

CLIFFS NATURAL RESOURCES INC.

FORM 8-K (Current report filing)

Filed 01/11/11 for the Period Ending 01/11/11

Address	200 PUBLIC SQUARE STE. 3300 CLEVELAND, OH 44114-2315
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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) **January 11, 2011**

Cliffs Natural Resources Inc.

(Exact name of registrant as specified in its charter)

Ohio
(State or Other Jurisdiction
of Incorporation)

1-8944
(Commission
File Number)

34-1464672
(IRS Employer
Identification Number)

200 Public Square, Suite 3300,
Cleveland, Ohio
(Address of Principal Executive Offices)

44114-2315
(Zip Code)

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

(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 7.01. Regulation FD Disclosure.

In connection with the proposed acquisition by Cliffs Natural Resources Inc. (“Cliffs”) of Consolidated Thompson Iron Mines Limited (“Consolidated Thompson”), members of Cliffs management intend to hold a conference call on January 11, 2011 to discuss the proposed acquisition. The presentation to be used in connection with the conference call is contained in Item 9.01 as Exhibit 99 to this Current Report on Form 8-K and is incorporated into this Item 7.01 by reference. The information in this Current Report on Form 8-K shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or incorporated by reference in any filing under the Securities Act of 1933, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99	Presentation Regarding Proposed Acquisition of Consolidated Thompson Iron Mines Limited

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.

Cliffs Natural Resources Inc.

Date: January 11, 2011

By: /s/ P. Kelly Tompkins
Name: P. Kelly Tompkins
Title: Executive Vice President, Legal, Government Affairs and Sustainability, and Chief
Legal Officer

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99	Presentation Regarding Proposed Acquisition of Consolidated Thompson Iron Mines Limited



Building Scale
and
Providing Substantial Future Growth Opportunities

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

This presentation and accompanying oral remarks contain statements that constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements may be identified by the use of predictive, future-tense or forward-looking terminology, such as “believes,” “anticipates,” “expects,” “estimates,” “intends,” “may,” “will” or similar terms. These statements speak only as of the date of this presentation or the date of the document incorporated by reference, as applicable, and we undertake no ongoing obligation, other than that imposed by law, to update these statements. These statements appear in a number of places in this presentation, including the documents incorporated by reference, and relate to, among other things, the successful completion of the proposed acquisition, our intent, belief or current expectations of our directors or our officers with respect to: our future financial condition, results of operations or prospects; estimates of our economic iron ore and coal reserves; our business and growth strategies; and our financing plans and forecasts. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those contained in or implied by the forward looking statements as a result of various factors, some of which are unknown, including, without limitation:

- our ability to successfully complete the proposed acquisition;
- our ability to successfully integrate Consolidated Thompson’s operations;
- our ability to achieve the synergies of the proposed acquisition;
- our ability to achieve the strategic and other objectives related to the proposed acquisition;
- the impact of the current global economic crisis, including downward pressure on prices;
- trends affecting our and/or Consolidated Thompson’s financial condition, results of operations or future prospects;
- the outcome of any contractual disputes with our customers;
- the ability of our customers to meet their obligations to us on a timely basis or at all;
- our ability to maintain good relationships with Consolidated Thompson’s customers following consummation of the acquisition;
- our actual economic iron ore and coal reserves;
- the success of our business and growth strategies;
- our ability to successfully identify and consummate any strategic investments;
- adverse changes in currency values;
- the outcome of any contractual disputes with our significant energy, material or service providers;
- the success of our cost-savings efforts;
- our ability to maintain adequate liquidity and successfully implement our financing plans;
- our ability to maintain appropriate relations with unions and employees;
- uncertainties associated with unanticipated geological conditions related to underground mining;
- the potential existence of significant deficiencies or material weakness in our internal control over financial reporting; and
- the risk factors referred to in the “Risk Factors” section of our documents filed with the Securities and Exchange Commission.

Reference is 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, Form 10-Q and previous documents filed with the Securities and Exchange Commission, which are publicly available on Cliffs Natural Resources’ website. The information contained in this document speaks as of today and may be superseded by subsequent events.

We caution you that the foregoing list of important factors is not exclusive. In addition, in light of these risks and uncertainties, the matters referred to in our forward-looking statements may not occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as may be required by law.

