CLIFFS NATURAL RESOURCES INC.
Form 10-Q
July 29, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2015
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to .
Commission File Number: 1-8944
CLIFFS NATURAL RESOURCES INC.
(Exact Name of Registrant as Specified in Its Charter)

Ohio	34-1464672
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
200 Public Square, Cleveland, Ohio	44114-2315
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (216) 694-5700
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES x NO o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
YES x NO o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.
Large accelerated filer x Accelerated filer o Non-accelerated filer o Smaller reporting company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
YES o NO x
The number of shares outstanding of the registrant's common shares, par value $0.125 per share, was 153,404,804 as of July 27, 2015.

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DEFINITIONS

The following abbreviations or acronyms are used in the text. References in this report to the "Company," "we," "us," "our" and "Cliffs" are to Cliffs Natural Resources Inc. and subsidiaries, collectively. References to "A$" or "AUD" refer to Australian currency, "C$" or "CAD" to Canadian currency and "$" to United States currency.

Abbreviation or acronym	Term
ABL Facility	Syndicated Facility Agreement by and among Bank of America, N.A., as Administrative Agent and Australian Security Trustee, the Lenders that are parties hereto, Cliffs Natural Resources Inc., as Parent and a Borrower, and the Subsidiaries of Parent party hereto, as Borrowers dated as of March 30, 2015
ArcelorMittal	ArcelorMittal (as the parent company of ArcelorMittal Mines Canada, ArcelorMittal USA and ArcelorMittal Dofasco, as well as, many other subsidiaries)
ASC	Accounting Standards Codification
ASU	Accounting Standards Updates
BAML	Bank of America Merrill Lynch
Bloom Lake	The Bloom Lake Iron Ore Mine Limited Partnership
Bloom Lake Group	Bloom Lake General Partner Limited and certain of its affiliates, including Cliffs Quebec Iron Mining ULC
Canadian Entities	Bloom Lake Group, Wabush Group and certain other wholly-owned Canadian subsidiaries
CCAA	Companies' Creditors Arrangement Act (Canada)
CEO	Chief Executive Officer
CFR	Cost and freight
Chromite Project	Cliffs Chromite Ontario Inc.
CLCC	Cliffs Logan County Coal LLC
CODM	Chief Operating Decision Maker
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act
DR-pellets	Direct Reduction pellets
EAF	Electric Arc Furnace
EBITDA	Earnings before interest, taxes, depreciation and amortization
Empire	Empire Iron Mining Partnership
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
Fe	Iron
FERC	Federal Energy Regulatory Commission
FMSH Act	Federal Mine Safety and Health Act of 1977
GAAP	Accounting principles generally accepted in the United States
Hibbing	Hibbing Taconite Company
Koolyanobbing	Collective term for the operating deposits at Koolyanobbing, Mount Jackson and Windarling
LIBOR	London Interbank Offered Rate
LTVSMC	LTV Steel Mining Company
MISO	Midcontinent Independent System Operator, Inc.
MMBtu	Million British Thermal Units
Monitor	FTI Consulting Canada Inc.
Moody's	Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors
MSHA	U.S. Mine Safety and Health Administration
Noront	Noront Resources Ltd.
Northshore	Northshore Mining Company
Oak Grove	Oak Grove Resources, LLC

OCI	Other comprehensive income (loss)
OPEB	Other postretirement employment benefits
Pinnacle	Pinnacle Mining Company, LLC
Preferred Share	7.00 percent Series A Mandatory Convertible Preferred Stock, Class A, without par value
S&P	Standard & Poor's Rating Services, a division of Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., and its successors
SEC	U.S. Securities and Exchange Commission
SSR	System Support Resource
Securities Act	Securities Act of 1933
Substitute Rating Agency	A "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act, selected by us (as certified by a certificate of officers confirming the decision of our Board of Directors) as a replacement agency of Moody's or S&P, or both of them, as the case may be
Tilden	Tilden Mining Company
TSR	Total Shareholder Return
United Taconite	United Taconite LLC

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U.S.	United States of America
Wabush	Wabush Mines Joint Venture
Wabush Group	Wabush Iron Co. Limited and Wabush Resources Inc., and certain of its affiliates, including Wabush Mines (an unincorporated joint venture of Wabush Iron Co. Limited and Wabush Resources Inc.), Arnaud Railway Company and Wabush Lake Railway Company
WARN Act	Worker Adjustment and Retraining Notification Act
2012 Equity Plan	Cliffs Natural Resources Inc. 2012 Incentive Equity Plan
2012 Amended Equity Plan	Cliffs Natural Resources Inc. Amended and Restated 2012 Incentive Equity Plan

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PART I
Item 1. Financial Statements
Statements of Unaudited Condensed Consolidated Operations
Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions, Except Per Share Amounts)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
REVENUES FROM PRODUCT SALES AND SERVICES				
Product	$454.3	$696.3	$857.4	$1,259.8
Freight and venture partners' cost reimbursements	43.8	51.4	86.7	103.4
	498.1	747.7	944.1	1,363.2
COST OF GOODS SOLD AND OPERATING EXPENSES	(440.8)	(564.2)	(806.0)	(989.7)
SALES MARGIN	57.3	183.5	138.1	373.5
OTHER OPERATING INCOME (EXPENSE)				
Selling, general and administrative expenses	(30.8)	(40.9)	(59.8)	(81.4)
Miscellaneous - net	(0.8)	(3.3)	19.3	(13.6)
	(31.6)	(44.2)	(40.5)	(95.0)
OPERATING INCOME	25.7	139.3	97.6	278.5
OTHER INCOME (EXPENSE)				
Interest expense, net	(63.6)	(42.1)	(106.5)	(82.5)
Gain on extinguishment of debt	—	—	313.7	—
Other non-operating income (expense)	(2.1)	1.6	(2.9)	2.4
	(65.7)	(40.5)	204.3	(80.1)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND EQUITY LOSS FROM VENTURES	(40.0)	98.8	301.9	198.4
INCOME TAX BENEFIT (EXPENSE)	1.8	(7.6)	(173.3)	(37.2)
EQUITY LOSS FROM VENTURES, net of tax	—	(0.3)	—	(0.6)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(38.2)	90.9	128.6	160.6
INCOME (LOSS) FROM DISCONTINUED OPERATIONS, net of tax	103.4	(76.4)	(825.1)	(216.8)
NET INCOME (LOSS)	65.2	14.5	(696.5)	(56.2)
INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST (Three Months Ended June 30, 2015 - No loss related to Discontinued Operations, Six Months Ended June 30, 2015 - Loss of $7.7 million related to Discontinued Operations, Three and Six Months Ended June 30, 2014 - Loss of $9.4 million and $16.7 million, respectively, related to Discontinued Operations)	(5.0)	(3.6)	(3.1)	(3.2)
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	$60.2	$10.9	$(699.6)	$(59.4)
PREFERRED STOCK DIVIDENDS	—	(12.8)	(12.8)	(25.6)
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS COMMON SHAREHOLDERS	$60.2	$(1.9)	$(712.4)	$(85.0)
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - BASIC				
Continuing operations	$(0.28)	$0.49	$0.74	$0.86

