CLIFFS NATURAL RESOURCES INC.

FORM 8-K
(Current report filing)

Filed 08/03/07 for the Period Ending 07/31/07

Address	200 PUBLIC SQUARE STE. 3300 CLEVELAND, OH 44114-2315
Telephone	216-694-5700
CIK	0000764065
Symbol	CLF
SIC Code	1000 - Metal Mining
Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	12/31

CLEVELAND CLIFFS INC

FORM 8-K
(Current report filing)

Filed 8/3/2007 For Period Ending 7/31/2007

Address	1100 SUPERIOR AVE 18TH FLR
	CLEVELAND, Ohio 44114
Telephone	216-694-5700
CIK	0000764065
Industry	Metal Mining
Sector	Basic Materials
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): July 31, 2007

Cleveland-Cliffs Inc

(Exact name of registrant as specified in its charter)

Ohio	1-8944	34-1464672
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
1100 Superior Avenue, Cleveland, Ohio		44114-2589
(Address of principal executive offices)		(Zip Code)

Registrant's telephone number, including area code: 216-694-5700

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 2.01 Completion of Acquisition or Disposition of Assets.

On July 31, 2007, Cleveland-Cliffs Inc (the "Company") completed its previously announced acquisition of PinnOak Resources, LLC ("PinnOak") pursuant to the Unit Purchase Agreement, dated as of June 14, 2007, by and among the Company and PinnOak, the Regent Investment Company, L.P., Questor Partners Fund II, L.P., Questor Side-by-Side Partners II, L.P., Questor Side-by-Side Partners II 3(c)1, L.P., Questor Partners Fund II AIV-1, LLC, Questor General Partner II, L.P., and PinnOak Resources Employee Equity Incentive Plan, LLC. PinnOak is a domestic producer of high-quality metallurgical coal. The purchase price of PinnOak and its subsidiary operating companies was $450 million in cash, of which $108.4 million is deferred until December 31, 2009, plus the assumption of approximately $160 million in debt, which has been refinanced. The purchase agreement includes a contingent earn-out, which ranges from $0 to approximately $300 million dependent upon PinnOak’s performance in 2008 and 2009. Performance in 2008 and 2009 would be paid in 2010 and treated as additional purchase price.

A portion of the purchase price for the acquisition of PinnOak was financed through the Company’s Credit Agreement, dated July 26, 2007, by and among the Company, Bank of America, N.A., as Administrative Agent and Letter of Credit Issuer, and the other lenders party thereto (the "Credit Agreement"). Certain of the lenders and other parties under the Credit Agreement are lenders, agents and parties under the Company’s $500 million Multicurrency Credit Agreement, and they and their respective affiliates have performed, and may in the future perform, various commercial banking, investment banking and other financial advisory services for the Company and its subsidiaries for which they have received, and will receive, customary fees and expenses.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The financial statements required by this item will be filed by amendment not later than 71 calendar days after the date this initial report on Form 8-K is required to be filed.

(b) Pro Forma Financial Information.

The pro forma financial information required by this item will be filed by amendment not later than 71 calendar days after the date this initial report on Form 8-K is required to be filed.

(d) Exhibits.

Exhibit
Number Description

99(a) Cleveland-Cliffs Inc published a Press Release dated July 31, 2007 captioned "Cleveland-Cliffs Announces Close of PinnOak Resources Acquisition"

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

	Cleveland-Cliffs Inc
August 3, 2007	*By: George W. Hawk, Jr.*
	Name: George W. Hawk, Jr. *Title: General Counsel and Secretary*

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Exhibit No.	**Description**
99.(a)	Cleveland-Cliffs Inc published a Press Release dated July 31, 2007 captioned "Cleveland-Cliffs Announces Close of PinnOak Resources Acquisition"

NEWS RELEASE

Cleveland-Cliffs Announces Close of PinnOak Resources Acquisition

CLEVELAND—July 31, 2007— Cleveland-Cliffs Inc **(NYSE: CLF)** today said it has closed its previously announced acquisition of PinnOak Resources, LLC, a premium-quality metallurgical coal producer located in the United States.

