors on the Board until the next annual meeting of shareholders or until their successors are duly elected and qualified, in opposition to the Company s director nominees;
2. to vote against the Company s proposal to approve the 2014 Nonemployee Directors Compensation Plan;
3. to vote against the Company s proposal to approve, on an advisory basis, the Company s named executive officers compensation;
4. to vote against the Company s proposal to approve the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan;
5. to ratify the appointment of Deloitte & Touche LLP (Deloitte) as the Company s independent registered public accounting firm to serve for the fiscal year ending December 31, 2014; and
6. to transact any other matters that may properly come before the Annual Meeting or any adjournment thereof.

The Company set the record date for determining shareholders entitled to notice of and to vote at the Annual Meeting as June 2, 2014 (the Record Date). Shareholders of record at the close of business on the Record Date will be entitled to vote at the Annual Meeting. The mailing address of the principal executive offices of the Company is 200 Public Square, 41st floor, Cleveland, Ohio 44114. According to the Company, as of May 19, 2014, there were 153,180,929 shares of common stock, par value $0.125 per share (the Common Stock), outstanding. As of December 31, 2013, there were 731,250 shares of 7.00% Series A Mandatory Convertible Preferred Stock, Class A, no par value (the Mandatory Convertible Preferred Stock), outstanding and because the depositary

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shares (the Depositary Shares) each represent a 1/40th interest in a share of Mandatory Convertible Preferred Stock, we believe that there were also 29,250,000 Depositary Shares outstanding as of December 31, 2013. As of June 4, 2014, Casablanca, together with the other Participants in this Proxy Solicitation, beneficially owned 7,995,520 shares of Common Stock, including 77,000 shares of Common Stock beneficially owned by Celso Lourenco Goncalves (Mr. Goncalves), 8,000 shares of Common Stock beneficially owned by Joseph Rutkowski (Mr. Rutkowski) and 3,000 shares of Common Stock beneficially owned by Patrice E. Merrin (Ms. Merrin), which represents an aggregate of approximately 5.2% of the outstanding Common Stock. We intend to vote such shares of Common Stock cumulatively **FOR** the election of the Nominees, **AGAINST** the approval of the 2014 Nonemployee Directors Compensation Plan, **AGAINST** the advisory vote on executive compensation, **AGAINST** the approval of the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan and **FOR** the ratification of the appointment of Deloitte.

This proxy statement and **GOLD** proxy card are first being mailed or given to the Company s shareholders on or about [_____], 2014.

THIS PROXY SOLICITATION IS BEING MADE BY THE PARTICIPANTS AND NOT ON BEHALF OF THE BOARD OR MANAGEMENT OF THE COMPANY OR ANY OTHER THIRD PARTY. THE PARTICIPANTS ARE NOT AWARE OF ANY OTHER MATTERS TO BE BROUGHT BEFORE THE ANNUAL MEETING OTHER THAN AS DESCRIBED HEREIN. SHOULD OTHER MATTERS BE BROUGHT BEFORE THE ANNUAL MEETING, THE PERSONS NAMED AS PROXIES IN THE ENCLOSED **GOLD** PROXY CARD WILL VOTE ON SUCH MATTERS IN THEIR DISCRETION.

CASABLANCA URGES YOU TO SIGN, DATE AND RETURN THE **GOLD** PROXY CARD IN FAVOR OF THE ELECTION OF ITS NOMINEES.

IF YOU HAVE ALREADY SENT A PROXY CARD FURNISHED BY MANAGEMENT OF THE COMPANY, YOU MAY REVOKE THAT PROXY AND VOTE **FOR** THE ELECTION OF CASABLANCA S NOMINEES, **AGAINST** THE APPROVAL OF THE 2014 NONEMPLOYEE DIRECTORS COMPENSATION PLAN, **AGAINST** THE COMPENSATION PAID TO THE COMPANY S NAMED EXECUTIVE OFFICERS, **AGAINST** THE APPROVAL OF THE CLIFFS NATURAL RESOURCES INC. AMENDED AND RESTATED 2012 INCENTIVE EQUITY PLAN AND **FOR** THE RATIFICATION OF DELOITTE AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM BY SIGNING, DATING AND RETURNING THE ENCLOSED **GOLD** PROXY CARD. THE LATEST DATED PROXY IS THE ONLY ONE THAT COUNTS. ANY PROXY MAY BE REVOKED AT ANY TIME PRIOR TO THE ANNUAL MEETING BY DELIVERING A WRITTEN NOTICE OF REVOCATION OR A LATER DATED PROXY FOR THE ANNUAL MEETING TO CASABLANCA, C/O OKAPI PARTNERS LLC, 437 MADISON AVENUE, 28TH FLOOR, NEW YORK, NEW YORK 10022, WHICH IS ASSISTING IN THIS PROXY SOLICITATION, OR TO THE SECRETARY OF THE COMPANY, OR BY VOTING IN PERSON AT THE ANNUAL MEETING.

IMPORTANT

PLEASE READ THIS CAREFULLY

If your shares of Common Stock and/or Depositary Shares are registered in your own name, please vote today by signing, dating and returning the enclosed **GOLD** proxy card in the postage-paid envelope provided.

If your shares are held in the name of a brokerage firm, and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal unless it is a routine matter. This is referred to as a broker non-vote. Under the rules and interpretations of the New York Stock Exchange (NYSE), there are no routine proposals in a contested proxy solicitation. Because Casablanca has initiated a contested proxy solicitation, there will be no routine matters at the Annual Meeting for any broker accounts that are provided with proxy materials by Casablanca. We urge you to confirm in writing your instructions to the person responsible for your account and provide a copy of those instructions to Casablanca Capital LP, c/o Okapi Partners LLC, 437 Madison Avenue, 28th Floor, New York, New York 10022, so that we will be aware of all instructions given and can attempt to ensure that such instructions are followed.

Because each Depositary Share represents a 1/40th interest in a share of Mandatory Convertible Preferred Stock, each Depositary Share will be entitled to 1/40th of a vote to which each share of Mandatory Convertible Preferred Stock represented by such Depositary Share is entitled. Wells Fargo Bank, N.A. acts as the bank depositary with respect to the Depositary Shares. The bank depositary will provide notice of the Annual Meeting to the record holders of the Depositary Shares. Each record holder of Depositary Shares on the Record Date may instruct the bank depositary as to how to vote the number of shares of Mandatory Convertible Preferred Stock represented by such holder s Depositary Shares. The bank depositary will endeavor, insofar as practicable, to vote the number of shares of Mandatory Convertible Preferred Stock represented by such Depositary Shares in accordance with these instructions. The bank depositary will abstain from voting shares of Mandatory Convertible Preferred Stock to the extent it does not receive specific instructions from the holders of the Depositary Shares.

Execution and delivery of a proxy by a record holder of shares of Common Stock and/or Depositary Shares will be presumed to be a proxy with respect to all shares of Common Stock and/or Depositary Shares held by such record holder unless the proxy specifies otherwise.

Only record holders of shares of Common Stock or Depositary Shares as of the close of business on the Record Date will be entitled to vote on the Proposals. If you are a shareholder of record as of the close of business on the Record Date, you will retain your right to vote even if you sell your shares of Common Stock or Depositary Shares after the Record Date.

According to the Company s preliminary proxy statement on Schedule 14A filed on June 5, 2014 in connection with the 2014 annual meeting of shareholders (the Company s Proxy Statement) and the rules of the NYSE, (i) abstentions and broker non-votes will have no effect with respect to the election of directors; (ii) abstentions will have the effect of votes against, and broker non-votes will have no effect with respect to, (a) the vote regarding the 2014 Nonemployee Directors Compensation Plan; (b) the advisory vote regarding the compensation of the Company s named executive officers; (c) the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan; and (d) ratification of Deloitte as the Company s independent registered public accounting firm.

If you have any questions regarding your **GOLD** proxy card or need assistance in executing your proxy, please contact Okapi Partners LLC at (212) 297-0720 or Toll-Free at (877) 274-8654.

INFORMATION ON THE PARTICIPANTS

This Proxy Solicitation is being made by Casablanca Capital, Donald G. Drapkin, Douglas Taylor, Robert P. Fisher, Jr., Mr. Goncalves, Patrice E. Merrin, Joseph Rutkowski and Gabriel Stoliar.

The principal business of Casablanca Capital is to serve as an investment advisor, exempt from registration with the Securities and Exchange Commission (the SEC) under the Investment Advisers Act of 1940, as amended, on behalf of various clients, including individuals and institutions. The principal occupation of Mr. Drapkin is serving as a co-managing member of Casablanca Capital GP, LLC, the general partner of Casablanca Capital (Casablanca GP), and as a member of the management committee and the Chairman of Casablanca Capital. The principal occupation of Mr. Taylor is serving as a co-managing member of Casablanca GP and as a member of the management committee and the Chief Executive Officer of Casablanca Capital. The principal business of each Nominee is disclosed in the section titled PROPOSAL 1- ELECTION OF DIRECTORS on page [ ].