Discontinued operations	0.67	(0.50)	(5.39)	(1.42)
	$0.39	$(0.01)	$(4.65)	$(0.56)
EARNINGS (LOSS) PER COMMON SHARE ATTRIBUTABLE TO CLIFFS SHAREHOLDERS - DILUTED				
Continuing operations	$(0.28)	$0.48	$0.70	$0.86
Discontinued operations	0.67	(0.50)	(4.62)	(1.41)
	$0.39	$(0.02)	$(3.92)	$(0.55)
AVERAGE NUMBER OF SHARES (IN THOUSANDS)				
Basic	153,232	153,087	153,203	153,064
Diluted	153,232	153,881	178,685	153,860
CASH DIVIDENDS DECLARED PER DEPOSITARY SHARE	$—	$0.44	$0.44	$0.88
CASH DIVIDENDS DECLARED PER COMMON SHARE	$—	$0.15	$—	$0.30

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Statements of Unaudited Condensed Consolidated Comprehensive Income
Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
NET INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	$60.2	$10.9	$(699.6)	$(59.4)
OTHER COMPREHENSIVE INCOME (LOSS)				
Changes in pension and other post-retirement benefits, net of tax	0.6	3.2	29.4	6.6
Unrealized net gain (loss) on marketable securities, net of tax	0.7	(3.7)	1.5	0.2
Unrealized net gain on foreign currency translation	0.5	19.7	168.5	60.2
Unrealized net gain on derivative financial instruments, net of tax	8.3	16.3	7.5	26.8
OTHER COMPREHENSIVE INCOME	10.1	35.5	206.9	93.8
OTHER COMPREHENSIVE LOSS (INCOME) ATTRIBUTABLE TO THE NONCONTROLLING INTEREST	(0.8)	(0.6)	10.0	(1.1)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO CLIFFS SHAREHOLDERS	$69.5	$45.8	$(482.7)	$33.3

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Statements of Unaudited Condensed Consolidated Financial Position
Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions)	
	June 30, 2015	December 31, 2014
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$276.2	$271.3
Accounts receivable, net	49.2	122.7
Inventories	487.1	260.1
Supplies and other inventories	115.8	118.6
Income tax receivable	163.1	217.6
Short-term assets of discontinued operations	150.5	330.6
Other current assets	140.3	128.0
TOTAL CURRENT ASSETS	1,382.2	1,448.9
PROPERTY, PLANT AND EQUIPMENT, NET	1,077.2	1,070.5
OTHER ASSETS		
Long-term assets of discontinued operations	—	400.1
Other non-current assets	150.0	244.5
TOTAL OTHER ASSETS	150.0	644.6
TOTAL ASSETS	$2,609.4	$3,164.0

(continued)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Statements of Unaudited Condensed Consolidated Financial Position
Cliffs Natural Resources Inc. and Subsidiaries - (Continued)

	(In Millions) June 30, 2015	December 31, 2014
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	$140.0	$166.1
Accrued expenses	175.5	201.7
Short-term liabilities of discontinued operations	196.9	400.6
Other current liabilities	246.0	190.2
TOTAL CURRENT LIABILITIES	758.4	958.6
PENSION AND POSTEMPLOYMENT BENEFIT LIABILITIES	244.8	259.7
ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS	214.9	165.6
LONG-TERM DEBT	2,887.4	2,843.3
LONG-TERM LIABILITIES OF DISCONTINUED OPERATIONS	—	436.1
OTHER LIABILITIES	244.1	235.0
TOTAL LIABILITIES	4,349.6	4,898.3
COMMITMENTS AND CONTINGENCIES (SEE NOTE 20)		
EQUITY		
CLIFFS SHAREHOLDERS' DEFICIT		
Preferred Stock - no par value		
Class A - 3,000,000 shares authorized		
7% Series A Mandatory Convertible, Class A, no par value and $1,000 per share liquidation preference		
Issued and Outstanding - 731,223 shares (2014 - 731,223 shares)	731.3	731.3
Class B - 4,000,000 shares authorized		
Common Shares - par value $0.125 per share		
Authorized - 400,000,000 shares (2014 - 400,000,000 shares);		
Issued - 159,546,224 shares (2014 - 159,546,224 shares);		
Outstanding - 153,404,804 shares (2014 - 153,246,754 shares)	19.8	19.8
Capital in excess of par value of shares	2,304.6	2,309.8
Retained deficit	(4,673.1)	(3,960.7)
Cost of 6,141,420 common shares in treasury (2014 - 6,299,470 shares)	(277.5)	(285.7)
Accumulated other comprehensive loss	(28.9)	(245.8)
TOTAL CLIFFS SHAREHOLDERS' DEFICIT	(1,923.8)	(1,431.3)
NONCONTROLLING INTEREST (DEFICIT)	183.6	(303.0)
TOTAL DEFICIT	(1,740.2)	(1,734.3)
TOTAL LIABILITIES AND DEFICIT	$2,609.4	$3,164.0

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Statements of Unaudited Condensed Consolidated Cash Flows
Cliffs Natural Resources Inc. and Subsidiaries

	(In Millions) Six Months Ended June 30, 2015	2014
OPERATING ACTIVITIES		
Net loss	$(696.5)	$(56.2)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation, depletion and amortization	63.5	286.4
Impairment of long-lived assets	76.6	2.4
Deferred income taxes	162.6	(139.0)
Gain on extinguishment of debt	(313.7)	—
Loss on deconsolidation, net of cash deconsolidated	641.4	—
Other	54.3	22.4
Changes in operating assets and liabilities:		
Receivables and other assets	136.6	85.5
Product inventories	(217.4)	(251.7)
Payables and accrued expenses	(155.6)	(73.7)
Net cash used by operating activities	(248.2)	(123.9)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(34.4)	(164.3)
Other investing activities	0.4	16.0
Net cash used by investing activities	(34.0)	(148.3)
FINANCING ACTIVITIES		
Proceeds from first lien notes offering	503.5	—
Debt issuance costs	(33.6)	—
Repurchase of debt	(133.3)	—
Borrowings under credit facilities	309.8	730.4
Repayment under credit facilities	(309.8)	(315.6)
Common stock dividends	—	(46.0)
Preferred stock dividends	(25.6)	(25.6)
Other financing activities	(42.6)	(52.5)
Net cash provided by financing activities	268.4	290.7
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(0.9)	5.9
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14.7)	24.4
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	290.9	335.5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$276.2	$359.9

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.
See NOTE 17 - CASH FLOW INFORMATION.

