

LOCAL UNION 4974

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Mr. William Brake
Executive Vice-President
Human And Technical Resources
Cliff's Natural Resources
200 Public Square, Suite 3300
Cleveland Ohio
44114-2315

April 15, 2009

Re: Reduction Of Supplemental Unemployment Benefit Pay Due To Federally Increased Unemployment Compensation.

Dear Mr. Brake:

With the increase of twenty-five dollars in the weekly state unemployment compensation (U/C) benefit received resulting from passage of the "American Recovery and Reinvestment Act of 2009" the (Act), the United Steelworkers (USW) Local Unions Representing the Hourly Employees of Cliff's Natural Resources (Cliff's) requested the Company not reduce the amount of Supplemental Unemployment Benefits (SUB) payable to eligible employees who have or may be placed on layoff under the provisions of the Basic Labor Agreement.

On April 9, 2009 Cliff's responded verbally through the individual Mine Managers that it's corporate wide policy would be to directly reduce the amount of any SUB benefits payable equal to any increase in the state U/C benefit. This action totally eliminates all benefit of the twenty-five dollars increase provided by the Act for it's laid off USW represented employees.

These SUB funds, based on information provided by Cliff's are currently at or near 100% funding with \$4.3 million (Tilden Mine) and \$4.9 million (Empire Mine) in Michigan. Further, these funds are protected by built-in reductions to benefits payable, when and if these funds were to reach certain specified minimum funding levels. If the current fund level and the possible depletion of such SUB funds were the basis for Cliff's position, the Union is willing to discuss alternate funding availabilities such as the Strategic Alliance Fund or the Hourly Training Fund. The Union would also be willing to discuss situations that would suspend Cliff's obligations to pass on this increased funding.

The elected lawmakers of the One Hundred Eleventh Congress of the United States of America had the cautionary wisdom to put in place rules of protection for the very individuals they were attempting to assist in the "American Recovery and Reinvestment Act of 2009" the (Act). The Act at Division B – Subtitle A - SEC.2002 Increase in Unemployment – (c) Nonreduction Rule: prohibits the individual states from being able to reduce the level of unemployment below the level of average weekly benefit amount of regular compensation which would have otherwise been payable during such period under State law, as in affect on December 31, 2008.

This prohibits States from receiving Federal dollars to increase the benefit of those on layoff while reducing the amount paid by such State. An action of this nature would then prevent an individual from receiving any benefit of the Federal Aid; all benefits would be to such State. This essentially made the nearly equivalent Cliff's twenty-five dollar deduction illegal for the States to deduct.

While the company may not be in violation of our contractual rights, we find it disturbing that Cliff's would take the archaic position it has in regards to it's Employees, denying them a direct benefit of the Act, while recently stating in the local media Cliff's would welcome any assistance available under the Act. The areas mentioned for possible assistance include the new Bio-Fuel project at the former Sawyer Air Base, the proposed Iron Nugget facility, and Empire Mine expansion projects in Michigan.

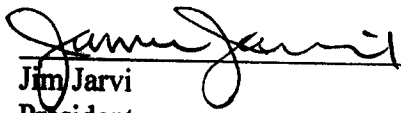
While Cliff's management may believe the Company deserves assistance under the Act, it is a clear fact to this USW Local Union that Cliff's also believes it is more entitled to the twenty-five dollar weekly increase than the individual employees it was designed to assist.

In closing, we would ask that Cliff's reconsider it's possibly correct contractual position in favor of a more honorable position and not penalize their Employees who could benefit. In Michigan, the savings to Cliffs with 411 employees on lay-off and all collecting SUB benefits would amount to \$10,275 per week (although only about half of these employees currently qualify for SUB).


The Union regrets possibly having to take an opposing position from that of the Company. However minus a reversal in Cliff's current position, or reasonable discussions to accommodate our request, this USW Local Union will ask our legislators that the amount stated (\$10,275 per week) be considered as Cliff's full entitlement to any and all Stimulus Funds in Michigan.

As Employees, we have contributed a good share of our income through taxes to these stimulus funds. We will ask our elected Representatives at the State and National levels to agree that while these laid-off Employees are being denied this additional benefit; Cliff's also not be rewarded with any additional stimulus money over and above what they are currently deducting from the weekly benefits of these employees.

Respectfully,



Jim Jarvi
President
USW Local 4974



Tony Lakenen
Vice-President
USW Local 4974

- c. Leo Gerard – International President, USW
- Bob Bratulich – District 11 Director, USW
- Michael Bolton – District 2 Director, USW
- Michael Bellmore – Staff Representative, USW
- Bart Stupak – Congressman, United States
- Jennifer Granholm – Governor, State of Michigan
- Debbie Stabenow – Senator, United States
- Carl Levin – Senator, United States
- Dennis Kucinich – Congressman, United States
- Mike Prusi – Senator, State of Michigan
- Steve Lindberg – Representative, State of Michigan
- David Danielson – HR, Cliffs Natural Resources



WILLIAM A. BRAKE
Executive Vice President - Human & Technical Resources
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May 4, 2009

Mr. Jim Jarvi
President
USW Local 4974
P.O. Box 414
Ishpeming, MI 49849

Mr. Tony Lakenen
Vice President
USW Local 4974
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Subject: Reduction of Supplemental Unemployment Benefit Due to Federally Increased Unemployment Compensation