The information concerning Consolidated Thompson, including Cliffs’ expectations relating to the impact of the completion of an acquisition of Consolidated Thompson, contained in this release has been taken from or based upon publicly available documents and records filed with the Canadian securities regulatory authorities and other public sources at the time of this release and has not been independently verified by Cliffs. Cliffs assumes no responsibility for the accuracy or completeness of such information, or for any failure by Consolidated Thompson to disclose publicly facts, events or acts that may have occurred or come into existence or that may affect the significance or accuracy of any such information but which are unknown to Cliffs. We also strongly urge you to not rely on any single financial measure to evaluate our business. Please see refer to the appendix for important information.

Joseph Carrabba

Chairman, President & Chief Executive Officer

Laurie Brlas

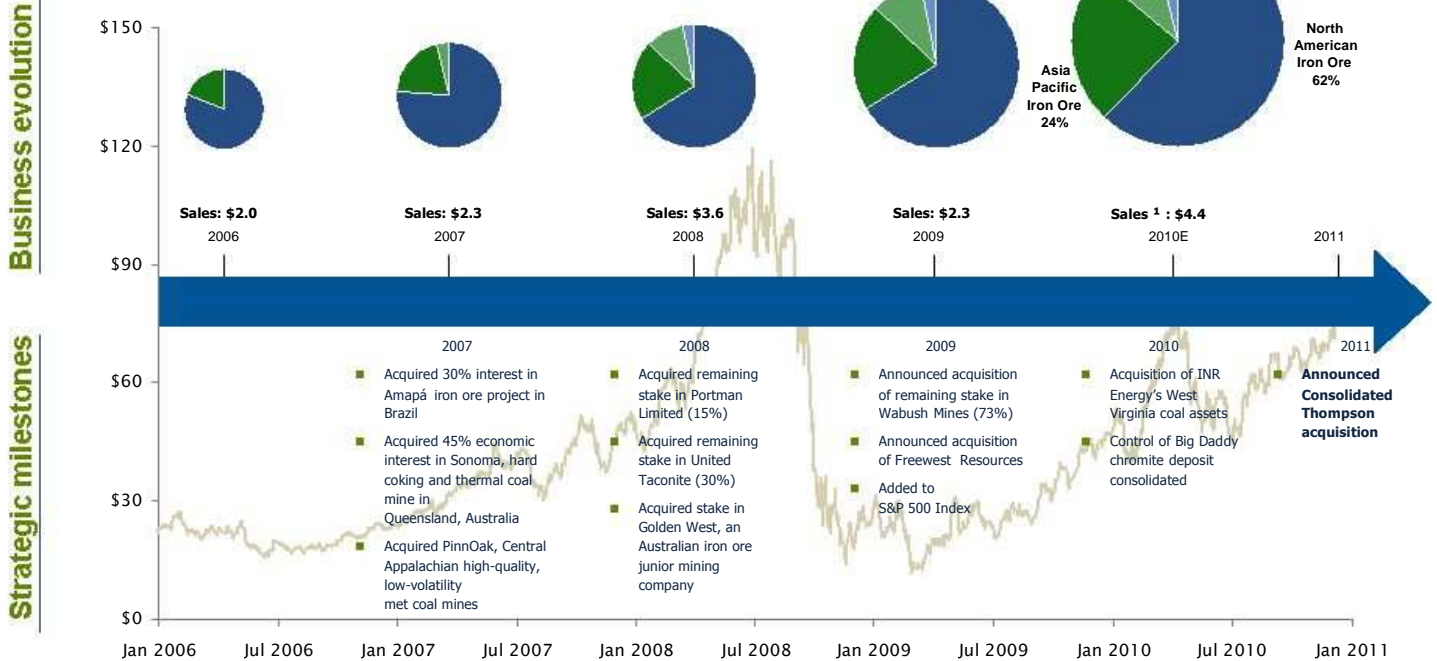
Executive Vice President, Finance and
Administration & Chief Financial Officer

Steve Baisden

Senior Director, Investor Relations & Communications

Cliffs' Strategic Execution – Diversifying, Building Scale, and Adding Shareholder Value

(\$ in billions, except share price data)