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Cliffs Natural Resources Inc. and Subsidiaries
Notes to Unaudited Condensed Consolidated Financial Statements
NOTE 1 - BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with SEC rules and regulations and, in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary to present fairly, the financial position, results of operations, comprehensive income and cash flows for the periods presented. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management bases its estimates on various assumptions and historical experience, which are believed to be reasonable; however, due to the inherent nature of estimates, actual results may differ significantly due to changed conditions or assumptions. The results of operations for the three and six months ended June 30, 2015 are not necessarily indicative of results to be expected for the year ending December 31, 2015 or any other future period. These unaudited condensed consolidated financial statements should be read in conjunction with the financial statements and notes included in our Annual Report on Form 10-K for the year ended December 31, 2014.

As more fully described in NOTE 14 - DISCONTINUED OPERATIONS, in January 2015, we announced that the Bloom Lake Group commenced restructuring proceedings in Montreal, Quebec, under the CCAA. We had recently suspended Bloom Lake operations and for several months had been exploring options to sell certain of our Canadian assets, among other initiatives. Effective January 27, 2015, following the CCAA filing of the Bloom Lake Group, we deconsolidated the Bloom Lake Group and certain other wholly-owned subsidiaries comprising substantially all of our Canadian operations. Additionally, on May 20, 2015, the Wabush Group commenced restructuring proceedings in Montreal, Quebec, under the CCAA which resulted in the deconsolidation of the remaining Wabush Group entities that were not previously deconsolidated. The Wabush Group was no longer generating revenues and was not able to meet its obligations as they came due. As a result of this action, the CCAA protections granted to the Bloom Lake Group have been extended to include the Wabush Group to facilitate the reorganization of each of their businesses and operations. Financial results prior to the respective deconsolidations of the Bloom Lake and Wabush Groups and subsequent expenses directly associated with the Canadian Entities are included in our financial statements and classified within discontinued operations.

Additionally, as we continue to re-focus our strategy on strengthening our U.S. Iron Ore operations, management determined that our North American Coal operating segment as of the period ended March 31, 2015 met the criteria to be classified as held for sale under ASC 205 - Presentation of Financial Statements. As such, all current and historical North American Coal operating segment results are included in our financial statements and classified within discontinued operations.

We now report our results from continuing operations in two reportable segments: U.S. Iron Ore and Asia Pacific Iron Ore.

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Basis of Consolidation

The unaudited condensed consolidated financial statements include our accounts and the accounts of our wholly-owned and majority-owned subsidiaries, including the following operations as of June 30, 2015:

Name	Location	Ownership Interest	Operation	Status of Operations
Northshore	Minnesota	100.0%	Iron Ore	Active
United Taconite	Minnesota	100.0%	Iron Ore	Active
Tilden	Michigan	85.0%	Iron Ore	Active
Empire	Michigan	79.0%	Iron Ore	Active
Koolyanobbing	Western Australia	100.0%	Iron Ore	Active
Pinnacle	West Virginia	100.0%	Coal	Active - Held for Sale
Oak Grove	Alabama	100.0%	Coal	Active - Held for Sale
Wabush[1]	Newfoundland and Labrador/ Quebec, Canada	100.0%	Iron Ore	Permanent closure
Bloom Lake[1]	Quebec, Canada	82.8%	Iron Ore	Care-and-maintenance

[1] As of January 27, 2015 and May 20, 2015, we deconsolidated substantially all of our Canadian operations following the CCAA filing. See NOTE 14 - DISCONTINUED OPERATIONS for further information.

Intercompany transactions and balances are eliminated upon consolidation.

Equity Method Investments

Investments in unconsolidated ventures that we have the ability to exercise significant influence over, but not control, are accounted for under the equity method. The following table presents the detail of our investments in unconsolidated ventures and where those investments are classified in the Statements of Unaudited Condensed Consolidated Financial Position as of June 30, 2015 and December 31, 2014.

				(In Millions)	
Investment	Classification	Accounting Method	Interest Percentage	June 30, 2015	December 31, 2014
Hibbing	Other non-current assets	Equity Method	23%	$0.9	$3.1
Other	Other non-current assets	Equity Method	Various	1.1	1.0
				$2.0	$4.1

Foreign Currency

Our financial statements are prepared with the U.S. dollar as the reporting currency. The functional currency of the Company's Australian subsidiaries is the Australian dollar. The functional currency of all other international subsidiaries is the U.S. dollar. The financial statements of international subsidiaries are translated into U.S. dollars using the exchange rate at each balance sheet date for assets and liabilities and a weighted average exchange rate for each period for revenues, expenses, gains and losses. Where the local currency is the functional currency, translation adjustments are recorded as Accumulated other comprehensive loss. Income taxes generally are not provided for foreign currency translation adjustments. To the extent that monetary assets and liabilities, inclusive of intercompany notes, are recorded in a currency other than the functional currency, these amounts are remeasured each reporting period, with the resulting gain or loss being recorded in the Statements of Unaudited Condensed Consolidated Operations. Transaction gains and losses resulting from remeasurement of short-term intercompany loans are included in Miscellaneous - net in our Statements of Unaudited Condensed Consolidated Operations. For the three and six months ended June 30, 2015, net losses of $0.8 million and gains of $12.7 million, respectively, related to the impact of transaction gains and losses resulting from remeasurement. Of these amounts, for the three months ended June 30, 2015, losses of $0.7 million, resulted from remeasurement of cash and cash equivalents. Additionally, of these amounts for the six months ended June 30, 2015, gains of $12.4 million and $0.7 million, respectively, resulted from remeasurement of short-term intercompany loans and cash and cash equivalents. For the three and six months ended June 30, 2014, net losses of $6.0 million and $17.5 million, respectively, related to the impact of transaction gains and losses resulting from remeasurement. Of these transaction gains and losses, for the three months ended June 30, 2014, losses of $4.2 million and $2.0 million, respectively, and for the six months ended June 30, 2014, losses of $13.0 million and $5.1 million, respectively, resulted from remeasurement of short-term intercompany loans and cash and cash equivalents.

Significant Accounting Policies

A detailed description of our significant accounting policies can be found in the audited financial statements for the fiscal year ended December 31, 2014 included in our Annual Report on Form 10-K filed with the SEC. The significant accounting policies requiring updates have been included within the disclosures below.

Derivative Financial Instruments and Hedging Activities

According to our global hedge policy, the policy allows for hedging not more than 75 percent, but not less than 40 percent for up to 12 months and not less than 10 percent for up to 15 months, of forecasted net currency exposures that are probable to occur. Full hedge compliance under the policy has been waived through December 31, 2015. The waiver was a result of the evaluation of the potential risk of being over hedged and the uncertainty of the 2015 currency exposures. During 2015, we have not entered into any new foreign currency exchange contracts to hedge our foreign currency exposure and we do not expect to enter into any during the remainder of 2015. In the future, we may enter into additional hedging instruments as needed in order to further hedge our exposure to changes in foreign currency exchange rates.