PinnOak operates two mines in West Virginia and one mine in Alabama that produce a high-quality product ideal for meeting growing worldwide demand for high-yield coking coal. PinnOak controls reserves of approximately 140 million tons.

Joseph A. Carrabba, Cliffs' chairman, president and chief executive officer, stated: "The acquisition of PinnOak is the latest in a series of transactions designed to further Cliffs' position as an international mining entity. Approximately 80 percent of PinnOak's sales in 2007 are expected to reach international customers. With its position in the expanding global market, PinnOak fits well with our strategy to capitalize on international demand for steelmaking raw materials."

Cliffs indicated it expects PinnOak production of approximately two million tons for the remainder of 2007 and approximately five million tons in 2008. As a result, PinnOak is projected to contribute approximately $130 million to Cliffs' revenues in 2007. The acquisition is expected to produce approximately $30 million in EBITDA and have a minimal earnings impact due to acquisition and integration costs in the current year. In 2008, PinnOak is anticipated to contribute approximately $400 million to Cliffs' revenue and $100 million in EBITDA.

Carrabba added, "PinnOak's operations are running substantially below their rated capacity of more than seven million tons per annum. Our goal is to forge sales agreements with new and existing customers for PinnOak's premium product and to increase production accordingly."

As previously announced Cliffs agreed to pay $450 million in cash for PinnOak and assumed approximately $160 million in debt, which is being refinanced. Payment of approximately 25 percent of the cash portion is deferred until December 31, 2009. The agreement includes an earnout provision contingent on progressively improving performance.

To be added to Cleveland-Cliffs' e-mail distribution list, please click on the link below:
http://www.cpg-llc.com/clearsite/clf/emailoptin.html
Cleveland-Cliffs Inc, headquartered in Cleveland, Ohio, is an international mining company, the largest producer of iron ore pellets in North America and a major supplier of metallurgical coal to the global steelmaking industry. The Company operates six iron ore mines in Michigan, Minnesota and Eastern Canada, and three coking coal mines in West Virginia and Alabama. Cliffs also owns 80 percent of Portman Limited, a large iron ore mining company in Australia, serving the Asian iron ore markets with direct-shipping fines and lump ore. In addition, the Company has a 30 percent interest in the Amapá Project, a Brazilian iron ore project, and a 45 percent economic interest in the Sonoma Project, an Australian coking and thermal coal project.

This news release contains predictive statements that are intended to be made as " forward-looking " within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. Although the Company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risk and uncertainties.

Actual results may differ materially from such statements for a variety of reasons, including: market forces that negatively impact the domestic and international metallurgical coal markets; changes in global demand for metallurgical coal by integrated steel producers due to changes in steel utilization rates; operational factors; availability of capital equipment and component parts; availability of float capacity and other transportation issues; changes in the financial condition of the Company's partners and/or customers; rejection of major contracts and/or venture agreements by customers and/or participants under provisions of the U.S. Bankruptcy Code or similar statutes in other countries; inability to achieve expected production levels; failure to receive or maintain required environmental permits; problems with productivity, labor disputes, weather conditions, fluctuations in coal grade, tons mined, changes in cost factors including energy costs, transportation and employee benefit costs; and the effect of these various risks on the Company's future cash flows, debt levels, liquidity and financial position.

Reference is also made to the detailed explanation of the many factors and risks that may cause such predictive statements to turn out differently, set forth in the Company's Annual Report and Reports on Form 10-K and previous news releases filed with the Securities and Exchange Commission, which are publicly available on Cleveland-Cliffs' website. The information contained in this document speaks as of the date of this news release and may be superseded by subsequent events.

News releases and other information on the Company are available on the Internet at:

http://www.cleveland-cliffs.com

SOURCE: Cleveland-Cliffs Inc

CONTACT:

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and Corporate Communications

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