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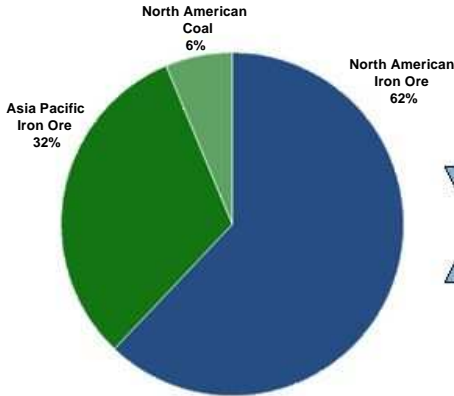
¹ Company guidance as per December 2010 Investor Presentation



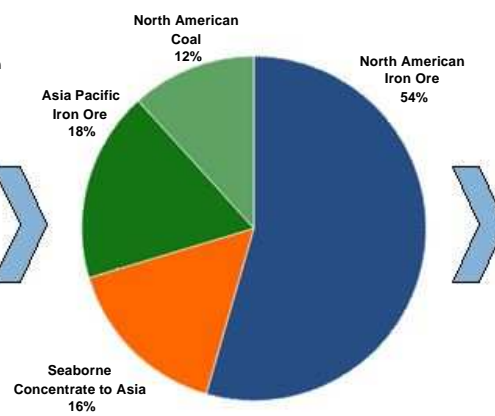
Diversifying Cliffs' Product Mix

(by metric tons)

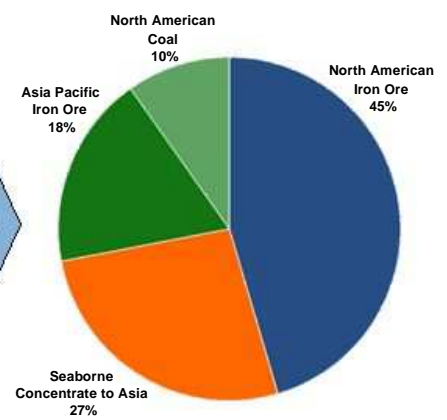
2009
Cliffs product mix ¹



2011E
Cliffs product mix ²



Beyond 2013E
Cliffs product mix ³



¹ Based on Cliffs' 2009 From 10-K reported tons sold by product segment (all figures converted to metric tons)

² Assumes (a) completion of the acquisition; (b) Cliffs' 2011 guidance disclosed within its 3rd quarter 2010 Form 10-Q and (c) Consolidated Thompson's June 2010 Feasibility Study

³ Assumes (a) completion of the acquisition; (b) Cliffs' 2011 guidance used for 2013 production and (c) completion of Consolidated Thompson's expansion projects disclosed in June 2010 Feasibility Study with total capacity reaching 16 million metric tons

Note: Excludes Cliffs' Asia Pacific Coal and Amapà



Consolidated Thompson

An Emerging World-Class Iron Ore Producer

- One of the fastest developing iron ore producers in North America with over 580 million tonnes of reserves
- Access to Asia market
- Profitable and positive operating cash flow in its second quarter of production
- Excellent infrastructure with power, rail and port access capable of supporting growth profile
- Expected to double its annual iron ore capacity to an annualized 16 million tons
- Attractive development opportunities at Lamêlée and Peppler Lake with approximately 935mt of indicated iron ore resources
- Expected to be a low-cost producer



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Significant Synergy Potential

Expect to realize ~\$75mm in pre-tax annual operating synergies

- Conveyor, dock and loading
 - Leverage Wabush port and loading capacity
 - Lower loading costs
 - Increase loading rates and potential annual shipping tonnage
- Capture pellet premium margin
 - Potential to feed currently idled furnace capacity at Wabush
- Parts, supplies and warehouse efficiencies
- Technical expertise, management and administrative tasks



Strategic Diversification in Cliffs' Core Product

- **Significantly increases exposure to seaborne customers**
- **Major diversification of Cliffs' client base**
 - Substantially all of Consolidated Thompson's production sold into Asian markets
 - Long-term contracts with Wuhan Iron and Steel (Group) Corporation ("WISCO") and others
- **Establishes a strategic relationship with one of the leading Chinese steel producers**
 - WISCO, China's 3rd largest steel maker is Consolidated Thompson's largest customer and 25% partner in Bloom Lake
- **Significantly enhances Cliffs' growth profile**
 - Consolidated Thompson expected to double production from current run rate
 - Potential further development of reserve base
- **Expected to be a low-cost producer and globally competitive**
- **Low operating risk and achievable synergies**
 - Adjacent to Cliffs' Wabush operation
 - Cliffs has mined in Québec for 45 years
 - Consolidated Thompson has attractive technical characteristics
 - Sound regulatory environment