The principal business address of Casablanca is 450 Park Avenue, Suite 1403, New York, NY 10022. The principal business address of each Nominee is disclosed in the section titled PROPOSAL 1- ELECTION OF DIRECTORS on page [ ].

As of the date of this filing, the Participants may be deemed to beneficially own, in the aggregate, 7,995,520 shares of Common Stock, constituting approximately 5.2% of the Company s outstanding Common Stock. Of the 7,995,520 shares of Common Stock owned in the aggregate by the Participants, such shares of Common Stock may be deemed to be beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934 (the Exchange Act)) as follows: (a) 1,000 shares of Common Stock may be deemed to be beneficially owned by Mr. Drapkin in record name; (b) 7,906,520 shares of Common Stock may be deemed to be beneficially owned by Casablanca Capital by virtue of investment management agreements with a separate managed account; (c) 7,907,520 shares of Common Stock (including the 1,000 shares of Common Stock held by Mr. Drapkin in record name) may be deemed to be beneficially owned by Mr. Drapkin by virtue of his direct ownership and his direct and indirect control of Casablanca Capital; (d) 7,906,520 shares of Common Stock may be deemed to be beneficially owned by Mr. Taylor by virtue of his direct and indirect control of Casablanca Capital; (e) 77,000 shares of Common Stock may be deemed to be beneficially owned by Mr. Goncalves; (f) 8,000 shares of Common Stock may be deemed to be beneficially owned by Mr. Rutkowski; and (g) 3,000 shares of Common Stock may be deemed to be beneficially owned by Ms. Merrin.

Casablanca, Mr. Goncalves, Mr. Rutkowski and Ms. Merrin may be deemed to have formed a group, within the meaning of Section 13(d)(3) of the Exchange Act. Collectively, the group (and each member thereof) may be deemed to have beneficial ownership of a combined 7,995,520 shares of Common Stock, constituting approximately 5.2% of the Company s outstanding shares of Common Stock. Casablanca disclaims beneficial ownership of any shares of Common Stock beneficially owned by each of Mr. Goncalves, Mr. Rutkowski and Ms. Merrin. Casablanca Capital and Mr. Taylor disclaim beneficial ownership of any shares of Common Stock owned by Mr. Drapkin in record name. Mr. Goncalves, Ms. Merrin and Mr. Rutkowski each disclaim beneficial ownership of any shares of Common Stock beneficially owned by any other Participant.

Except as set forth in this proxy statement (including the Annexes hereto), (i) during the past ten years, no Participant has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors); (ii) no Participant in this Proxy Solicitation directly or indirectly beneficially owns any securities of the Company; (iii) no Participant owns any securities of the Company which are owned of record but not beneficially; (iv) no Participant has purchased or sold any securities of the Company during the past two years; (v) no part of the purchase price or market value of the securities of the Company owned by any Participant is represented by funds borrowed or otherwise obtained for the purpose of acquiring or holding such securities; (vi) no Participant is, or within the past year was, a party to any contract, arrangements or understandings with any person with respect to any securities of the Company, including, but not limited to, joint ventures, loan or option arrangements, puts or calls, guarantees against loss or guarantees of profit, division of losses or

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profits, or the giving or withholding of proxies; (vii) no associate of any Participant owns beneficially, directly or indirectly, any securities of the Company; (viii) no Participant owns beneficially, directly or indirectly, any securities of any parent or subsidiary of the Company; (ix) no Participant or any of his, her or its associates was a party to any transaction, or series of similar transactions, since the beginning of the Company s last fiscal year, or is a party to any currently proposed transaction, or series of similar transactions, to which the Company or any of its subsidiaries was or is to be a party, in which the amount involved exceeds $120,000; (x) no Participant or any of his, her or its associates has any arrangement or understanding with any person with respect to any future employment by the Company or its affiliates, or with respect to any future transactions to which the Company or any of its affiliates will or may be a party; and (xi) no person, including any of the Participants, who is a party to an arrangement or understanding pursuant to which the Nominees are proposed to be elected has a substantial interest, direct or indirect, by security holdings or otherwise in any matter to be acted on as set forth in this proxy statement. There are no material proceedings to which any Participant or any of his, her or associates is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries. With respect to each of the Participants, none of the events enumerated in Item 401(f)(1)-(8) of Regulation S-K of the Exchange Act occurred during the past ten years.

BACKGROUND OF THE PROXY SOLICITATION

In mid-December 2013, Casablanca met with members of Cliffs management team in Cleveland, OH.

In mid-January 2014, Casablanca and Cliffs representatives met again in New York City. During this meeting, Casablanca indicated its belief that Cliffs could create significant shareholder value by restructuring the Company and re-focusing its capital allocation strategy. Casablanca also indicated its desire to have representation on the Board, as well as its impending need to file a Schedule 13D and make its position known to the market. Casablanca emphasized its desire to publicly announce its position in a manner indicating that the parties were working together in partnership.

During the second half of January 2014, Casablanca representatives communicated to Cliffs on several occasions the need for the Company to react expeditiously to Casablanca s proposals. During these communications, Cliffs indicated it was considering Casablanca s proposals, but did not respond to Casablanca s request for Board representation or offer any views on Casablanca s proposals.

On January 27, 2014, Casablanca sent a letter to the Board expressing its disappointment in the Company s historical financial underperformance and discussing strategic alternatives that, in Casablanca s view, would materially increase the Company s valuation.

On January 28, 2014, Casablanca filed a Schedule 13D with the Securities Exchange Commission, indicating it held approximately 5.2% of the outstanding shares of Cliffs equity.

On January 30, 2014, Gregory Donat of Casablanca spoke with Kelly Tompkins of Cliffs, together with representatives of JP Morgan, to discuss certain details regarding Casablanca s analytical assumptions.

On February 12, 2014, Casablanca submitted a second letter (the February 12 Letter) to the Company indicating its intent to nominate six candidates, including Lourenco Goncalves, for election to the Board and that, if elected, Casablanca s nominees would constitute a majority of the Board. Further, Casablanca expressed its support of Mr. Goncalves as Chief Executive Officer of the Company.

On February 13, 2014, one day after Casablanca proposed Mr. Goncalves for the Cliffs Chief Executive Officer role, Cliffs announced its appointment of Gary Halverson to the Chief Executive Officer role.

On February 14, 2014, the Company issued an open letter to its shareholders in response to the February 12 Letter.

On March 3, 2014, Cliffs Executive Chairman, James Kirsch, contacted Donald Drapkin of Casablanca and offered him a seat on the Board. Mr. Drapkin responded that he was unwilling to accept a role that did not enable Casablanca-nominated directors to have a meaningful impact on decision- making at the Board. He stressed, however, that Casablanca did not require that its nominees comprise a majority of the Board. By way of example, Mr. Drapkin indicated that four seats on a nine-member board would be acceptable. Mr. Drapkin also indicated the importance that any solution involve a significant role for Mr. Goncalves. He further pointed out that Cliffs record date was only four days away, and that given the amount of time it had taken for Cliffs to respond, Casablanca was unwilling to suspend its public campaign so close to the record date. Mr. Drapkin suggested it would be useful for Cliffs to postpone its record date for approximately two weeks in order to allow Casablanca and Cliffs the time to engage in a meaningful negotiation.

On March 4, 2014, Mr. Kirsch again contacted Mr. Drapkin and offered Casablanca two seats on the Board, and an opportunity to name a third, mutually-agreeable independent director. Mr. Kirsch did not indicate any role for Mr. Goncalves. Mr. Drapkin again declined the offer, for the same reasons he had indicated the previous day.

On March 5, 2014, Cliffs announced it was postponing the date of its annual meeting, incorrectly attributing this step as a response to a Casablanca request (as indicated above, Casablanca had only requested that the record date be delayed, for the purposes of facilitating settlement discussions, but never requested, or discussed, delaying the annual meeting date).

On March 5, 2014, Mr. Drapkin delivered written notice, in accordance with the Ohio General Corporation Law, to the Company s President and Chief Executive Officer providing that he desired cumulative voting for the election of directors at the Annual Meeting.

On March 6, 2014, Casablanca sent a letter to the Board regarding Casablanca s intention to nominate six candidates for election to the Board at the Annual Meeting. The letter also discussed the Board s role in the decline of the value of the Common Stock by 80% since July 2011 and Casablanca s belief that the Board has repeatedly engaged in entrenchment tactics. Casablanca further reiterated and described in more detail its strategy for creating value at the Company.

