CLIFFS NATURAL RESOURCES INC.
Form 424B5
March 10, 2010
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-165376

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to completion, dated March 10, 2010

Preliminary prospectus supplement

To Prospectus dated March 10, 2010

Cliffs Natural Resources Inc.

$

% Senior Notes due 20

Issue price: %

Interest payable and

We are offering $ principal amount of % senior notes due 20 (the notes).

We will pay interest on the notes on and of each year, beginning on , 2010. The notes will mature on , 20 and will be issued only in denominations of $2,000 and integral multiples of $1,000 above that amount.

We have the option to redeem some or all of the notes at any time and from time to time, as described under the heading Description of the Notes Optional Redemption. If a change of control triggering event occurs, we will be required to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Notes Change of Control Triggering Event.

The notes will be our senior unsecured obligations and will rank equally with all of our other existing and future senior unsecured and unsubordinated indebtedness, but will be effectively junior to any secured indebtedness which we may incur in the future. The notes will not be the obligation of any of our subsidiaries. For a more detailed description of the notes, see Description of the Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

See Risk Factors beginning on page S-7 of this prospectus supplement and the risk factors contained in our annual report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated by reference herein, for a discussion of certain risks that you should consider in connection with an investment in the notes.

	Price to public[(1)]	Underwriting discounts and commissions	Proceeds, before expenses
Per note	%	%	%
Total	$	$	$

(1) Plus accrued interest, if any, from , 2010.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company for the benefit of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about , 2010.

Joint book-running managers

BofA Merrill Lynch **J.P. Morgan**

, 2010

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Prospectus Supplement

Prospectus

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About This Prospectus Supplement

We provide information to you about this offering in two separate documents. The accompanying prospectus provides general information about us and the securities we may offer from time to time, some of which may not apply to this offering. This prospectus supplement describes the specific details regarding this offering. Generally, when we refer to the prospectus, we are referring to both documents combined. Additional information is incorporated by reference in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement, in the accompanying prospectus or in any free writing prospectus that we may provide to you. We have not, and the underwriters have not, authorized anyone to provide you with different information. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date mentioned on the cover page of these documents. We are not, and the underwriters are not, making offers to sell the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation.

References in this prospectus supplement to the terms we, us, the Company or Cliffs or other similar terms mean Cliffs Natural Resources Inc. and its consolidated subsidiaries, unless we state otherwise or the context indicates otherwise. As used in this prospectus supplement, the term ton means a long ton (equal to 2,240 pounds) when referring to our North American Iron Ore business segment, the term ton means a short ton (equal to 2,000 pounds) when referring to our North American Coal business segment and the term tonne means a metric ton (equal to 1,000 kilograms or 2,205 pounds).

Where You Can Find More Information

We are subject to the informational reporting requirements of the Securities Exchange Act of 1934. We file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available over the Internet at the SEC s website at www.sec.gov. You may read and copy any reports, statements and other information filed by us at the SEC s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call 1-800-SEC-0330 for further information on the Public Reference Room. You may also inspect our SEC reports and other information at the New York Stock Exchange, 20 Broad Street, New York, New York 10005, or at our website at www.cliffsnaturalresources.com. The information contained on or accessible through our website is not part of this prospectus supplement, other than the documents that we file with the SEC that are incorporated by reference in this prospectus supplement or the accompanying prospectus.

Information We Incorporate By Reference

The SEC allows us to incorporate by reference into this prospectus supplement the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and information that we file later with the SEC will automatically update and supersede this information. Any statement contained in any document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this prospectus supplement to the extent that a statement contained in or omitted from this prospectus supplement, or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement.

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We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act until the completion of the offering of securities described in this prospectus supplement:

- our Annual Report on Form 10-K for the year ended December 31, 2009;
- our Current Reports on Form 8-K, as filed with the SEC on January 13, 2010, January 25, 2010, February 3, 2010 and March 10, 2010; and
- our Definitive Proxy Statement on Schedule 14A, as filed with the SEC on March 23, 2009.

We will not, however, incorporate by reference in this prospectus supplement any documents or portions thereof that are not deemed filed with the SEC, including any information furnished pursuant to Item 2.02 or Item 7.01 of our current reports on Form 8-K unless, and except to the extent, specified in such current reports.

You may obtain copies of these filings without charge by requesting the filings in writing or by telephone at the following address.

Cliffs Natural Resources Inc.