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Transaction Overview

Transaction	<ul style="list-style-type: none"> ■ Cliffs Natural Resources to acquire all of the common shares of Consolidated Thompson Iron Mines Ltd. ■ The total transaction value is approximately C\$4.9 billion (including net debt) ■ Consolidated Thompson’s Board has recommended that its shareholders approve the transaction ■ Consolidated Thompson’s existing off-take agreement with WISCO is expected to continue with Cliffs <ul style="list-style-type: none"> – WISCO will continue to hold a 25% partnership interest in Bloom Lake
Consideration	<ul style="list-style-type: none"> ■ Under the terms of the transaction, Consolidated Thompson’s shareholders will receive C\$17.25 per share, C\$4.9 billion in aggregate, consisting of all cash ■ The transaction represents an implied premium of 30% to Consolidated Thompson’s closing share price as of January 10, 2011.
Financing	<ul style="list-style-type: none"> ■ Bridge financing for the transaction has been committed by J.P. Morgan ■ Cliffs expects to access capital markets to arrange permanent financing ■ It is Cliffs’ objective to maintain current BBB-/Baa3 ratings
Financial Impact	<ul style="list-style-type: none"> ■ Significant synergy potential with Cliffs’ Eastern Canadian operations ■ Transaction is expected to be modestly accretive to earnings and cash flow in 2011 and 2012
Anticipated Closing	<ul style="list-style-type: none"> ■ The transaction is expected to close in early second quarter, subject to satisfaction or waiver of customary closing conditions

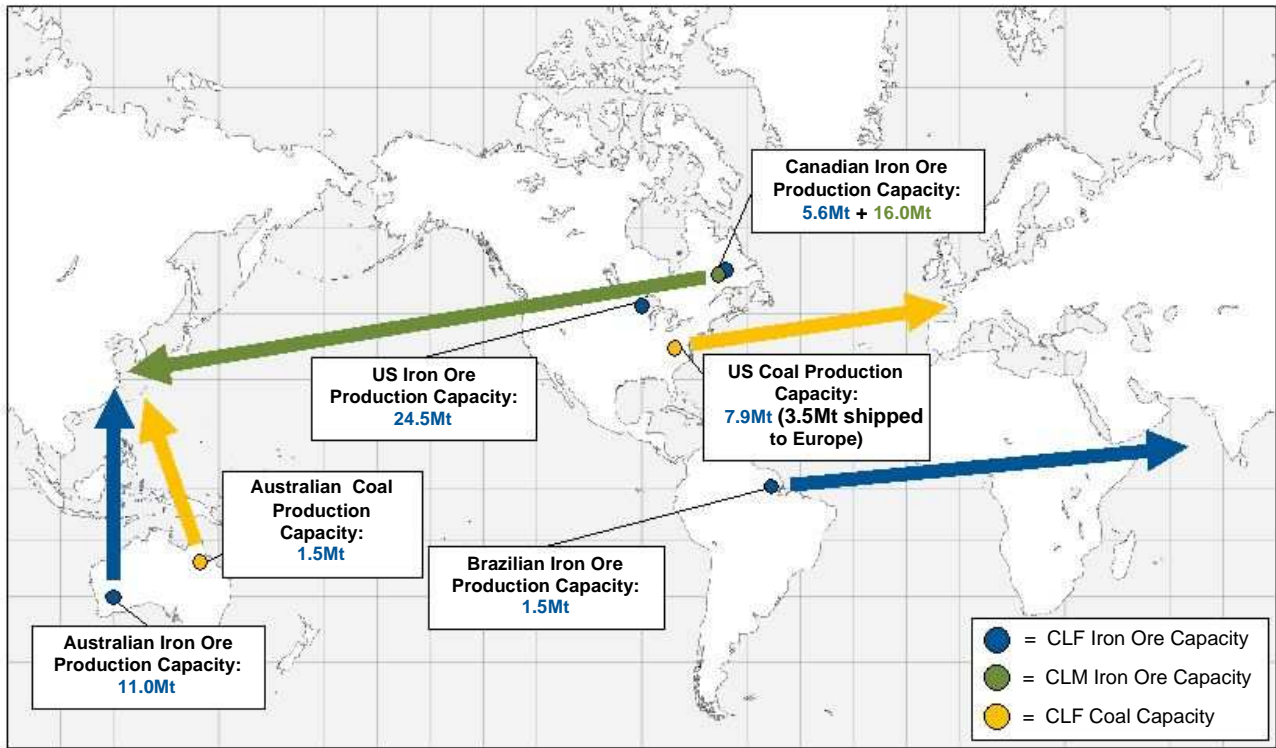
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Maintaining a Strong Financial Position