On March 6, 2014, Casablanca launched a website, www.FixCliffs.com, to which Casablanca posted a presentation analyzing the Company s past performance and setting forth Casablanca s strategic recommendations and various other soliciting material.

On or about March 10, 2014, Douglas Taylor of Casablanca contacted Mr. Kirsch in response to the Company s public indications of its desire to continue settlement discussions. After several discussions, Mr. Kirsch indicated a willingness to meet in person with Casablanca, but that the Company would not accept a settlement involving both four out of nine directors and a Chief Executive Officer role for Mr. Goncalves. In response, Mr. Taylor indicated that Casablanca would accept an Executive Chairman role for Mr. Goncalves, together with four directors on a nine-member Board. Mr. Kirsch responded that on that basis, there were sufficient grounds for the parties to meet in person to discuss a settlement.

On March 14, 2014, representatives of Casablanca and its outside legal counsel met with James Kirsch and Richard Riederer, Chairman of the Governance and Nominating Committee, and Cliffs outside legal counsel to discuss a possible settlement between the parties. At that meeting, Cliffs counsel proposed that Casablanca reduce the number of directors it was requesting. Casablanca responded that it would accept three out of nine directors, provided Mr. Goncalves assumed the role of Executive Chairman, with Mr. Halverson reporting directly to the Mr. Goncalves (in keeping with Mr. Halverson s direct reporting relationship to Mr. Kirsch, who was Executive Chairman at the time), Mr. Goncalves becoming Chairman of Cliffs strategy committee and a Casablanca Nominee joining each Board committee. The parties also agreed to keep the terms of all settlement discussions confidential. Mr. Kirsch responded that he thought the proposed terms would be acceptable, and that he was prepared to recommend the proposed settlement to the entire Board and have Mr. Goncalves meet a majority of the Board members.

On March 17, 2014, Mr. Kirsch contacted Mr. Taylor to discuss Mr. Goncalves role as Executive Chairman, and the Company s desire to retain an independent lead director.

On March 19, 2014, Mr. Goncalves flew to Cleveland, OH and met separately with James Kirsch and Gary Halverson at the Company s headquarters.

On March 20, 2014, Casablanca s counsel sent Cliffs counsel a draft settlement agreement (the Settlement Agreement) containing the terms discussed at the March 14, 2014 meeting.

On March 20, 2014, Mr. Goncalves flew to Milwaukee, WI and met with Mr. Riederer. Mr. Goncalves had also been scheduled to meet with director Timothy Sullivan that same day in Milwaukee, but was informed on the preceding day Mr. Sullivan was no longer available to meet.

Several days later, Mr. Taylor spoke with Mr. Kirsch about the need to conclude the process in a timely fashion. Separately, Mr. Goncalves directly communicated his willingness to meet with each of the Cliffs directors at any time and place.

The Company scheduled Mr. Goncalves to meet with the next director, Susan Cunningham (Ms. Cunningham), on the following Friday, March 28, 2014 (more than a week after the meeting with Mr. Riederer).

On or about March 23, 2014, Casablanca s counsel contacted Cliffs counsel to inquire when Casablanca could expect to receive comments on its draft Settlement Agreement. Cliffs counsel did respond.

On March 28, 2014, Mr. Goncalves flew to Houston, TX and met with Ms. Cunningham.

On March 31, 2014, Casablanca s counsel again attempted to contact Cliffs counsel to inquire when Casablanca could expect to receive comments on the draft Settlement Agreement.

On April 1, 2014, Cliffs counsel contacted Casablanca s counsel, offered apologies for his delayed response, and indicated Cliffs did not intend to provide any comments to the draft Settlement Agreement until after Mr. Goncalves had completed the process of meeting the Cliffs directors.

The Company scheduled the next meetings for Mr. Goncalves on Friday, April 4, 2014 (a full week after the meeting in Houston). On April 4, 2014, Mr. Goncalves flew to Washington DC and met with directors Andres Gluski, Susan Green and Janice Henry in a single meeting.

The Company scheduled the next meeting yet another week away, on April 10, 2014. On that date, directors Mark Gaumond and Stephen Johnson met together with Mr. Goncalves in Fort Lauderdale, FL.

On April 17, 2014, Mr. Kirsch contacted Mr. Taylor and indicated the Board had convened, and that he wished to meet the following Wednesday, April 23 (six days away) to communicate the results of the Board s deliberations. Mr. Kirsch refused to offer any insight into the Board s decision beforehand.

On or about April 18, 2014, Mr. Taylor indicated to Mr. Kirsch that Casablanca was unwilling to wait yet another week just to hear the outcome in person, and would not facilitate further delays by agreeing to such a meeting.

On or about April 20, 2014, Mr. Kirsch indicated a willingness to hold a teleconference instead, and on Monday April 21, 2014, Mr. Kirsch and his counsel spoke by phone with Mr. Taylor and Casablanca s counsel. In that teleconference, Mr. Kirsch indicated the Board s decision that it would not accept a settlement that involved any form of executive role for either Mr. Goncalves or any other Casablanca representative or any specified role on the strategy committee. Casablanca asked whether Cliffs intended to make a counterproposal, to which Cliffs counsel responded that no counterproposal would be forthcoming, but that if Casablanca wished to propose a settlement with no specified roles for anyone other than as a general board member, they would listen to the proposal, but would not indicate what they might find acceptable. Cliffs counsel further indicated that the Company would not set a date for its annual meeting any time soon, and that the only guidance it would give was that the meeting would be held some time in 2014.

In a subsequent conversation between Casablanca s and Cliffs respective counsel later that same day, Cliffs counsel again reiterated that Cliffs had no intention of making any form of counterproposal.

On April 21, 2014, Casablanca submitted a letter to the Board requesting that the Company hold its annual meeting of shareholders on or before June 4, 2014 and announcing its intent, should the Company fail to set a prompt date for the annual meeting, to commence a consent solicitation to call a special meeting of Company shareholders for the election of directors. In that letter, Casablanca also indicated its frustration with what it considered to be Cliffs delay tactics and unwillingness to consummate the settlement on the terms that had been discussed.

On April 25, 2014, Cliffs announced that it would hold its Annual Meeting on July 29, 2014 (11 weeks later than the originally-scheduled date of May 13, 2014).

On May 23, 2014, Cliffs filed its preliminary proxy statement and, in violation of the agreement that the terms of settlement discussions would be held confidential, disclosed the detailed terms of the proposed settlement with Casablanca.

PROPOSAL 1 ELECTION OF DIRECTORS

According to publicly available information, the Board currently consists of eleven directors, whose terms will expire at the Annual Meeting. We are seeking your support at the Annual Meeting to elect our six Nominees, each of whom is independent of the Company. If successful in our Proxy Solicitation, the Board will be composed of our Nominees Robert P. Fisher, Jr., Mr. Goncalves, Patrice E. Merrin, Joseph Rutkowski, Gabriel Stoliar and Douglas Taylor and the five Company director nominees receiving the highest number of votes in favor of his or her election at the Annual Meeting. If all six of our Nominees are elected, they will represent a majority of the members of the Board. There is no assurance that any incumbent director will serve as a director if one or more of our Nominees are elected to the Board. Each of our Nominees, if elected at the Annual Meeting, will serve until the Company s 2015 annual meeting of shareholders and until his or her successor shall have been duly elected and qualified, or until his or her death, resignation or removal.

We are soliciting proxies to elect only the Nominees listed herein. Accordingly, the enclosed **GOLD** proxy card may only be voted for the Nominees and does not confer voting power with respect to any of the Company s director nominees. Stockholders who return the **GOLD** proxy card will only be able to vote for the six Nominees listed on the card and will not have the opportunity to vote for the additional five seats up for election at the Annual Meeting. You can only vote for the Company s director nominees by signing and returning a proxy card provided by the Company or by requesting a legal proxy and casting your ballot in person by attending the Annual Meeting. You should refer to the Company s Proxy Statement when it is filed with the SEC for the names, background, qualifications and other information concerning the incumbent directors.

Unless otherwise instructed, shares of Common Stock and Depositary Shares represented by properly executed **GOLD** proxy cards will be voted cumulatively at the Annual Meeting in favor of our Nominees, at our sole discretion, in order to elect as many of our Nominees as possible.

Name and Business Address	Age	Principal Occupation For Past Five Years and Directorships
Robert P. Fisher, Jr. 2681 SE Dune Drive Stuart, FL 34996	59	Mr. Fisher serves as the President and Chief Executive Officer of George F. Fisher, Inc., a private investment company that manages a portfolio of public and private investments, and has done so since 2002.
		Mr. Fisher served in various positions with Goldman, Sachs & Co., an American multinational investment banking firm, from 1982 until 2001, eventually serving as Managing Director and head of its Canadian Corporate Finance and Canadian Investment Banking units for eight years. Mr. Fisher worked extensively with many of the leading North American metals and mining companies, and also served as the head of Goldman s Investment Banking Mining Group. Mr. Fisher served as a director of CML HealthCare, Inc., a leading provider of private laboratory testing services, from 2010 until 2013. Mr. Fisher served on CML s Audit and Corporate Governance Committees, and as the Chairman of CML s Human Resources Committee, Chief Executive Officer Search Committee and the Special Committee to consider strategic alternatives.