Recent Accounting Pronouncements

Issued and Not Effective

In April 2015, the FASB issued ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. This ASU requires retrospective adoption and will be effective for us beginning in our first quarter of 2016. Early adoption is permitted. We do not expect this adoption to have an impact on our Statements of Unaudited Condensed Consolidated Operations or Statements of Unaudited Condensed Consolidated Cash Flows. The impact of the adoption of the guidance will result in reclassification of the unamortized debt issuance costs on the Statements of Unaudited Condensed Consolidated Financial Position, which were $44.3 million and $25.6 million at June 30, 2015 and December 31, 2014, respectively.

NOTE 2 - SEGMENT REPORTING

Our continuing operations are organized and managed according to product category and geographic location: U.S. Iron Ore and Asia Pacific Iron Ore. The U.S. Iron Ore segment is comprised of our interests in five U.S. mines that provide iron ore to the integrated steel industry. The Asia Pacific Iron Ore segment is located in Western Australia and provides iron ore to the seaborne market for Asian steel producers. There were no intersegment product revenues in the first half of 2015 or 2014.

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We have historically evaluated segment performance based on sales margin, defined as revenues less cost of goods sold, and operating expenses identifiable to each segment. Additionally, beginning in the third quarter of 2014, concurrent with the change in control on July 29, 2014, management began to evaluate segment performance based on EBITDA, defined as Net Income (Loss) before interest, income taxes, depreciation, depletion and amortization, and Adjusted EBITDA, defined as EBITDA excluding certain items such as impacts of discontinued operations, extinguishment of debt, severance and contractor termination costs, foreign currency remeasurement, and intersegment corporate allocations of selling, general and administrative costs. Management uses and believes that investors benefit from referring to these measures in evaluating operating and financial results, as well as in planning, forecasting and analyzing future periods as these financial measures approximate the cash flows associated with the operational earnings.

The following tables present a summary of our reportable segments for the three and six months ended June 30, 2015 and 2014, including a reconciliation of segment sales margin to Income (Loss) from Continuing Operations Before Income Taxes and Equity Loss from Ventures and a reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA:

	(In Millions)											
	Three Months Ended June 30,						Six Months Ended June 30,					
	2015			2014			2015			2014		
Revenues from product sales and services:												
U.S. Iron Ore	$369.7	74	%	$514.6	69	%	$681.5	72	%	$875.9	64	%
Asia Pacific Iron Ore	128.4	26	%	233.1	31	%	262.6	28	%	487.3	36	%
Total revenues from product sales and services	$498.1	100	%	$747.7	100	%	$944.1	100	%	$1,363.2	100	%
Sales margin:												
U.S. Iron Ore	$49.0			$147.2			$129.0			$242.2		
Asia Pacific Iron Ore	8.3			36.0			9.1			102.3		
Eliminations with discontinued operations	—			0.3			—			29.0		
Sales margin	57.3			183.5			138.1			373.5		
Other operating expense	(31.6	)		(44.2	)		(40.5	)		(95.0	)	
Other income (expense)	(65.7	)		(40.5	)		204.3			(80.1	)	
Income (loss) from continuing operations before income taxes and equity loss from ventures	$(40.0	)		$98.8			$301.9			$198.4		

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	(In Millions) Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Net Income (Loss)	$65.2	$14.5	$(696.5)	$(56.2)
Less:				
Interest expense, net	(64.3)	(44.8)	(108.5)	(87.5)
Income tax benefit (expense)	2.9	69.1	(172.1)	90.9
Depreciation, depletion and amortization	(30.5)	(145.3)	(63.5)	(286.4)
EBITDA	$157.1	$135.5	$(352.4)	$226.8
Less:				
Impact of discontinued operations	$103.0	$(76.0)	$(821.1)	$(194.1)
Gain on extinguishment of debt	—	—	313.7	—
Severance and contractor termination costs	(10.0)	(6.2)	(11.6)	(16.6)
Foreign exchange remeasurement	(0.8)	(6.0)	12.7	(17.5)
Adjusted EBITDA	$64.9	$223.7	$153.9	$455.0
EBITDA:				
U.S. Iron Ore	$68.8	$172.7	$170.4	$296.3
Asia Pacific Iron Ore	9.6	66.1	27.6	151.4
Other	78.7	(103.3)	(550.4)	(220.9)
Total EBITDA	$157.1	$135.5	$(352.4)	$226.8
Adjusted EBITDA:				
U.S. Iron Ore	$77.2	$178.7	$182.3	$309.6
Asia Pacific Iron Ore	17.4	76.7	23.1	175.8
Other	(29.7)	(31.7)	(51.5)	(30.4)
Total Adjusted EBITDA	$64.9	$223.7	$153.9	$455.0

	(In Millions) Three Months Ended June 30, 2015	2014	Six Months Ended June 30, 2015	2014
Depreciation, depletion and amortization:				
U.S. Iron Ore	$22.0	$26.6	$43.7	$55.3
Asia Pacific Iron Ore	6.7	42.3	13.0	81.4
Other	1.8	2.0	3.6	3.9
Total depreciation, depletion and amortization	$30.5	$70.9	$60.3	$140.6
Capital additions[1]:				
U.S. Iron Ore	$11.3	$14.0	$20.8	$28.9
Asia Pacific Iron Ore	1.1	2.0	4.5	5.2
Other	3.2	1.9	3.6	2.8
Total capital additions	$15.6	$17.9	$28.9	$36.9

1 Includes capital lease additions and non-cash accruals. Refer to NOTE 17 - CASH FLOW INFORMATION.

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A summary of assets by segment is as follows:

	(In Millions)	
	June 30, 2015	December 31, 2014
Assets:		
U.S. Iron Ore	$1,629.7	$1,464.9
Asia Pacific Iron Ore	238.3	274.6
Other	31.3	147.0
Total segment assets	1,899.3	1,886.5
Corporate	559.6	546.8
Assets of Discontinued Operations	150.5	730.7
Total assets	$2,609.4	$3,164.0

NOTE 3 - INVENTORIES

The following table presents the detail of our Inventories in the Statements of Unaudited Condensed Consolidated Financial Position as of June 30, 2015 and December 31, 2014:

	(In Millions)					
	June 30, 2015			December 31, 2014		
Segment	Finished Goods	Work-in Process	Total Inventory	Finished Goods	Work-in Process	Total Inventory
U.S. Iron Ore	$377.2	$22.9	$400.1	$132.1	$13.5	$145.6
Asia Pacific Iron Ore	20.7	66.3	87.0	26.4	88.1	114.5
Total	$397.9	$89.2	$487.1	$158.5	$101.6	$260.1

Due to a change in the mine plan, Asia Pacific Iron Ore had long-term work-in-process stockpiles of $20.8 million classified as Other non-current assets in the Statements of Unaudited Condensed Consolidated Financial Position at June 30, 2015. There were no long-term work-in-process stockpiles as of December 31, 2014.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

The following table indicates the value of each of the major classes of our consolidated depreciable assets as of June 30, 2015 and December 31, 2014:

	(In Millions)	
	June 30, 2015	December 31, 2014
Land rights and mineral rights	$500.6	$500.5
Office and information technology	69.9	73.7
Buildings	60.2	59.8
Mining equipment	589.6	585.1
Processing equipment	514.8	510.2
Electric power facilities	44.2	46.8
Land improvements	24.8	24.7
Other	100.1	55.0
Construction in-progress	25.5	14.4
	1,929.7	1,870.2
Allowance for depreciation and depletion	(852.5)	(799.7)
	$1,077.2	$1,070.5

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We recorded depreciation and depletion expense of $29.5 million and $58.2 million in the Statements of Unaudited Condensed Consolidated Operations for the three and six months ended June 30, 2015, respectively. This compares with depreciation and depletion expense of $68.4 million and $136.1 million for three and six months ended June 30, 2014, respectively.