Investor Relations

200 Public Square

Suite 3300

Cleveland, Ohio 44114

Telephone Number: (216) 694-5700

Disclosure Regarding Forward-Looking Statements

This prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, 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 prospectus supplement 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 prospectus supplement, including the documents incorporated by reference, and relate to, among other things, 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:

- the impact of the current global economic crisis, including downward pressure on prices;
- trends affecting our 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 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 this prospectus supplement.

These factors and the other risk factors described in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other unknown or unpredictable factors also could harm our results. Consequently, there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

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Summary

This summary highlights information about us and the notes being offered by this prospectus supplement. This summary is not complete and may not contain all of the information that you should consider prior to investing in our notes. For a more complete understanding of our company, we encourage you to read this entire document, including the information incorporated by reference in this document and the other documents to which we have referred.

Our Company

Cliffs Natural Resources Inc. is an international mining and natural resources company serving the global steel industry. We are the largest producer of iron ore pellets in North America, a major supplier of direct-shipping lump and fines iron ore out of Australia and a significant producer of metallurgical coal. With core values of environmental and capital stewardship, our colleagues across the globe endeavor to provide all stakeholders operating and financial transparency as embodied in the Global Reporting Initiative framework. Our company s operations are organized according to product category and geographic location: North American Iron Ore; North American Coal; Asia Pacific Iron Ore; Asia Pacific Coal; and Latin American Iron Ore.

The North American business unit is comprised of six iron ore mines owned or managed in Michigan, Minnesota and Canada and two coking coal mining complexes located in West Virginia and Alabama. The Asia Pacific business unit is comprised of two iron ore mining complexes in Western Australia and a 45% economic interest in a coking and thermal coal mine in Queensland, Australia. The Latin American business unit includes a 30% interest in the Amapá Project, an iron ore project in the state of Amapá in Brazil.

The following map shows the locations of our operations:

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North American Iron Ore

We are the largest producer of iron ore pellets in North America and primarily sell our production to integrated steel companies in the United States and Canada. We manage and operate six North American iron ore mines located in Michigan, Minnesota and Eastern Canada that currently have an annual rated capacity of 38.1 million tons of iron ore pellet production, representing 45.1% of total North American pellet production capacity.[1] Based on our equity ownership in the North American mines we currently operate, our share of the annual rated pellet production capacity is currently 25.6 million tons, representing 30.3% of total North American annual pellet capacity.[2]

Our North American Iron Ore revenues are primarily derived from sales of iron ore pellets to the North American integrated steel industry, consisting of seven major customers. Generally, we have multi-year supply agreements with our customers. Sales volume under these agreements is largely dependent on customer requirements, and in many cases, we are the sole supplier of iron ore pellets to the customer. Each agreement has a base price that is adjusted annually using one or more adjustment factors. Factors that could result in a price adjustment include international pellet prices, measures of general industrial inflation and steel prices. Additionally, certain of our supply agreements have a provision that limits the amount of price increase or decrease in any given year.

Each of our North American Iron Ore mines is located near the Great Lakes or, in the case of Wabush, near the St. Lawrence Seaway, which is connected to the Great Lakes. The majority of our iron ore pellets are transported via railroads to loading ports for shipment via vessel to steelmakers in the United States or Canada.

For the year ended December 31, 2009, we produced a total of 19.6 million tons of iron ore pellets, including 17.1 million tons for our account and 2.5 million tons on behalf of steel company owners of the mines.

At the end of 2009, our North American Iron Ore mines had proven and probable mineral reserves totaling approximately 932 million tons.

We expect to maintain our leadership position in North American iron ore through continued capital investments and by increasing the productivity and efficiency of our operations. We have been a leader in iron ore mining technology for more than 160 years. We pioneered early open-pit and underground mining methods. From the first application of electrical power in Michigan s underground mines to the use of today s sophisticated computer networks and global positioning satellite systems, we have been a leader in the application of new technology to the centuries-old business of mineral extraction.

We will continue to leverage our strong technical competencies in the mining, processing and concentrating of lower-grade ores into high quality products that are critical inputs depended on by North American integrated steel producers.