Name and Business Address	Age	Principal Occupation For Past Five Years and Directorships
		Mr. Fisher currently serves as Vice President and Scholarship Committee Chair of Sailfish Point Foundation, a non-profit foundation that awards college scholarships and educational grants in Martin County, Florida, and has done so since 2012. Mr. Fisher served as President of Westchester Youth Soccer League, a non-profit organization that provides for youth soccer for 18,000 student-athletes in Westchester, Manhattan and Bronx New York, from 2004 until 2011. Mr. Fisher holds a Bachelor of Arts degree from Dartmouth College and a Master of Arts degree in Law and Diplomacy from Tufts University. Mr. Fisher s qualifications as director include his vast experience in the investment and finance industries which included advising the boards of numerous public companies, and his previous directorship.
Celso Lourenco Goncalves 2716 Aqua Vista Blvd. Fort Lauderdale, FL 33301	56	Mr. Goncalves served as Chairman of the Board, President and Chief Executive Officer of Metals USA Holdings Corp., a leading American manufacturer and processor of steel and other metals, from May 2006 through April 2013, and was President, Chief Executive Officer and a director of the company since February 2003. Prior to Metals USA, Mr. Goncalves served as President and Chief Executive Officer of California Steel Industries, Inc. from March 1998 to February 2003. From 1981 to 1998 he was employed by Companhia Siderúrgica Nacional, a leading steel and mining company in Brazil, where he held several positions in operations and sales. From October 2011 until April 2014, Mr. Goncalves served as a board member of Ascometal SAS, a manufacturer of special steel headquartered in Paris, France. Mr. Goncalves earned a Masters of Science degree in Metallurgical Engineering from the Federal University of Minas Gerais in Belo Horizonte, Brazil and a Bachelor s degree in Metallurgical Engineering from the Military Institute of Engineering in Rio de Janeiro, Brazil. Mr. Goncalves qualifications as director include his more than 30 years of experience in the metals and mining industries, and his extensive experience serving on the boards of directors in the United States and abroad.
Patrice E. Merrin 92 Birch Avenue Toronto, Ontario M4V IC8	65	Ms. Merrin has been a director of Stillwater Mining Company, which mines and refines PGMs, since May 2013. At Stillwater Mining Company, she is also Chairman of the Corporate Governance and Nominating Committee, a member of the Compensation Committee and was Chairman of the CEO Search Committee. She was Chairman of the board of directors of CML HealthCare Inc., a leading provider of medical diagnostic laboratory services, from March 2011 to September 2013, at which time the company was acquired by OMERS/Borealis. Ms. Merrin had been a director of CML since 2008 and had served as Interim Chief Executive Officer from May 2011 to February 2012.

Name and Business Address	Age	Principal Occupation For Past Five Years and Directorships
		Ms. Merrin served as a director of Enssolutions Group Inc., which provides engineered environmental applications for mine tailings control, process dust and stockpile sealing from 2009 to 2011. She was a director of The NB Power Group, a company that generates and distributes electricity from nuclear, hydro, wind and oil from 2007 to 2009, and was Chairman of the Environment, Health and Safety Committee from 2008 to 2009. From 2005 to 2006, Ms. Merrin served as President, Chief Executive Officer and a director of Luscar Ltd., Canada s largest producer of thermal coal, and as Executive Vice-President from 2004-2005; during her tenure, Luscar was owned equally by Sherritt International Corporation and Ontario Teachers Pension Plan Board. Prior to joining Luscar, from 1999 to 2004, Ms. Merrin was Executive Vice President and Chief Operating Officer of Sherritt International, a diversified international natural resources company with assets in base metals mining and refining, thermal coal, oil, gas and power generation. Since January 2012, Ms. Merrin has been a director of Ontario s air ambulance service, where she chairs the Human Resources and Compensation Committee and was Chairman of the CEO Search Committee. She was a Director of the Climate Change and Emissions Management Corporation, created to support Alberta s initiatives on climate change and the reduction of emissions, from 2009 to 2014. Ms. Merrin was a member of the National Advisory Panel on Sustainable Energy Science and Technology from 2005 to 2006, and from 2003 to 2006 was a member of Canada s National Round Table on the Environment and the Economy. Ms. Merrin holds a Bachelor of Arts degree from Queen s University and completed the Advanced Management Programme at INSEAD. Ms. Merrin s qualifications include her extensive operating and financial experience as a senior executive and multiple directorships.
Joseph Rutkowski 2423 S. Bay Street Georgetown, SC 29440	59	Mr. Rutkowski currently serves as a Principal at Winyah Advisors LLC, a management consulting firm, and has served in this role since 2010. Previously, Mr. Rutkowski spent 21 years at Nucor Corporation (Nucor), the largest steel producer in the United States prior to his departure in 2010. Mr. Rutkowski began his career with Nucor in 1989 at Nucor Cold Finish, a division of Nucor and the largest cold finished bar producer in North America. He served as manager of melting and casting at the Nucor steel division from 1991 until 1992 and general manager of Nucor from 1992 until 1998. He was promoted to Vice President in 1993 and Executive Vice President in 1998. Mr. Rutkowski holds a Bachelor s of Science in Mechanics and Materials Science from Johns Hopkins University. Mr. Rutkowski s qualifications as director include over 30 years of experience in the steel industry, including 12 years of service as an Executive Vice President of Nucor, a publicly traded Fortune 300 company.

Name and Business Address	Age	Principal Occupation For Past Five Years and Directorships
Gabriel Stoliar Av. Niemeyer, 02. Sala 103 Leblon, Rio de Janeiro RJ- CEP: 22450-220	60	Mr. Stoliar currently serves as managing partner of Studio Investimentos, an asset management firm focused on Brazilian equities, where he has served since 2009. Mr. Stoliar serves as Chairman of the board of directors at Tupy S.A., a foundry and casting companies, and has done so since 2009. Mr. Stoliar has also served on the boards of directors of Knijnik Engenharia Integrada, an engineering company, and LogZ Logistica Brasil S.A., a ports logistic company, since 2013 and 2011, respectively. Mr. Stoliar previously served as the Chief Financial Officer and Head of Investor Relations and subsequently as Executive Director of Planning and Business Development at Vale S.A., a Brazilian multinational diversified metals and mining company, from 1997 until 2008. He was an Executive Director at BNDES Participações ñ Brazilian Development Bank, from 1978 to 1997. Mr. Stoliar holds a Bachelor s of Science in Industrial Engineering from the Universdade Federal do Rio de Janeiro, a post graduate degree in Production Engineering with focus in Industrial Projects and Transportation from the Universdade Federal do Rio de Janeiro and an Executive MBA from PDG-SDE/RJ.Mr. Stoliar s qualifications as director include his vast experience in and relating to the metals and mining industries along with his extensive experience serving on various boards of directors.
Douglas Taylor 450 Park Avenue, Suite 1403 New York, NY 10022	49	Mr. Taylor has served as Chief Executive Officer and Co-Chief Investment Officer of Casablanca Capital LP, a hedge fund, since he co-founded it in 2010. Prior to Casablanca, Mr. Taylor was a Managing Director at Lazard Freres & Co. LLC, a leading financial advisory and asset management firm, from 2002 until 2010. From 2000 until 2001, Mr. Taylor served as a Managing Director of Dresdner Kleinwort Benson, and from 1993 until 2000, he held various positions, including Managing Director at Wasserstein Perella, a global mergers and acquisitions advisory and investment firm, which was bought by Dresdner Bank. Mr. Taylor began his investment banking career at Toronto Dominion Bank, a Canadian multinational banking and financial services corporation, where he served as Associate from 1990 until 1993. From 2008 to 2010, Mr. Taylor was the Chief Financial Officer and director at Sapphire Industrials Corp., a blank check company formed for the purpose of effecting business combinations with one or more operating businesses. Mr. Taylor holds a Bachelor of Arts degree in Economics from McGill University and a Master of Arts degree in International Affairs from Columbia University School of International and Public Affairs. Mr. Taylor s qualifications as director include his vast financial and strategic advisory and investment experience, which included advising public companies.

None of the organizations or corporations referenced above is a parent, subsidiary or other affiliate of Cliffs. If elected, each of the Nominees will be considered an independent director of Cliffs under the Company s Corporate Governance Guidelines, under applicable NYSE listing rules and under Item 407(a) of Regulation S-K.