NOTE 5 - DEBT AND CREDIT FACILITIES

The following represents a summary of our long-term debt as of June 30, 2015 and December 31, 2014:

($ in Millions)
June 30, 2015

Debt Instrument	Type	Annual Effective Interest Rate	Final Maturity	Total Face Amount	Total Debt	
$700 Million 4.875% 2021 Senior Notes	Fixed	4.89%	2021	$423.2	$422.9	(1)
$1.3 Billion Senior Notes:						
$500 Million 4.80% 2020 Senior Notes	Fixed	4.83%	2020	308.5	308.1	(2)
$800 Million 6.25% 2040 Senior Notes	Fixed	6.34%	2040	492.8	487.0	(3)
$400 Million 5.90% 2020 Senior Notes	Fixed	5.98%	2020	326.8	325.8	(4)
$500 Million 3.95% 2018 Senior Notes	Fixed	6.22%	2018	436.0	434.0	(5)
$540 Million 8.25% 2020 First Lien Notes	Fixed	9.97%	2020	540.0	504.9	(6)
$544.2 Million 7.75% 2020 Second Lien Notes	Fixed	15.55%	2020	544.2	402.2	(7)
$550 Million ABL Facility:						
ABL Facility	Variable	2.25%	2020	550.0	—	(8)
Fair Value Adjustment to Interest Rate Hedge					2.5	
Total debt				$3,621.5	$2,887.4	
Less: Short-term and current portion of long-term debt					—	
Long-term debt					$2,887.4	

($ in Millions)
December 31, 2014

Debt Instrument	Type	Annual Effective Interest Rate	Final Maturity	Total Face Amount	Total Debt	
$700 Million 4.875% 2021 Senior Notes	Fixed	4.88%	2021	$690.0	$689.5	(1)
$1.3 Billion Senior Notes:						
$500 Million 4.80% 2020 Senior Notes	Fixed	4.83%	2020	490.0	489.4	(2)
$800 Million 6.25% 2040 Senior Notes	Fixed	6.34%	2040	800.0	790.5	(3)
$400 Million 5.90% 2020 Senior Notes	Fixed	5.98%	2020	395.0	393.7	(4)
$500 Million 3.95% 2018 Senior Notes	Fixed	5.17%	2018	480.0	477.4	(5)
$1.125 Billion Credit Facility:						
Revolving Credit Agreement	Variable	2.94%	2017	1,125.0	—	(9)
Fair Value Adjustment to Interest Rate Hedge					2.8	
Total debt				$3,980.0	$2,843.3	
Less: Short-term and current portion of long-term debt					—	
Long-term debt					$2,843.3	

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(1) During the first quarter of 2015, we purchased $58.3 million of outstanding 4.875 percent senior notes that were trading at a discount of 52.0 percent which resulted in a gain on extinguishment of $20.0 million. In addition, on March 27, 2015, we exchanged as part of a tender offer $208.5 million of the 4.875 percent senior notes for $170.3 million of the 7.75 percent second lien notes at a discount of $46.0 million based on an imputed interest rate of 15.55 percent, resulting in a gain on extinguishment of $83.1 million, net of amounts expensed for unamortized original issue discount and deferred origination fees. As of June 30, 2015, the $700.0 million 4.875 percent senior notes were recorded at a par value of $423.2 million less unamortized discounts of $0.3 million, based on an imputed interest rate of 4.89 percent. As of December 31, 2014, the $700.0 million 4.875 percent senior notes were recorded at a par value of $690.0 million less unamortized discounts of $0.5 million based on an imputed interest rate of 4.88 percent.

(2) During the first quarter of 2015, we purchased $43.8 million of outstanding 4.80 percent senior notes that were trading at a discount of 54.3 percent, which resulted in a gain on extinguishment of $15.6 million. In addition, on March 27, 2015, we exchanged as part of a tender offer $137.8 million of the 4.80 percent senior notes for $112.9 million of the 7.75 percent second lien notes at a discount of $30.5 million based on an imputed interest rate of 15.55 percent, resulting in a gain on extinguishment of $54.6 million, net of amounts expensed for unamortized original issue discount and deferred origination fees. As of June 30, 2015, the $500.0 million 4.80 percent senior notes were recorded at a par value of $308.5 million less unamortized discounts of $0.4 million, based on an imputed interest rate of 4.83 percent. As of December 31, 2014, the $500.0 million 4.80 percent senior notes were recorded at a par value of $490.0 million less unamortized discounts of $0.6 million based on an imputed interest rate of 4.83 percent.

(3) During the first quarter of 2015, we purchased $45.9 million of outstanding 6.25 percent senior notes that were trading at a discount of 52.5 percent, which resulted in a gain on extinguishment of $15.0 million. In addition, on March 27, 2015, we exchanged as part of a tender offer $261.3 million of the 6.25 percent senior notes for $203.5 million of the 7.75 percent second lien notes at a discount of $55.0 million based on an imputed interest rate of 15.55 percent, resulting in a gain on extinguishment of $107.3 million, net of amounts expensed for unamortized original issue discount and deferred origination fees. As of June 30, 2015, the $800 million 6.25 percent senior notes were recorded at a par value of $492.8 million less unamortized discounts of $5.8 million, based on an imputed interest rate of 6.34 percent. As of December 31, 2014, the $800 million 6.25 percent senior notes were recorded at a par value of $800.0 million less unamortized discounts of $9.5 million based on an imputed interest rate of 6.34 percent.

(4) During the first quarter of 2015, we purchased $1.3 million of outstanding 5.90 percent senior notes that were trading at a discount of 58.0 percent, which resulted in a gain on extinguishment of $0.3 million. In addition, on March 27, 2015, we exchanged as part of a tender offer $67.0 million of the 5.90 percent senior notes for $57.5 million of the 7.75 percent second lien notes at a discount of $15.5 million based on an imputed interest rate of 15.55 percent, resulting in a gain on extinguishment of $24.5 million, net of amounts expensed for unamortized original issue discount and deferred origination fees. As of June 30, 2015, the $400.0 million 5.90 percent senior notes were recorded at a par value of $326.8 million less unamortized discounts of $1.0 million, based on an imputed interest rate of 5.98 percent. As of December 31, 2014, the $400.0 million 5.90 percent senior notes were recorded at a par value of $395.0 million less unamortized discounts of $1.3 million based on an imputed interest rate of 5.98 percent.