North American Coal

We are a leading supplier of metallurgical coal in North America. We own and operate two North American coking coal mining complexes located in West Virginia and Alabama that currently have a rated capacity of 5.5 million short tons of production annually. Each mine produces high-quality, low-volatility metallurgical coal,

1 North American pellet capacity as reported here includes plants in the United States and Canada but excludes Mexico.
2 In October 2009, Cliffs exercised its rights to purchase the remaining equity shares in Wabush Mines that it did not already own from U.S. Steel Canada and ArcelorMittal Dofasco. The figure presented here includes Cliffs pre-exercise ownership share in Wabush Mines at 26.8%. Cliffs obtained full ownership of Wabush effective February 1, 2010.

which is used to make coke, a key component in the steelmaking process. Metallurgical coal generally sells at a premium over the more prevalent and mined, steam coal, which is generally used to generate electricity. Metallurgical coal receives this premium because of its coking characteristics, which include expansion and contraction when heated, and volatility, which refers to the loss in mass when coal is heated in the absence of air. Coals with lower volatility produce more efficient coke for steelmaking and are more highly valued than coals with a higher volatility, all else equal. At the end of 2009, Cliffs had approximately 222.5 million tons of high-quality, low-volatility in-place proven and probable reserves. For the year ended December 31, 2009, we sold a total of 1.9 million tons, compared with 3.2 million tons for the year ended December 31, 2008. Each of our North American coal mines are positioned near rail or barge lines providing access to international shipping ports, which allows for export of our coal production. Exports and domestic sales represented 65% and 35%, respectively, of our North American Coal sales in 2009.

Asia Pacific Iron Ore

Our Asia Pacific Iron Ore operations are located in Western Australia and include our 100% owned Koolyanobbing complex and our 50% equity interest in Cockatoo Island. We serve the Asian iron ore markets with direct-shipping fines and lump ore. Production in 2009 was 8.3 million tonnes, compared with 7.7 million tonnes in 2008.

At the end of 2009, Cliffs had approximately 87.5 million tonnes of proven and probable reserves in our Asia Pacific Iron Ore business. In recent years, through a near-mine drilling program our reserve base has remained relatively constant, despite annual production of approximately eight million tonnes of iron ore.

We have five-year term supply agreements with steel producers in China and Japan that account for approximately 85% and 15% respectively, of sales. Sales volume under the agreements is partially dependent on customer requirements. Each agreement is priced based on benchmark pricing established for Australian producers. During 2009, 2008 and 2007, we sold 8.5 million, 7.8 million and 8.1 million tonnes of iron ore, respectively, from our Western Australia mines.

Corporate Information

Our principal executive offices are located at 200 Public Square, Suite 3300, Cleveland, Ohio 44114. Our main telephone number is (216) 694-5700, and our website address is www.cliffsnaturalresources.com. The information contained on or accessible through our website is not part of this prospectus supplement, other than the documents that we file with the SEC that are incorporated by reference in this prospectus supplement or the accompanying prospectus.

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The Offering

The following summary contains basic information about the notes and is not intended to be complete. It does not contain all of the information that is important to you. For a more detailed description of the notes, please refer to the section entitled Description of the Notes in this prospectus supplement and the section entitled Description of Debt Securities in the accompanying prospectus.

Issuer	Cliffs Natural Resources Inc.
Notes offered	$ aggregate principal amount of notes.
Maturity	The notes will mature on , 20 .
Interest rate	The notes will bear interest at % per year.
Interest payment dates	and of each year, commencing on , 2010.
Ranking	The notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness, including all other unsubordinated debt securities issued under the indenture, from time to time outstanding. The indenture does not restrict the issuance by us or our subsidiaries of senior unsecured indebtedness. See Description of the Notes.
Form and denomination	The notes will be issued in fully registered form in denominations of $2,000 or integral multiples of $1,000 in excess thereof.
Further issuances	We may create and issue further notes ranking equally and ratably with the notes offered by this prospectus supplement in all respects, so that such further notes will be consolidated and form a single series with the notes offered by this prospectus supplement and will have the same terms as to status, redemption or otherwise.
Optional redemption	We may redeem the notes, in whole or in part, at any time and from time to time at 100% of their principal amount. See Description of the Notes Optional Redemption.
Offer to repurchase upon change of control triggering event	If we experience a Change of Control Triggering Event (as defined herein), we will be required, unless we have already exercised our option to redeem the notes, to offer to purchase the notes at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to the date of purchase. See Description of the Notes Change of Control Triggering Event.
Certain covenants	The indenture governing the notes contains covenants that restrict our ability, with certain exceptions, to:

incur debt secured by liens; and

engage in sale and leaseback transactions.

See Description of the Notes Certain Covenants.