Each of the Nominees (other than Mr. Taylor) has entered into a nominee agreement pursuant to which Casablanca Capital has agreed to pay the costs of soliciting proxies, and to defend and indemnify him or her against, and with respect to, any losses that may be incurred by him or her in the event he or she becomes a party to litigation based on his or her nomination as a candidate for election to the Board and the solicitation of proxies in support of his or her election. No Nominee will receive any compensation under his or her respective nominee agreement and will not receive any compensation from Casablanca Capital or its affiliates for his or her services as a director of the Company if elected. If elected, the Nominees (including Mr. Taylor) will be entitled to such compensation from the Company as is consistent with the Company s then-established practices for services of non- employee directors.

Each of the Nominees has agreed to being named as a nominee in this proxy statement and has confirmed his or her willingness to serve on the Board if elected. Casablanca does not expect that any of the Nominees will be unable to stand for election, but in the event that a Nominee is unable to or for good cause will not serve, the shares of Common Stock and Depositary Shares represented by the **GOLD** proxy card will be voted for a substitute candidate selected by Casablanca. If Casablanca determines to add or substitute nominees, whether because the Company expands the size of the Board subsequent to the date of this proxy statement, a Nominee is unable or unwilling to serve, or for any other reason, Casablanca will supplement this proxy statement.

As described in the Company s Proxy Statement, the election of all six of Casablanca s nominees may result in certain change in control compensation payments becoming payable to certain officers of Cliffs or directors serving on the Board. Such change in control compensation payments, as described in the Company s Proxy Statement, are provided for below.

Under the terms of the Participant Long-Term Incentive Grant Agreements entered into prior to September 2013, Cliffs named executive officers are entitled to the following benefits upon the occurrence of a change in control, regardless of whether the employment of the named executive officer is terminated:

The restrictions on the restricted shares lapse immediately; and
The performance shares at the original target grant and restricted share units vest immediately.

Effective September 2013 upon a change in control, all future equity granted to participants will be subject to potential assumption, replacement or continuation of the award in certain circumstances in lieu of immediately vesting and payout (or immediate vesting and payout if such assumed, replaced or continued awards are not provided).

For this purpose, a change in control generally means the occurrence of any of the following events:

(1) Any one person, or more than one person acting as a group, acquires ownership of Cliffs Common Stock possessing 35 percent or more of the total voting power of Cliffs Common Stock or the then-outstanding shares (subject to certain exceptions);

(2) A majority of members of the Board is replaced by directors whose appointment or election is not endorsed by a majority of the Board prior to the date of the appointment or election; or

(3) Approval by Cliffs shareholders of a complete liquidation or dissolution of Cliffs.

Acquisitions of Cliffs Common Stock pursuant to certain business combination or similar transactions described in Cliffs equity incentive plans, however, will not constitute a change in control if, generally speaking, in each case, immediately after such business transaction:

- Owners of Cliffs Common stock immediately prior to the business transaction own more than 50 percent of the entity resulting from the business transaction in substantially the same proportions as their pre-business transaction ownership of Cliffs Common Stock;
- No one person, or more than one person acting as a group (subject to certain exceptions), owns 35 percent or more of the combined voting power of the entity resulting from the business transaction or the outstanding common shares of such resulting entity; and
- At least a majority of the members of the board of directors of the entity resulting from the business transaction were members of the Incumbent Board when the business transaction agreement was signed or approved by the Incumbent Board. For purposes of this exception, the Incumbent Board generally means those directors who were serving as of August 11, 2008 (or a prior date in the case of certain pre-2007 equity awards) or whose appointment or election was endorsed by a majority of the incumbent members prior to the date of such appointment or election.

Except as it pertains to the definition of business combination or similar transactions, persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with Cliffs.

The Cliffs 2007 Incentive Equity Plan and 2012 Incentive Equity Plan also clarify that the following two plan provisions do not apply to the definition of Business Combination : (1) persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with Cliffs; and (2) if a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

Each of the named executive officers, with the exception of Messrs. Carrabba and Gallagher and Ms. Brlas due to their separation from Cliffs and Messrs. Williams and Hart, has a written change in control severance agreement that applies only in the event of termination during the two years after a change in control. The terms of Mr. Williams and Mr. Hart s employment agreements, which include change in control benefits, are described in greater detail in the Company s Proxy Statement. If one of the named executive officers is involuntarily terminated during the two years after a change in control, for a reason other than cause, he or she will be entitled to the following additional benefits:

(1) A lump sum payment in an amount equal to three times the sum, or two times in the case of Mr. Paradie, of (A) base salary (at the highest rate in effect during the five-year period prior to the termination date), plus (B) annual incentive pay at the target level for the year of separation, year prior to the change in control or year of the change in control, whichever is greater.

(2) Coverage for a period of 24 or 36 months following the termination date, for health, life insurance and disability benefits.

(3) A lump sum payment in an amount equal to the sum of the additional future pension benefits that the executive would have been entitled to receive for two or three years following the termination date under the SERP.

(4) Incentive pay at target levels for the year in which the termination date occurs.

(5) Outplacement services in an amount up to 15 percent of the executive s base salary.

(6) Post-retirement medical, hospital, surgical and prescription drug coverage for the lifetime of the executive, his or her spouse and any eligible dependents at the normal participant cost based on the executive s age at retirement.

(7) He or she will become immediately vested in certain matching contributions under the 2005 VNQDC Plan.

(8) He or she will be provided perquisites for a period of 36 months, or 24 months in the case of Mr. Paradie, comparable to the perquisites he or she was receiving before the termination of his or her employment or the change in control, whichever was greater.

Similar benefits are paid if the executive voluntarily terminates his or her employment during the two years following a change in control by reason of any one of the following occurring and the executive provides notice to Cliffs and Cliffs fails to cure:

(a) a material diminution in the executive s base pay;

(b) a material diminution in the executive s authority, duties or responsibilities;

(c) a material change in the geographic location at which the executive must perform services;

(d) a reduction in the executive s incentive pay opportunity that results in a material diminution of the executive s potential total compensation; or

(e) breach of employment agreement, if any, under which the executive provides services.

For purposes of the change in control severance agreements, cause generally means termination of an executive for the following acts: (A) conviction of a criminal violation involving fraud, embezzlement or theft in connection with his or her duties or in the course of his or her employment with Cliffs or any subsidiary of Cliffs; (B) intentional wrongful damage to property of Cliffs or any subsidiary of Cliffs; (C) intentional wrongful disclosure of secret processes or confidential information of Cliffs or any subsidiary of Cliffs; or (D) intentional wrongful engagement in any competitive activity.

The following shows the benefits payable to the named executive officers other than Mr. Carrabba and Ms. Brlas, in the aggregate, upon various types of terminations of employment and change in control assuming an effective date of December 31, 2013:

Change in Control without termination: $10,082,250
Termination without Cause after Change in Control: $36,243,832

The eleven nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to be voted for them shall be elected as directors, whether or not such affirmative votes constitute a majority of the shares voted.

WE URGE YOU TO VOTE FOR THE ELECTION OF OUR NOMINEES PURSUANT TO PROPOSAL 1.

PROPOSAL 2 2014 NONEMPLOYEE DIRECTORS COMPENSATION PLAN

As is discussed in further detail in the Company s Proxy Statement, the Company is providing shareholders with the opportunity to vote on whether or not to approve the 2014 Nonemployee Directors Compensation Plan (the Proposed Directors Plan).

According to the Company s Proxy Statement, on February 11, 2014, the Board unanimously approved and adopted, subject to the approval of Cliffs shareholders at the Annual Meeting, the Proposed Directors Plan. If approved by the shareholders, the Proposed Directors Plan will replace in its entirety the Cliffs Natural Resources Inc. Nonemployee Directors Compensation Plan, as amended (the Directors Plan). If the Proposed Directors Plan is approved by the shareholders, it will become effective on December 1, 2014, and no further awards will be granted under the Directors Plan after that date. All outstanding equity grants under the Directors Plan will continue in effect in accordance with their terms and the annual equity grants awarded to directors on the date of the Annual Meeting would be pursuant to the Directors Plan but will reduce the number of shares available under the Proposed Directors Plan on a one-for-one basis. If the Proposed Directors Plan is not approved by shareholders, the Proposed Directors Plan will be null and void and the Directors Plan will remain in effect and will be available for issuance of awards. According to the Company s Proxy Statement, as of May 19, 2014, 32,462 common shares remained available for issuance as awards under the Directors Plan.

The affirmative vote of the holders of a majority of shares, present or represented by proxy, at the Annual Meeting and entitled to vote on Proposal 2 will be required to approve the Proposed Directors Plan.

Casablanca intends to vote **AGAINST** Proposal 2, and recommends that all other shareholders do the same. In our opinion, the nonemployee directors compensation program has failed to align compensation with performance and overall shareholder return.