(5) During the first quarter of 2015, we purchased $44.0 million of outstanding 3.95 percent senior notes that were trading at a discount of 77.5 percent, which resulted in a gain on the extinguishment of debt of $7.1 million. As of June 30, 2015, the $500.0 million 3.95 percent senior notes were recorded at a par value of $436.0 million less unamortized discounts of $2.0 million, based on an imputed interest rate of 6.22 percent. As of December 31, 2014, the $500.0 million 3.95 percent senior notes were recorded at a par value of $480.0 million less unamortized discounts of $2.6 million based on an imputed interest rate of 5.17 percent.

(6) As of June 30, 2015, the $540.0 million 8.25 percent first lien notes were recorded at a par value of $540.0 million less unamortized discounts of $35.1 million, based on an imputed interest rate of 9.97 percent.

(7) As of June 30, 2015, the $544.2 million 7.75 percent second lien notes were recorded at a par value of $544.2 million less unamortized discounts of $142.0 million, based on an imputed interest rate of 15.55 percent. See NOTE 6 - FAIR VALUE MEASUREMENTS for further discussion of unamortized discount as a result of the exchange offers.

(8) As of June 30, 2015, no loans were drawn under the ABL Facility and we had total availability of $532.7 million as a result of borrowing base limitations. As of June 30, 2015, the principal amount of letter of credit obligations totaled $198.0 million and foreign exchange hedge obligations totaled $2.1 million, thereby further reducing available borrowing capacity on our ABL Facility to $332.6 million.

(9) As of December 31, 2014, we had no revolving loans drawn under the revolving credit agreement which had $1.125 billion availability. As of December 31, 2014, the principal amount of letter of credit obligations totaled $149.5 million, thereby further reducing available borrowing capacity on the revolving credit agreement to $975.5 million.

Revolving Credit Facility

As of March 30, 2015, we eliminated the revolving credit agreement which was last amended on January 22, 2015 (Amendment No. 6). The amended terms waived the potential event of default related to a CCAA filing by the Canadian Entities. The CCAA filing for our Bloom Lake Group was made subsequent to the effectiveness of this amendment. The amendment also reduced the size of the existing facility from $1.125 billion to $900 million. The revolving credit agreement was replaced with our ABL Facility.

As of December 31, 2014, we were in compliance with all applicable financial covenants related to the revolving credit agreement.

ABL Facility

On March 30, 2015, we entered into a new senior secured asset-based revolving credit facility with various financial institutions. The ABL Facility will mature upon the earlier of March 30, 2020 or 60 days prior to the maturity of the New First Lien Notes (as defined below) and certain other material debt, and provides for up to $550.0 million in borrowings, comprised of (i) a $450.0 million U.S. tranche, including a $250.0 million sublimit for the issuance of letters of credit and a $100.0 million sublimit for U.S. swingline loans, and (ii) a $100.0 million Australian tranche, including a $50.0 million sublimit for the issuance of letters of credit and a $20.0 million sublimit for Australian swingline loans. Availability under both the U.S. tranche and Australian tranche of the ABL Facility is limited to an eligible U.S. borrowing base and Australian borrowing base, as applicable, determined by applying customary advance rates to eligible accounts receivable, inventory and certain mobile equipment.

The ABL Facility and certain bank products and hedge obligations are guaranteed by us and certain of our existing wholly-owned U.S. and Australian subsidiaries and are required to be guaranteed by certain of our future U.S. and Australian subsidiaries; provided, however, that the obligations of any U.S. entity will not be guaranteed by any Australian entity. Amounts outstanding under the ABL Facility will be secured by (i) a first-priority security interest in the ABL Collateral (as defined herein), including, in the case of the Australian tranche only, ABL Collateral owned by a borrower or guarantor that is organized under the laws of Australia, and (ii) a third-priority security interest in the Notes Collateral (as defined herein). The priority of the security interests in the ABL Collateral and the Notes Collateral of the lenders under the ABL Facility and the holders of the First Lien Notes are set forth in intercreditor provisions contained in an ABL intercreditor agreement.

The ABL Collateral generally consists of the following assets: accounts receivable and other rights to payment, inventory, as-extracted collateral, investment property, certain general intangibles and commercial tort claims, certain mobile equipment, commodities accounts, deposit accounts, securities accounts and other related assets and proceeds and products of each of the foregoing.

Borrowings under the ABL Facility bear interest, at our option, at a base rate, an Australian base rate or, if certain conditions are met, a LIBOR rate, in each case plus an applicable margin. The base rate is equal to the greater of the federal funds rate plus ½ of 1 percent, the LIBOR rate based on a one-month interest period plus 1 percent and the floating rate announced by BAML as its “prime rate.” The Australian base rate is equal to the LIBOR rate as of 11:00 a.m. on the first business day of each month for a one-month period. The LIBOR rate is a per annum fixed rate equal to LIBOR with respect to the applicable interest period and amount of LIBOR rate loan requested.

The ABL Facility contains customary representations and warranties and affirmative and negative covenants including, among others, covenants regarding the maintenance of certain financial ratios if certain conditions are triggered, covenants relating to financial reporting, covenants relating to the payment of dividends on, or purchase or redemption of our capital stock, covenants relating to the incurrence or prepayment of certain debt, covenants relating to the incurrence of liens or encumbrances, compliance with laws, transactions with affiliates, mergers and sales of all or substantially all of our assets and limitations on changes in the nature of our business.

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The ABL Facility provides for customary events of default, including, among other things, the event of nonpayment of principal, interest, fees, or other amounts, a representation or warranty proving to have been materially incorrect when made, failure to perform or observe certain covenants within a specified period of time, a cross-default to certain material indebtedness, the bankruptcy or insolvency of the Company and certain of its subsidiaries, monetary judgment defaults of a specified amount, invalidity of any loan documentation, a change of control of the Company, and ERISA defaults resulting in liability of a specified amount. In the event of a default by us (beyond any applicable grace or cure period, if any), the administrative agent may and, at the direction of the requisite number of lenders, shall declare all amounts owing under the ABL Facility immediately due and payable, terminate such lenders' commitments to make loans under the ABL Facility and/or exercise any and all remedies and other rights under the ABL Facility. For certain defaults related to insolvency and receivership, the commitments of the lenders will be automatically terminated and all outstanding loans and other amounts will become immediately due and payable.

As of June 30, 2015, we were in compliance with the ABL Facility liquidity requirements and, therefore, the springing financial covenant requiring a minimum fixed charge coverage ratio of 1.0 to 1.0 was not applicable.