DTC eligibility	The notes will be represented by global certificates deposited with, or on behalf of, The Depository Trust Company, which we refer to as DTC, or its nominee. See Description of the Notes Book-Entry Delivery and Settlement.
Same-day settlement	Beneficial interests in the notes will trade in DTC s same-day funds settlement system until maturity. Therefore, secondary market trading activity in such interests will be settled in immediately available funds.
Use of proceeds	We expect to receive net proceeds, after deducting underwriting discounts but before deducting other offering expenses, of approximately $ from this offering. We intend to use the net proceeds from this offering for general corporate purposes, which may include, among other things, the funding of certain capital expenditures, the repayment of all or a portion of our term loan under our credit facility, the repayment of all or a portion of our share of the debt obligation for the Amapá Project, and the funding of other strategic transactions.
No listing of the notes	We do not intend to apply to list the notes on any securities exchange or to have the notes quoted on any automated quotation system.
Governing law	The notes will be, and the indenture is, governed by the laws of the State of New York.
Risk factors	Investing in the notes involves risk. See Risk Factors on page S-7 of this prospectus supplement, in the accompanying prospectus and the documents incorporated by reference herein or therein for a discussion of certain risks you should consider in connection with an investment in the notes.
Trustee, registrar and paying agent	U.S. Bank National Association

Conflicts of Interest

Certain of the underwriters and/or their affiliates are lenders under our credit facility and may receive a portion of the net proceeds from this offering if such proceeds are applied to repay such indebtedness. Consequently, this offering will be made pursuant to the applicable provisions of FINRA Rule 5110(h) and in compliance with the requirements of NASD Rule 2720. See Underwriting (Conflicts of Interest).

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Summary Consolidated Financial Data

The table below sets forth a summary of our financial and other statistical data for the periods presented. We derived the financial data for the years ended December 31, 2007, 2008 and 2009 from our audited financial statements incorporated by reference into this prospectus supplement. Prospective investors should read the summary of financial and other statistical data in conjunction with our consolidated financial statements, the related notes and other financial information incorporated by reference into this prospectus supplement.

	Year Ended December 31,		
	2007(1)	**2008(2)**	**2009**
Financial data (in millions)			
Revenue from product sales and services	$ 2,275.2	$ 3,609.1	$ 2,342.0
Cost of goods sold and operating expenses	(1,813.2)	(2,449.4)	(2,033.1)
Other operating expense	(80.4)	(220.8)	(78.7)
Operating income	381.6	938.9	230.2
Income from continuing operations	285.4	537.0	204.3
Income from discontinued operations	0.2		
Net income	285.6	537.0	204.3
Less: Net income (loss) attributable to noncontrolling interest	15.6	21.2	(0.8)
Net income attributable to Cliffs shareholders	270.0	515.8	205.1
Preferred stock dividends	(5.2)	(1.1)	
Income attributable to Cliffs common shareholders	264.8	514.7	205.1
Total assets	3,075.8	4,111.1	4,639.3
Long-term obligations	490.9	580.2	644.3
Net cash from operating activities	288.9	853.2	185.7
Redeemable cumulative convertible perpetual preferred stock	134.7	0.2	
Distributions to preferred shareholders cash dividends	5.5	1.1	
Distributions to common shareholders cash dividends (3)	20.9	36.1	31.9
Repurchases of common shares	2.2		
Iron ore and coal production and sales statistics			
(tons in millions North America; tonnes in millions Asia Pacific)			
Production tonnage North American iron ore	34.6	35.2	19.6
North American coal	1.1	3.5	1.7
Asia Pacific iron ore	8.4	7.7	8.3
Production tonnage North American iron ore (Cliffs share)	21.8	22.9	17.1
Sales tonnage North American iron ore	22.3	22.7	16.4
North American coal	1.2	3.2	1.9
Asia Pacific iron ore	8.1	7.8	8.5

(1) On July 31, 2007, we completed the acquisition of Cliffs North American Coal LLC (formerly PinnOak), a producer of high-quality, low-volatile metallurgical coal. Results for 2007 include PinnOak s results since the acquisition.

(2) On April 19, 2005, we completed the acquisition of 80.4% of Portman, an iron ore mining company in Australia. On May 21, 2008, Portman authorized a tender offer to repurchase shares, and as a result, our ownership interest in Portman increased from 80.4% to 85.2% on June 24, 2008. On September 10, 2008, we announced an off-market takeover offer to acquire the remaining shares in Portman, which closed on November 3, 2008. We subsequently proceeded with a compulsory acquisition of the remaining shares and had full ownership of Portman as of December 31, 2008. Results for 2008 reflect the increase in our ownership of Portman since the date of each step acquisition. Effective July 1, 2008, we acquired the remaining 30% interest in United Taconite. Upon consummation of the purchase, our ownership interest in United Taconite increased from 70% to 100%. Results for 2008 reflect the increase in our ownership of United Taconite since the date of the step acquisition.