WE URGE YOU TO VOTE AGAINST PROPOSAL 2.

PROPOSAL 3 ADVISORY VOTE ON COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS

As is discussed in further detail in the Company s Proxy Statement, the Company is providing shareholders with the opportunity to vote, on an advisory basis, on whether to approve the compensation of the Company s named executive officers. According to the Company s Proxy Statement, this Proposal will be presented at the Annual Meeting as a resolution in the following form:

RESOLVED, that the compensation of the named executive officers as disclosed pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the compensation tables and any related material disclosed in this proxy statement, is hereby approved.

As an advisory vote, this Proposal is not binding on the Company. However, the compensation and organization committee of the Board, which is responsible for designing and administering the Company s executive compensation program and practices, expects to consider the outcome of the vote when making future compensation decisions for named executive officers.

The affirmative vote of the holders of a majority of shares, present or represented by proxy, at the Annual Meeting and entitled to vote on Proposal 3 will be required to approve the overall compensation of the Company s named executive officers.

Casablanca intends to vote **AGAINST** Proposal 3, and recommends that all other shareholders do the same. In our opinion, the Company s executive compensation program has failed to align compensation with performance and overall shareholder return.

WE URGE YOU TO VOTE AGAINST PROPOSAL 3.

PROPOSAL 4 AMENDED AND RESTATED 2012 INCENTIVE EQUITY PLAN

As is discussed in further detail in the Company s Proxy Statement, the Company is providing shareholders with the opportunity to vote on whether or not to approve the Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan (the Revised Incentive Plan).

According to the Company s Proxy Statement, on February 10, 2014, the Board unanimously approved and adopted, subject to the approval of Cliffs shareholders at the Annual Meeting, the Revised Incentive Plan. The Revised Incentive Plan amends and restates in its entirety the Cliffs Natural Resources Inc. 2012 Incentive Equity Plan, as amended, (the 2012 Incentive Equity Plan). If the Revised Incentive Plan is approved by shareholders, it will be effective as of February 10, 2014. Outstanding awards under the 2012 Incentive Equity Plan will continue in effect in accordance with their terms. If the Revised Incentive Plan is not approved by the Cliffs shareholders, no awards will be made under the Revised Incentive Plan. In addition, Cliffs ability under the 2012 Incentive Equity Plan to make certain performance awards to certain participants will be limited.

Also, under the modified terms of the Revised Incentive Plan, a change in control shall occur, and as a result, compensatory payments will be triggered, if the individuals who constitute the board of directors as of the date thereof (the Incumbent Board) cease to constitute a majority of the Incumbent Board; *provided*, *however*, that certain individuals becoming a director subsequent to the date thereof can be approved by a vote of at least a majority of the members of the Incumbent Board and upon such approval, he or she shall be deemed to be a member of the Incumbent Board. However, the Revised Incentive Plan does not allow the Incumbent Board to approve any such individual if his or her election to the board occurred as a result of an actual or threatened proxy contest.

The affirmative vote of the holders of a majority of shares, present or represented by proxy, at the Annual Meeting and entitled to vote on Proposal 4 will be required to approve the Revised Incentive Plan.

Casablanca intends to vote **AGAINST** Proposal 4, and recommends that all other shareholders do the same. In our opinion, the fact that the Revised Incentive Plan does not permit the Incumbent Board to approve the election of any new director elected pursuant to a proxy contest to avoid triggering change in control compensatory payments makes the Revised Incentive Plan an entrenchment tactic undertaken by the Board to position its interests above those of its shareholders.

WE RECOMMEND YOU VOTE AGAINST PROPOSAL 4.

PROPOSAL 5 RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Company s Proxy Statement has indicated that the Board has selected Deloitte to audit its financial statements for the fiscal year ending December 31, 2014, based on the recommendation of the audit committee of the Board. Deloitte audited the Company s financial statements for the fiscal year ended December 31, 2013. Deloitte was first engaged by the audit committee of the Board in the fiscal year ended December 31, 2004.

According to the Company s Proxy Statement, the audit committee s policy is to pre-approve all audit and non-audit services provided by the Company s independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre- approval generally is provided for up to one year and any pre-approval is detailed as to the particular service or category of services and generally is subject to a specific budget. The audit committee has delegated pre-approval authority to the audit committee chairman, or any audit committee member in his absence, when services are required on an expedited basis, with such pre-approval disclosed to the full audit committee at its next scheduled meeting.

The affirmative vote of a majority of the shares present, in person or represented by proxy, at the Annual Meeting, entitled to vote on Proposal 5 will be required to ratify the appointment of Deloitte as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2014.

WE RECOMMEND YOU VOTE FOR PROPOSAL 5.

VOTING AND PROXY PROCEDURES

Only shareholders of record on the Record Date will be entitled to notice of and to vote at the Annual Meeting. Each share of Common Stock is entitled to one vote. Because each Depositary Share represents a 1/40th interest in a share of the Mandatory Convertible Preferred Stock (each of which is entitled to one vote), holders of Depositary Shares will be entitled to 1/40th of a vote per Depositary Share. Shareholders who sell shares of Common Stock or Depositary Shares before the Record Date (or acquire them without voting rights after the Record Date) may not vote such shares of Common Stock or Depositary Shares. Shareholders of record on the Record Date will retain their voting rights in connection with the Annual Meeting even if they sell such shares of Common Stock or Depositary Shares after the Record Date. Based on publicly available information, including the Company s Proxy Statement, we believe that the only outstanding classes of securities of the Company entitled to vote at the Annual Meeting are the Common Stock and the Depositary Shares.

Under Ohio General Corporation Law, Section 1701.55, upon written notice by any shareholder to the President, a Vice President or the Secretary of the Company, not less than 48 hours before the time fixed for the holding of the Annual Meeting, of such shareholder s desire to vote cumulatively for the election of directors, so long as an announcement of such notice is made upon the convening of the Annual Meeting by the Chairman or Secretary or by or on behalf of the shareholder who gave such notice, each shareholder shall have the right to cumulate such voting power at such meeting. On March 5, 2014, Mr. Drapkin, on behalf of Casablanca Capital, delivered written notice, in accordance with Ohio General Corporation Law, to the Company s President and Chief Executive Officer providing that he desired to vote cumulatively for the election of directors at the Annual Meeting. Under cumulative voting, a shareholder may cast for any one nominee as many votes as shall equal the number of directors to be elected, multiplied by the number of his or her shares. All such votes may be cast for a single nominee or may be distributed among any two or more nominees as he or she may desire. Because we have given notice to the Company of our intention to cumulate our votes, all shareholders will have the right to cumulate their votes in the election of directors and the cumulative number of votes a shareholder may cast in director elections will be equal to the number of shares held by such shareholder on the Record Date multiplied by eleven (the number of directors to be elected at the Annual Meeting). A shareholder may distribute all of the votes to one individual nominee, or distribute such votes among any two or more nominees, as the shareholder chooses.

We are also hereby soliciting discretionary authority to cumulate the votes represented by your proxy. As a result, unless you provide explicit instructions to the contrary in the space provided on the **GOLD** proxy card, the persons named as proxies on the **GOLD** proxy card will have the authority to cumulate votes at their discretion to elect the maximum number of our Nominees for whom authority is not otherwise specifically withheld, including, but not limited to, by means of prioritizing such Nominees to whom such votes may be allocated. If you do not specifically instruct otherwise, the proxy being solicited hereby will confer upon the proxy holders the authority to cumulate votes represented by your proxy for the maximum number of our Nominees (for whom authority is not otherwise specifically withheld) including, but not limited to, the prioritization of such Nominees to whom such votes may be allocated. You may withhold your authority to vote for one or more Nominees by marking the FOR ALL NOMINEES EXCEPT", in which case we will retain discretion to allocate your votes among our other Nominees unless you specifically instruct otherwise. If you wish to withhold authority to cumulate votes with respect to one or more Nominees, you must submit a proxy card by mail and should mark the corresponding box under Proposal 1 on the enclosed **GOLD** proxy card and disclose the name of any particular Nominee(s) you wish to withhold authority to cumulate votes for on the back of the enclosed **GOLD** proxy card in the space provided. Under no circumstances may the proxy holders cast your votes for any Nominee from whom you have withheld authority to vote. If it is necessary for us to prioritize among the Nominees and allocate votes, we intend to provide for the election of the maximum number of our Nominees, and will provide instructions as to the order of priority of the Nominees in the event that fewer than all of our Nominees are elected at the Annual Meeting.