$540 Million 8.25 percent 2020 Senior Secured First Lien Notes - 2015 Offering

On March 30, 2015, we entered into an indenture among the Company, the guarantors party thereto and U.S. Bank National Association, as trustee and notes collateral agent, relating to our issuance of $540 million aggregate principal amount of 8.25 percent Senior First Lien Notes due 2020 (the "First Lien Notes"). The First Lien Notes were sold on March 30, 2015 in a private transaction exempt from the registration requirements of the Securities Act.

The First Lien Notes bear interest at a rate of 8.25 percent per annum. Interest on the First Liens Notes is payable semi-annually in arrears on March 31 and September 30 of each year, commencing on September 30, 2015. The First Lien Notes mature on March 31, 2020 and are secured senior obligations of the Company.

The First Lien Notes are jointly and severally and fully and unconditionally guaranteed on a senior secured basis by substantially all of our material U.S. subsidiaries and are secured (subject in each case to certain exceptions and permitted liens) by (i) a first-priority lien on substantially all of our U.S. assets, other than the ABL Collateral (the "Notes Collateral"), and (ii) a second-priority lien on the U.S. ABL Collateral, which is junior to a first-priority lien for the benefit of the lenders under the ABL Facility. The First Lien Notes and guarantees are general senior obligations of the Company and the applicable guarantor; are effectively senior to all of our unsecured indebtedness, to the extent of the value of the collateral; together with other obligations secured equally and ratably with the First Lien Notes, are effectively (i) senior to our existing and future ABL obligations, to the extent and value of the Notes Collateral and (ii) senior to our obligations under the Second Lien Notes, to the extent and value of the collateral; are effectively subordinated to (i) our existing and future ABL obligations, to the extent and value of the ABL Collateral, and (ii) any existing or future indebtedness that is secured by liens on assets that do not constitute a part of the collateral, to the extent of the value of such assets; will rank equally in right of payment with all existing and future senior indebtedness, and any guarantees thereof; will rank equally in priority as to the Notes Collateral with any future debt secured equally and ratably with the First Lien Notes incurred after March 30, 2015; rank senior in right of payment to all existing and future subordinated indebtedness; and structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries that do not guarantee the First Lien Notes. The relative priority of the liens securing our First Lien Notes obligations and Second Lien Notes obligations compared to the liens securing our obligations under the ABL Facility and certain other matters relating to the administration of security interests are set forth in intercreditor agreements.

The terms of the First Lien Notes are governed by the First Lien Notes indenture. The First Lien Notes indenture contains customary covenants that, among other things, limit our ability to incur secured indebtedness, create liens on principal property and the capital stock or debt of a subsidiary that owns a principal property, use proceeds of dispositions of collateral, enter into sale and leaseback transactions, merge or consolidate with another company, and transfer or sell all or substantially all of our assets. Upon the occurrence of a "change of control triggering event," as defined in the indenture, we are required to offer to repurchase the First Lien Notes at 101 percent of the aggregate principal amount thereof, plus any accrued and unpaid interest, if any, to, but excluding, the repurchase date.

We may redeem any of the First Lien Notes beginning on March 31, 2018. The initial redemption price is 108.25 percent of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The redemption price will decline after 2018 and will be 100 percent of their principal amount, plus accrued interest, beginning on June 30, 2019. We may also redeem some or all of the First Lien Notes at any time and from time to time prior to March 31, 2018 at a price equal to 100 percent of the principal amount thereof plus a “make-whole” premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time and from time to time on or prior to March 31, 2018, we may redeem in the aggregate up to 35 percent of the original aggregate principal amount of the First Lien Notes (calculated after giving effect to any issuance of additional First Lien Notes) with the net

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cash proceeds of certain equity offerings, at a redemption price of 108.25 percent, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, so long as at least 65 percent of the original aggregate principal amount of the First Lien Notes (calculated after giving effect to any issuance of additional First Lien Notes) issued under the First Lien Notes indenture remain outstanding after each such redemption.

The First Lien Notes indenture contains customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to pay or acceleration of certain other indebtedness, certain events of bankruptcy and insolvency, and failure to pay certain judgments. An event of default under the First Lien indenture will allow either the trustee or the holders of at least 25 percent in aggregate principal amount of the then-outstanding First Lien Notes issued under such indenture to accelerate, or in certain cases, will automatically cause the acceleration of, the amounts due under the First Lien Notes.

$544 Million 7.75 percent Senior Secured Second Lien Notes - 2015 Offering

On March 30, 2015, we also entered into an indenture among the Company, the guarantors and U.S. Bank National Association, as trustee and notes collateral agent, relating to our issuance of $544.2 million aggregate principal amount of 7.75 percent second lien senior secured notes due 2020 (the "Second Lien Notes"). The Second Lien Notes were issued on March 30, 2015 in exchange offers for certain of our existing senior notes.

The Second Lien Notes bear interest at a rate of 7.75 percent per annum. Interest on the Second Lien Notes is payable semi-annually in arrears on March 31 and September 30 of each year, commencing on September 30, 2015. The Second Lien Notes mature on March 31, 2020 and are secured senior obligations of the Company.

The Second Lien Notes have substantially similar terms to those of the First Lien Notes except with respect to their priority security interest in the collateral. The Second Lien Notes are jointly and severally and fully and unconditionally guaranteed on a senior secured basis by substantially all of our material U.S. subsidiaries and are secured (subject in each case to certain exceptions and permitted liens) by (i) a second-priority lien (junior to the First Lien Notes) on substantially all of our U.S. assets, other than the ABL Collateral, and (ii) a third-priority lien (junior to the ABL Facility and the First Lien Notes) on the U.S. ABL Collateral.

The Company may redeem any of the Second Lien Notes beginning on March 31, 2017. The initial redemption price is 103.875 percent of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The redemption price will decline each year after March 31, 2017 and will be 100 percent of their principal amount, plus accrued interest, beginning on March 31, 2019. The Company may also redeem some or all of the Second Lien Notes at any time and from time to time prior to March 31, 2017 at a price equal to 100 percent of the principal amount thereof plus a “make-whole” premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time and from time to time on or prior to March 31, 2017, the Company may redeem in the aggregate up to 35 percent of the original aggregate principal amount of the Second Lien Notes (calculated after giving effect to any issuance of additional Second Lien Notes) with the net cash proceeds of certain equity offerings, at a redemption price of 107.75 percent, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, so long as at least 65 percent of the original aggregate principal amount of the Second Lien Notes (calculated after giving effect to any issuance of additional Second Lien Notes) issued under the Second Lien Notes Indenture remain outstanding after each such redemption.

Letters of Credit

We issued standby letters of credit with certain financial institutions in order to support business obligations including, but not limited to, workers compensation and environmental obligations. As of June 30, 2015 and December 31, 2014, these letter of credit obligations totaled $198.0 million and $149.5 million, respectively.