- **Committed Financing**
 - Committed 364-day bridge facility
 - Available liquidity
- **Targeted Permanent Financing**
 - Expect to access capital markets
- **Strong Pro Forma Balance Sheet**
 - Ample liquidity
 - Manageable debt maturity profile
 - Strong cash flow generation
 - It is Cliffs' objective to maintain current BBB-/Baa3 ratings

Expanding Cliffs' Global Reach at Seaborne Rates



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Notes: Tonnage in metric tonnes. Reflects attributable portion of total production capacity as stated in public filings, adjusted for subsequent public announcements regarding CT and Cliffs' Australia capital expenditure projects. Capacity figures are estimated at 2013 equity levels. Source: Cliffs Management Estimates, Technical Reports, Company Filings, Anglo American Annual Report 2009

Why Consolidated Thompson?

Strategic

- Seaborne iron ore
- Strategic relationship with leading global steel producer
- Builds on platform in Eastern Canada

Operational

- High-quality concentrate
- Open-pit mining
- Proximity to Cliffs' existing Eastern Canadian operating
- Constructive mining jurisdiction
- Excellent health, safety and environmental record

Financial

- Meaningful earnings and cash flow potential
- Strong growth profile
- Accretive
- Significant and achievable synergy opportunities



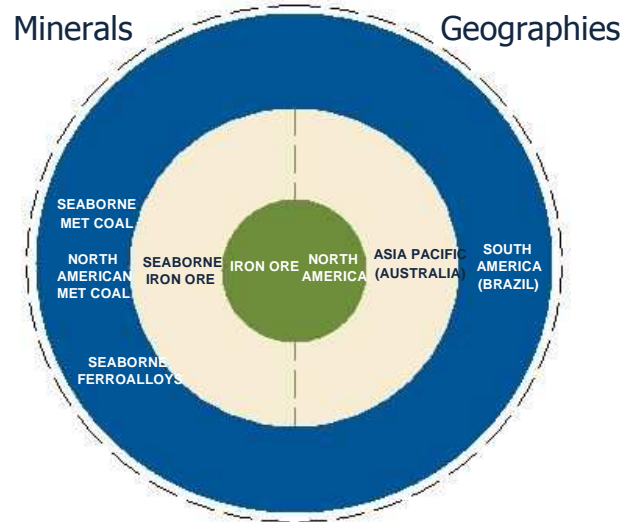
Building Scale
and
Providing Substantial Future Growth Opportunities

Appendix

The Acquisition Is at the Core of Cliffs' Growth Strategy

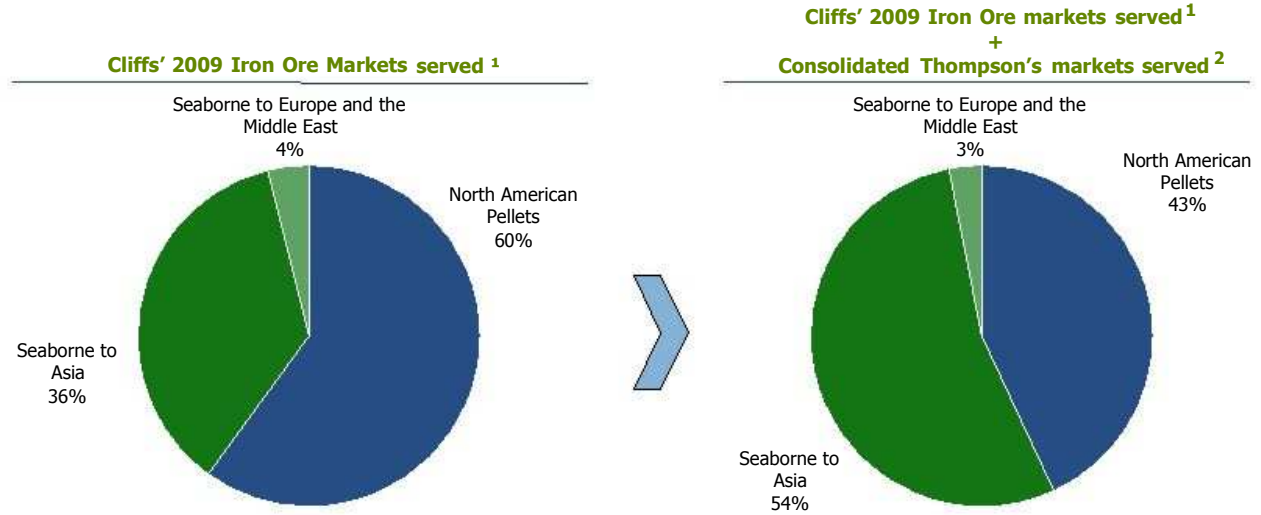
- Diversify into other end-markets and other steel-related minerals
- Expand geographically into low-political-risk geographies
- Emphasize cash-flow positive, profitable, commercial-stage businesses
- Also evaluate opportunities in the early stage of development