If you wish to provide vote allocation instructions, you must submit a proxy card by mail and should mark the corresponding box under Proposal 1 on the enclosed **GOLD** proxy card and disclose the number of votes you wish to allocate to any particular Nominee on the back of the enclosed **GOLD** proxy card in the space provided. You do not need to check the FOR ALL NOMINEES box to allocate votes among all of the Nominees. If you provide vote allocation instructions for less than all of the votes that you are entitled to cast, the proxy holder will retain discretionary authority to cast your remaining votes and to allocate such votes among our other Nominees other than for any Nominee for whom you have withheld authority by marking the FOR ALL NOMINEES EXCEPT box. Because cumulative voting will be invoked, in the event that a shareholder votes for all six of the Nominees on the **GOLD** proxy card, the use of discretionary authority to cumulate votes may result in that shareholder s shares being voted for fewer than six Nominees. If you provide vote allocation instructions for more than the number of votes that you are entitled to cast, the proxy holder will subtract the excess votes from the Nominee or Nominees to whom you have allocated the fewest votes.

Shares of Common Stock and Depositary Shares represented by properly executed **GOLD** proxy cards will be voted at the Annual Meeting as marked and, in the absence of specific instructions, will be voted cumulatively **FOR** the election of the Nominees to the Board, **AGAINST** the vote regarding the Proposed Directors Plan, **AGAINST** the advisory vote on executive compensation, **AGAINST** the vote regarding the Revised Incentive Plan **FOR** the ratification of the appointment of Deloitte as the Company s independent registered public accounting firm for the fiscal year ending December 31, 2014, and in the discretion of the persons named as proxies on all other matters as may properly come before the Annual Meeting.

According to publicly available information, the current Board intends to nominate nine candidates for election as directors at the Annual Meeting. This proxy statement is soliciting votes to elect only our Nominees, Robert P. Fisher, Jr., Celso Lourenco Goncalves, Patrice E. Merrin, Joseph Rutkowski, Gabriel Stoliar and Douglas Taylor. Accordingly, the enclosed **GOLD** proxy card may only be voted for our Nominees and does not confer voting power with respect to the Company s nominees. You can only vote for the Company s nominees by signing and returning a proxy card provided by the Company or by requesting a legal proxy and casting your ballot in person by attending the Annual Meeting. Shareholders have the right to vote cumulatively in Proposal 1 and, unless otherwise instructed, the shares represented by this proxy will be voted cumulatively in favor of one or more of the Nominees, at the proxy holders sole discretion, in order to elect as many of the Nominees as possible. The Participants intend to vote all of their shares of Common Stock cumulatively in favor of the Nominees in order to elect as many of the Nominees as possible.

QUORUM; ABSTENTIONS; BROKER NON-VOTES

According to the Company s Proxy Statement, holders of a majority of the outstanding shares entitled to vote must be present, in person or by proxy, at the Annual Meeting in order to have the required quorum for the transaction of business. Votes cast by proxy or in person at the Annual Meeting will be tabulated by an inspector of election.

If your shares are held in the name of a brokerage firm and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to a proposal that is not a routine matter, the brokerage firm cannot vote the shares on that proposal. This is referred to as a broker non-vote. Under the rules and interpretations of the NYSE, there are no routine proposals in a contested proxy solicitation. Because Casablanca has initiated a contested proxy solicitation, there will be no routine matters at the Annual Meeting for any broker accounts that are provided with proxy materials by Casablanca.

Abstentions and broker non-votes will have no effect with respect to the election of directors (Proposal 1). Abstentions will have the effect of votes against, and broker non-votes will have no effect with respect to, the vote regarding the Proposed Directors s Plan (Proposal 2); the advisory vote regarding the compensation of the Company s named executive officers (Proposal 3); the vote regarding the Revised Incentive Plan (Proposal 4); and the ratification of Deloitte as the Company s independent registered public accounting firm (Proposal 5).

VOTES REQUIRED FOR APPROVAL

Election of Directors The eleven nominees receiving the highest number of affirmative votes of the shares present or represented and entitled to be voted for them shall be elected as directors, whether or not such affirmative votes constitute a majority of the shares voted. See page [ ] for a discussion of the effect of cumulative voting.

Proposals 2 - 5 According to the Company s Proxy Statement, the vote on the Proposed Directors Plan (Proposal 2); the advisory vote on executive compensation (Proposal 3); the vote on the Revised Incentive Plan (Proposal 4) and approval of the ratification of the appointment of the Company s independent registered public accounting firm (Proposal 5) will each require the affirmative vote of a majority of the shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such matter.

IF YOU WISH TO VOTE FOR THE ELECTION OF OUR NOMINEES TO THE BOARD, PLEASE SIGN, DATE AND RETURN PROMPTLY THE ENCLOSED GOLD PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED.

APPRAISAL/DISSENTER RIGHTS

Shareholders are not entitled to appraisal or dissenters rights under Ohio law in connection with the Proposals or this proxy statement.

SOLICITATION OF PROXIES

The solicitation of proxies pursuant to this Proxy Solicitation is being made by Casablanca and the Nominees. Proxies may be solicited by mail, facsimile, telephone, telegraph, Internet, in person and by advertisements.

Casablanca will solicit proxies from individuals, brokers, banks, bank nominees and other institutional holders. Casablanca has requested banks, brokerage houses and other custodians, nominees and fiduciaries to forward all solicitation materials to the beneficial owners of the shares of Common Stock and/or Depositary Shares they hold of record. Casablanca will reimburse these record holders for their reasonable out-of-pocket expenses in so doing.

The entire expense of soliciting proxies is being borne by Casablanca. Costs of the Proxy Solicitation are currently estimated to be approximately $3,000,000. Casablanca estimates that through the date hereof, its expenses in connection with the Proxy Solicitation are approximately $950,000. If successful, we may seek reimbursement of these costs from the Company. In the event that we decide to seek reimbursement of our expenses, we do not intend to submit the matter to a vote of the Company s shareholders. The Board, which would consist of a majority of our Nominees, if elected, would be required to evaluate the requested reimbursement consistent with their fiduciary duties to the Company and its shareholders. Costs related to the solicitation of consents include expenditures for attorneys, advisors, printing, advertising, postage and related expenses and fees.

Casablanca has retained Okapi Partners LLC (Okapi) to provide solicitation and advisory services in connection with this solicitation. Okapi will receive an estimated fee of $[ ] together with reimbursement for its reasonable out-of-pocket expenses, and will be indemnified by Casablanca Capital against certain liabilities and expenses, including certain liabilities under the federal securities laws. Okapi will solicit proxies from individuals, brokers, banks, bank nominees and other institutional holders. It is anticipated that Okapi will employ approximately 36 persons to solicit Cliff s shareholders as part of this solicitation. Okapi does not believe that any of its directors, officers, employees, affiliates or controlling persons, if any, is a participant in this Proxy Solicitation.

Important Notice Regarding the Availability of this Proxy Statement

This proxy statement and all other solicitation materials in connection with this Proxy Solicitation will be available on the Internet, free of charge, at www.FixCliffs.com.

Information Concerning Cliffs

Casablanca has omitted from this proxy statement certain disclosure required by applicable law that are included in the Company s Proxy Statement. Such disclosure includes, among other things, information regarding securities of the Company beneficially owned by the Company s directors, nominees and management; certain shareholders beneficial ownership of more than 5% of the Company s voting securities; information concerning executive compensation; and information concerning the procedures for submitting shareholder proposals and director nominations intended for consideration at the 2015 annual meeting of shareholders and for consideration for inclusion in the proxy materials for that meeting. If the Company does not distribute the Company s Proxy Statement to shareholders at least ten days prior to the Annual Meeting, Casablanca will distribute to the shareholders a supplement to this proxy statement containing such disclosures at least ten days prior to the Annual Meeting. Casablanca takes no responsibility for the accuracy or completeness of information contained in the Company s Proxy Statement. Except as otherwise noted herein, the information in this proxy statement concerning the Company has been taken from or is based upon documents and records on file with the SEC and other publicly available information. We do not take responsibility, except to the extent imposed by law, for the accuracy or completeness of statements in public documents and records that were not prepared by or on behalf of Casablanca, or for any failure of the Company to disclose in its public documents and records any events that may affect the significance or accuracy of the information contained herein.

Conclusion

We urge you to carefully consider the information contained in this proxy statement and then support our efforts by signing, dating and returning the enclosed **GOLD** proxy card today.

Thank you for your support,

Casablanca Capital LP
Donald G. Drapkin
Douglas Taylor
Robert P. Fisher, Jr.
Celso Lourenco Goncalves
Patrice E. Merrin
Joseph Rutkowski
Gabriel Stoliar

[_____], 2014

ANNEX I

TRANSACTIONS BY THE PARTICIPANTS IN THE SECURITIES OF CLIFFS NATURAL RESOURCES INC. DURING THE PAST TWO YEARS

The following tables set forth all transactions effected during the past two years by the Participants with respect to securities of the Company. As of the date of hereof, Casablanca Capital, Mr. Drapkin, Mr. Taylor and Mr. Goncalves are the only Participants that currently own of record or beneficially securities of the Company.