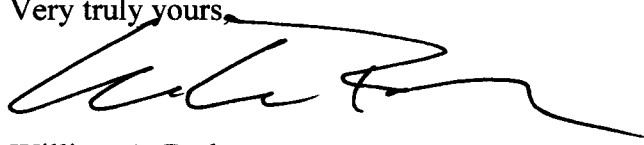
Dear Mr. Jarvi and Mr. Lakenen:

Thank you for your letter of April 15, 2009 regarding the decision to reduce the Supplemental Unemployment Benefit (SUB) payment for laid off employees by the amount of \$25.00, the American Recovery and Reinvestment Act of 2009 (ARRA) weekly supplement to State Unemployment Benefits. I understand and appreciate your point of view.

As you know, the SUB Agreement between the Company and the USW was carefully negotiated to provide a funding mechanism based upon hours worked by represented employees and for payments to laid off employees adequate to top-up State UIC to a level of 60% of average straight time earnings. The amount of the top-up varies from state to state, depending on the level of state UIC. The greater the amount of SUB paid, the faster the SUB fund is depleted. This is particularly so when many employees are laid off and receiving SUB while fewer hours are being worked to generate new contributions into the SUB fund.

While it may seem the Company is taking advantage of the extra \$25.00 per week generated by the ARRA, the reality is that deducting this amount from SUB payments now enhances the ability to pay SUB benefits in the future. When the SUB fund is depleted, payments are reduced and ultimately eliminated except for employees with greater than twenty years of service. The fall off in our business is unprecedented as is the level of layoffs. Good stewardship of the SUB fund requires that we pay only that required by our SUB Agreement so as to preserve it as a source of income for laid off employees as long as possible.

Very truly yours,

A handwritten signature in black ink, appearing to read 'William A. Brake', written over a horizontal line.

William A. Brake
Executive Vice President – Human and Technical Resources

cc: Joseph A. Carrabba
Kenneth D. Simmons



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THE SENATE
STATE OF MICHIGAN
MICHAEL PRUSI
SENATE DEMOCRATIC LEADER
May 5, 2009

COMMITTEES:
GOVERNMENT OPERATIONS
AND REFORM (MVC)
HUNTING, FISHING AND
OUTDOOR RECREATION (MVC)
LEGISLATIVE COUNCIL
SENATE FISCAL AGENCY
BOARD OF GOVERNORS

Mr. Joseph Carrabba
Chairman, President, and CEO
Cliffs Natural Resources
200 Public Square, Suite 3300
Cleveland, OH 44114

Dear Mr. Carrabba,

I write today to urge Cliffs Natural Resources (Cliffs) to reconsider recent action taken to reduce Supplemental Unemployment Benefits (SUB) compensation payable to eligible laid-off employees by the amount of increased weekly state unemployment compensation those employees now receive under the American Recovery and Reinvestment Act (ARRA) of 2009.

The ARRA allows states to voluntarily enter into an agreement with the U.S. Secretary of Labor to provide an increase to both regular and extended unemployment benefits by \$25 per week through December 31, 2009, with full reimbursement paid by the federal government. Michigan has taken advantage of this opportunity crafted by President Obama and our federal legislators to help unemployed workers with additional assistance as they struggle to make ends meet in these challenging economic times.

It is my understanding that Cliffs has sufficient funding available in SUB accounts for the Empire and Tilden Mines such that reducing SUB benefits to unemployed workers by an amount equal to the increase those workers are receiving under the ARRA is unwarranted and would not draw the accounts down to levels where built-in reductions to compensation would be necessary. The ARRA prevents the State of Michigan from taking action to reduce unemployment benefits below levels otherwise payable as of December 31, 2008 for workers receiving this weekly increase. While Cliffs workers may indeed receive the same level of compensation after the reduction in SUB compensation as before due to the ARRA supplement, and Cliffs may be under no obligation to maintain SUB levels, I feel this recent action by Cliffs is not in keeping with the spirit of the law.

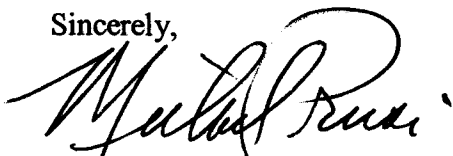
Lawmakers and President Obama included funding for unemployment assistance in the ARRA to help struggling workers make ends meet during unprecedented economic difficulties in our country. However, assistance was provided to the business community as well under the ARRA, such as waiving the accrual of interest and interest payments on state loans from the Federal Unemployment Account (FUA) and funding for unemployment benefit extensions at no cost to

Mr. Joseph Carrabba
April 29, 2009
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states, thus reducing the need for states to pass these additional unemployment costs on to businesses.

I encourage Cliffs to work with USW to find a resolution to this issue restoring SUB pay to pre-ARRA levels during this period of extreme economic hardship for workers and a challenging business environment for management. Thank you for your consideration of my position on this issue, and please contact me personally with any questions or concerns at your convenience at (517) 373-7840.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Prusi". The signature is written in a cursive style with a large, looping initial "M".

MICHAEL PRUSI
Senate Democratic Leader
38th District

CC: Mr. William Brake
Mr. Donald Gallagher