Cliffs' strategy: Geographic and mineral diversification



Increasing Exposure to High Growth Seaborne Customers

(by metric tonnes)



¹ Based on Cliffs' 2009 10K reported annual capacity for North American Iron Ore and Asia Pacific Iron Ore; Assumes Wabush, Koolyanobbing, and Cockatoo Island capacity is sold to seaborne customers in Asia; Amapá capacity is sold to Europe and the Middle East; Empire, Tilden, Hibbing, Northshore, and United Taconite capacity is sold as pellets into the North American market; Production figures above represent Cliffs' equity capacity

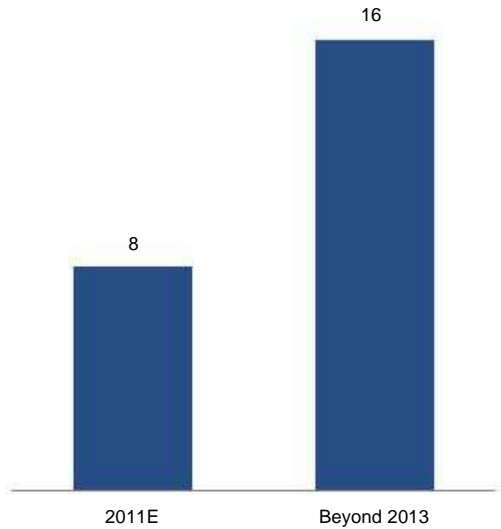
² Assumes completion of Consolidated Thompson's expansion projects disclosed in June 2010 Feasibility Study with total capacity reaching 16mm metric tons per year

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Attractive Commercial Relationships with Leading Asian Players

Consolidated Thompson's est. production (metric tons mm)



Source: Consolidated Thompson June 2010 Feasibility Study

Wuhan Iron & Steel (Group) Corporation ("WISCO")

- China's 3rd-largest steel producer – produced more than 30mm metric tons of steel in 2009
- WISCO affiliate to purchase minimum of 50% of total annual production for first 8 million tons of iron ore produced each year by Consolidated Thompson

Worldlink Resources ("Worldlink")

- A leading integrated commercial company that imports and exports iron ore, coal, and other bulk solids
- Agreement to purchase 7 million metric tons of iron ore concentrate per year over a seven-year period

SK Networks ("SKN")

- Subsidiary of SK Group, South Korea's 3rd-largest conglomerate operating in trading, information technology, energy distribution, and overseas resource development
- Agreement to purchase one million metric tons of iron ore concentrate from the Bloom Lake mine

Cliffs Natural Resources' Global Footprint



Asia Pacific

- Access to high-growth Asian markets
- Pricing correlates to Australian pricing for lump and fines

North America

- Largest iron ore producer in North America
- Significant position in North American metallurgical coal

Latin America

- A developing project in a low-cost mining district

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Cliffs' Strategic Imperatives Going Forward

Building scale through diversification

- Multiple Revenue Streams
- Product Diversification
- Geographic Presence

Global execution

- Competencies of the Firm
- Outlook of Personnel
- Global Scalability



Operational excellence

- Safety
- Technical Competencies
- Operating Efficiencies

Shareholder returns

- Shareholder Value
- Risk Management
- "Earning the Right to Grow"

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