Casablanca
Common Stock

Trade Date	Amount Acquired (Sold)	Trade Date	Amount Acquired (Sold)
11/14/2013	169,025	12/11/2013	732,296
11/15/2013	345,092	12/12/2013	240,100
11/18/2013	839,001	12/13/2013	119,800
11/19/2013	17,304	12/16/2013	20,865
11/20/2013	942,590	12/17/2013	65,000
11/21/2013	1,000,000	1/3/2014	100,800
11/22/2013	814,744	1/6/2014	125,200
11/26/2013	480,000	1/7/2014	250,000
12/5/2013	150,000	1/8/2014	204,703
12/6/2013	350,000	1/9/2014	500,000

Mr. Drapkin
Common Stock

Trade Date	Amount Acquired (Sold)
2/6/2014	1,000

Mr. Goncalves
Common Stock

Trade Date	Amount Acquired (Sold)
2/10/2014	50,000
4/22/2014	27,000

Mr.Rutkowski
Common Stock

Trade Date	Amount Acquired (Sold)

3/10/2014	8,000

Ms. Merrin

Common Stock

Trade Date	Amount Acquired (Sold)
5/8/2014	3,000

[FORM OF PROXY CARD]

PRELIMINARY COPY SUBJECT TO COMPLETION
DATED JUNE 5, 2014

PROXY OF SHAREHOLDERS OF CLIFFS NATURAL RESOURCES INC. (THE COMPANY) IN CONNECTION WITH THE COMPANY S 2014 ANNUAL MEETING OF SHAREHOLDERS:

THIS PROXY SOLICITATION IS BEING MADE BY CASABLANCA CAPITAL LP, DONALD G. DRAPKIN AND DOUGLAS TAYLOR (COLLECTIVELY, CASABLANCA), ROBERT P. FISHER, JR., CELSO LOURENCO GONCALVES, PATRICE E. MERRIN, JOSEPH RUTKOWSKI AND GABRIEL STOLIAR (COLLECTIVELY, THE NOMINEES).

THIS SOLICITATION IS NOT ON BEHALF OF THE BOARD OF DIRECTORS OF THE COMPANY

The undersigned appoints [___] and [___] and each of them, attorneys and agents with full power of substitution to vote all shares of common stock, par value $0.125 per share (the Common Stock), and/or all depositary shares, each of which represents 1/40th of a share of the 7.00% Series A Mandatory Convertible Preferred Stock, Class A, no par value (the Depositary Shares), of the Company, which the undersigned would be entitled to vote if personally present at the 2014 annual meeting of shareholders of the Company (including at any adjournments or postponements thereof and at any meeting called in lieu thereof, the Annual Meeting).

The undersigned hereby revokes any other proxy or proxies heretofore given to vote or act with respect to the shares of Common Stock and/or each Depositary Share of the Company held by the undersigned, and hereby ratifies and confirms all action the herein named attorneys and proxies, their substitutes, or any of them may lawfully take by virtue hereof. If properly executed, this proxy will be voted as directed on the reverse and in the discretion of the herein named attorneys and proxies or their substitutes with respect to any other matters as may properly come before the Annual Meeting that are unknown to Casablanca a reasonable time before this solicitation. **Shareholders have the right to vote cumulatively in Proposal 1 and, unless you provide instructions to the contrary in the space provided below, this proxy shall grant discretionary authority to the individuals named herein as proxy holders to vote cumulatively in favor of one or more of the Nominees, at the proxy holders sole discretion, in order to elect as many of the Nominees as possible.**

IF NO DIRECTION IS INDICATED WITH RESPECT TO THE PROPOSALS ON THE REVERSE, THIS PROXY WILL BE VOTED FOR ALL NOMINEES PURSUANT TO PROPOSAL 1, AGAINST PROPOSALS 2, 3 and 4 AND FOR PROPOSAL 5.

This proxy will be valid until the sooner of one year from the date indicated on the reverse side and the completion of the Annual Meeting.

1. THE ELECTION OF ROBERT P. FISHER, JR., CELSO LOURENCO GONCALVES, PATRICE E. MERRIN, JOSEPH RUTKOWSKI, GABRIEL STOLIAR AND DOUGLAS TAYLOR.

£	£	£
For All Nominees	Withhold Authority to Vote for all Nominees	For all Nominees Except

INSTRUCTIONS: IF YOU DO NOT WISH YOUR SHARES OF COMMON STOCK AND/OR DEPOSITARY SHARES TO BE VOTED FOR A PARTICULAR NOMINEE, MARK THE FOR ALL NOMINEES EXCEPT BOX AND WRITE THE NAME(S) OF THE NOMINEE(S) YOU DO NOT SUPPORT ON THE LINE BELOW. YOUR

SHARES OF COMMON STOCK AND/OR DEPOSITARY SHARES WILL BE VOTED FOR THE REMAINING NOMINEE(S).

Unless you specify different directions with respect to cumulative voting (which directions may include withholding authority to cumulate votes with respect to one or more Nominees) and mark the corresponding box below, this proxy authorizes the herein named attorneys and proxies, their

substitutes, or any of them to cumulate votes that the undersigned is entitled to cast at the Annual Meeting at the discretion of the proxy holders. Accordingly, unless otherwise instructed in accordance with the foregoing, the shares represented by this proxy will be voted cumulatively in favor of the Nominees listed above, at the proxy holders sole discretion, in order to elect as many of the Nominees listed above as possible. The shares represented by this proxy will not be cumulated with respect to any Nominee for whom the authority to vote has been withheld.

[ ] To specify different directions with respect to cumulative voting, mark the adjacent box and write your instructions in the space provided below.

2. TO VOTE ON THE COMPANY S PROPOSAL TO APPROVE THE 2014 NONEMPLOYEE DIRECTORS COMPENSATION PLAN.

   £ FOR £ AGAINST £ ABSTAIN

3. TO VOTE ON THE COMPANY S PROPOSAL TO APPROVE, ON AN ADVISORY BASIS, THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS.

   £ FOR £ AGAINST £ ABSTAIN

4. TO VOTE ON THE COMPANY S PROPOSAL TO APPROVE THE CLIFFS NATURAL RESOURCES INC. AMENDED AND RESTATED 2012 INCENTIVE EQUITY PLAN.

   £ FOR £ AGAINST £ ABSTAIN

5. TO RATIFY THE APPOINTMENT OF DELOITTE & TOUCHE LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.

   £ FOR £ AGAINST £ ABSTAIN

CUMULATIVE VOTING INSTRUCTIONS: Provide below any instructions with respect to how the undersigned s shares should be cumulatively voted at the Annual Meeting, including the number of shares of Common Stock and/or

Depositary Shares to be voted for any particular Nominee and/or the name of any Nominee with respect to whom the undersigned is withholding authority to cumulate votes, as applicable. Unless indicated to the contrary in the space provided below, all cumulative votes of such shareholder will be distributed among the remaining Nominees at the discretion of the proxy holders named herein.

IN ORDER FOR YOUR PROXY TO BE VALID, IT MUST BE DATED.

Date:	-	2014
Signature	-	
Signature (if held jointly)	-	
Title(s):	-	

Please sign exactly as name appears on stock certificates or on label affixed hereto. When shares of Common Stock and/or Depositary Shares are held by joint tenants, both should sign. In case of joint owners, EACH joint owner should sign. When signing as attorney, executor, administrator, trustee, guardian, corporate officer, etc., give full title as such.

PLEASE SIGN, DATE AND MAIL YOUR PROXY PROMPTLY IN THE POSTAGE-PAID ENVELOPE ENCLOSED.

IMPORTANT

Tell your Board what you think! Your vote is important. No matter how many shares of Common Stock or Depositary Shares you own, please give Casablanca your proxy FOR the election of the Nominees by taking three steps:

SIGNING the enclosed **GOLD** proxy card,
DATING the enclosed **GOLD** proxy card, and
MAILING the enclosed **GOLD** proxy card TODAY in the envelope provided (no postage is required if mailed in the United States).

If any of your shares of Common Stock or Depositary Shares are held in the name of a brokerage firm, bank, bank nominee or other institution, only it can vote such shares of Common Stock or Depositary Shares and only upon receipt of your specific instructions. Depending upon your broker or custodian, you may be able to vote either by toll-free telephone or by the Internet. Please refer to the enclosed voting form for instructions on how to vote electronically. You may also vote by signing, dating and returning the enclosed **GOLD** voting form.

If you have any questions or require any additional information concerning this Proxy Statement, please contact Okapi Partners at the address set forth below.

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New York, N.Y. 10022
(212) 297-0720
Stockholders Call Toll-Free at: (877) 274-8654
E-mail: info@okapipartners.com