(3) On May 12, 2009, our board of directors enacted a 55% reduction in our quarterly common share dividend to $0.04 from $0.0875 for the second and third quarters of 2009 in order to enhance financial flexibility. The $0.04 common share dividends were paid on June 1, 2009 and September 1, 2009 to shareholders of record as of May 22, 2009 and August 14, 2009, respectively. In the fourth quarter of 2009, the dividend was reinstated to its previous level.

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Risk Factors

An investment in the notes involves risk. Prior to making a decision about investing in our notes, and in consultation with your own financial and legal advisors, you should carefully consider the following risk factors, as well as the risk factors discussed in our annual report on Form 10-K for the fiscal year ended December 31, 2009, which is incorporated herein by reference. You should also refer to the other information in this prospectus supplement and the accompanying prospectus, including our financial statements and the related notes incorporated by reference in this prospectus supplement. Additional risks and uncertainties that are not yet identified may also materially harm our business, operating results and financial condition.

The notes are subject to prior claims of any secured creditors and the creditors of our subsidiaries, and if a default occurs we may not have sufficient funds to fulfill our obligations under the notes.

The notes are our unsecured general obligations, ranking equally with our other senior unsecured indebtedness and liabilities but below any secured indebtedness and effectively below the debt and other liabilities of our subsidiaries. The indenture governing the notes permits us and our subsidiaries to incur secured debt under specified circumstances. If we incur any secured debt, our assets and the assets of our subsidiaries will be subject to prior claims by our secured creditors. In the event of our bankruptcy, liquidation, reorganization or other winding up, assets that secure debt will be available to pay obligations on the notes only after all debt secured by those assets has been repaid in full. Holders of the notes will participate in our remaining assets ratably with all of our unsecured and unsubordinated creditors, including our trade creditors.

If we incur any additional obligations that rank equally with the notes, including trade payables, the holders of those obligations will be entitled to share ratably with the holders of the notes in any proceeds distributed upon our insolvency, liquidation, reorganization, dissolution or other winding up. This may have the effect of reducing the amount of proceeds paid to you. If there are not sufficient assets remaining to pay all of these creditors, all or a portion of the notes then outstanding would remain unpaid.

The indenture does not limit the amount of indebtedness that we and our subsidiaries may incur.

The indenture under which the notes will be issued does not limit the amount of indebtedness that we and our subsidiaries may incur. The indenture does not contain any financial covenants or other provisions that would afford the holders of the notes any substantial protection in the event we participate in a highly leveraged transaction.

Our existing and future indebtedness may limit cash flow available to invest in the ongoing needs of our business, which could prevent us from fulfilling our obligations under the notes.

After giving effect to this notes offering, our total indebtedness at December 31, 2009 would have been approximately $. Additionally, we have the ability under our existing credit facility to incur substantial additional indebtedness in the future. Our level of indebtedness could have important consequences to you. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to the payment of debt service, reducing the availability of our cash flow to fund working capital, capital expenditures, acquisitions and other general corporate purposes;
- increase our vulnerability to adverse economic or industry conditions;
- limit our ability to obtain additional financing in the future to enable us to react to changes in our business; or
- place us at a competitive disadvantage compared to businesses in our industry that have less indebtedness.

Additionally, any failure to comply with covenants in the instruments governing our debt could result in an event of default which, if not cured or waived, would have a material adverse effect on us.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. We also depend on the business of our subsidiaries to satisfy our cash needs. If we cannot generate the required cash, we may not be able to make the necessary payments under the notes.

Our ability to make payments on our indebtedness, including the notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. Our ability to generate cash, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

A significant portion of our operations are conducted through our subsidiaries. As a result, our ability to service our debts, including our obligations under the notes and other obligations, is dependent to some extent on the earnings of our subsidiaries and the payment of those earnings to us in the form of dividends, loans or advances and through repayment of loans or advances from us. Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to meet our payment obligations on the notes, whether in the form of dividends, distributions, loans or other payments. In addition, any payment of dividends, loans or advances by our subsidiaries could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries earnings and business considerations. Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of that subsidiary s creditors, including trade creditors. In addition, even if we are a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. Finally, changes in the laws of foreign jurisdictions in which we operate may adversely affect the ability of some of our foreign subsidiaries to repatriate funds to us.

Additionally, our historical financial results have been, and we anticipate that our future financial results will be, subject to fluctuations. We cannot assure you that our business will generate sufficient cash flow from our operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the notes, or to fund our other liquidity needs and make necessary capital expenditures.

An active trading market for the notes may not develop.

There is no existing market for the notes and we do not intend to apply for listing of the notes on any securities exchange or any automated quotation system. Accordingly, there can be no assurance that a trading market for the notes will ever develop or will be maintained. Further, there can be no assurance as