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Debt Maturities

The following represents a summary of our maturities of debt instruments, excluding borrowings on the ABL Facility, based on the principal amounts outstanding at June 30, 2015:

	(In Millions) Maturities of Debt
2015 (July 1 - December 31)	$—
2016	—
2017	—
2018	436.0
2019	—
2020	1,719.5
2021 and thereafter	916.0
Total maturities of debt	$3,071.5

NOTE 6 - FAIR VALUE MEASUREMENTS

The following represents the assets and liabilities of the Company measured at fair value at June 30, 2015 and December 31, 2014:

	(In Millions)			
	June 30, 2015			
Description	Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash equivalents	$130.0	$—	$—	$130.0
Derivative assets	—	—	7.7	7.7
Available-for-sale marketable securities	0.1	—	—	0.1
Total	$130.1	$—	$7.7	$137.8
Liabilities:				
Derivative liabilities	$—	$—	$8.0	$8.0
Foreign exchange contracts	—	3.3	—	3.3
Total	$—	$3.3	$8.0	$11.3

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Description	(In Millions) December 31, 2014 Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Derivative assets	$—	$—	$63.2	$63.2
Available-for-sale marketable securities	4.3	—	—	4.3
Total	$4.3	$—	$63.2	$67.5
Liabilities:				
Derivative liabilities	$—	$—	$9.5	$9.5
Foreign exchange contracts	—	31.5	—	31.5
Total	$—	$31.5	$9.5	$41.0

Financial assets classified in Level 1 at June 30, 2015 include money market funds and available-for-sale marketable securities. Financial assets classified in Level 1 at December 31, 2014 include available-for-sale marketable securities. The valuation of these instruments is based upon unadjusted quoted prices for identical assets in active markets.

The valuation of financial assets and liabilities classified in Level 2 is determined using a market approach based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable. Level 2 securities primarily include derivative financial instruments valued using financial models that use as their basis readily observable market parameters. At June 30, 2015 and December 31, 2014, such derivative financial instruments included our existing foreign currency exchange contracts. The fair value of the foreign currency exchange contracts is based on forward market prices and represents the estimated amount we would receive or pay to terminate these agreements at the reporting date, taking into account creditworthiness, nonperformance risk and liquidity risks associated with current market conditions.

The derivative financial assets classified within Level 3 at June 30, 2015 and December 31, 2014 included a freestanding derivative instrument related to certain supply agreements with one of our U.S. Iron Ore customers. The agreements include provisions for supplemental revenue or refunds based on the customer's annual steel pricing at the time the product is consumed in the customer's blast furnaces. We account for this provision as a derivative instrument at the time of sale and adjust this provision to fair value as an adjustment to Product revenues each reporting period until the product is consumed and the amounts are settled. The fair value of the instrument is determined using a market approach based on an estimate of the annual realized price of hot-rolled steel at the steelmaker's facilities, and takes into consideration current market conditions and nonperformance risk.

The Level 3 derivative assets and liabilities also consisted of derivatives related to certain provisional pricing arrangements with our U.S. Iron Ore and Asia Pacific Iron Ore customers at June 30, 2015 and December 31, 2014. These provisional pricing arrangements specify provisional price calculations, where the pricing mechanisms generally are based on market pricing, with the final revenue rate to be based on market inputs at a specified point in time in the future, per the terms of the supply agreements. The difference between the provisionally agreed-upon price and the estimated final revenue rate is characterized as a derivative and is required to be accounted for separately once the revenue has been recognized. The derivative instrument is adjusted to fair value through Product revenues each reporting period based upon current market data and forward-looking estimates provided by management until the final revenue rate is determined.

The following table illustrates information about quantitative inputs and assumptions for the derivative assets and derivative liabilities categorized in Level 3 of the fair value hierarchy:

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Qualitative/Quantitative Information About Level 3 Fair Value Measurements

	(In Millions) Fair Value at June 30, 2015	Balance Sheet Location	Valuation Technique	Unobservable Input	Range or Point Estimate per ton (Weighted Average)
Provisional Pricing Arrangements	$0.2	Other current assets	Market Approach	Management's Estimate of 62% Fe	$60
	$8.0	Other current liabilities			
Customer Supply Agreement	$7.5	Other current assets	Market Approach	Hot-Rolled Steel Estimate	$485 - $530 ($502)

The significant unobservable input used in the fair value measurement of the reporting entity’s provisional pricing arrangements is management’s estimate of 62 percent Fe fines spot price based upon current market data, including historical seasonality and forward-looking estimates determined by management. Significant increases or decreases in this input would result in a significantly higher or lower fair value measurement, respectively.

The significant unobservable input used in the fair value measurement of the reporting entity’s customer supply agreement is the future hot-rolled steel price that is estimated based on projections provided by the customer, current market data, analysts' projections and forward-looking estimates determined by management. Significant increases or decreases in this input would result in a significantly higher or lower fair value measurement, respectively.

We recognize any transfers between levels as of the beginning of the reporting period. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the three and six months ended June 30, 2015 or 2014.

The following tables represent a reconciliation of the changes in fair value of financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three and six months ended June 30, 2015 and 2014.

	(In Millions) Derivative Assets (Level 3)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Beginning balance	$34.5	$43.3	$63.2	$57.7
Total gains (losses)				
Included in earnings	0.6	33.0	10.7	62.0
Settlements	(27.4)	(43.3)	(66.2)	(86.7)
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Ending balance - June 30	$7.7	$33.0	$7.7	$33.0
Total gains for the period included in earnings attributable to the change in unrealized gains on assets still held at the reporting date	$0.6	$33.0	$10.7	$62.0

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	(In Millions)			
	Derivative Liabilities (Level 3)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Beginning balance	$(16.2)	$(4.0)	$(9.5)	$(1.0)
Total gains (losses)				
Included in earnings	1.1	(16.2)	(17.3)	(20.2)
Settlements	7.1	—	18.8	1.0
Transfers into Level 3	—	—	—	—
Transfers out of Level 3	—	—	—	—
Ending balance - June 30	$(8.0)	$(20.2)	$(8.0)	$(20.2)
Total losses for the period included in earnings attributable to the change in unrealized losses on liabilities still held at the reporting date	$(5.8)	$(16.2)	$(8.0)	$(20.2)

Gains and losses included in earnings are reported in Product revenues in the Statements of Unaudited Condensed Consolidated Operations for the three and six months ended June 30, 2015 and 2014.

The carrying amount for certain financial instruments (e.g., Accounts receivable, net, Accounts payable and Accrued expenses) approximates fair value and, therefore, has been excluded from the table below. A summary of the carrying amount and fair value of other financial instruments at June 30, 2015 and December 31, 2014 were as follows:

		(In Millions)			
		June 30, 2015		December 31, 2014	
	Classification	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt:					
Senior Notes—$700 million	Level 1	$422.9	$208.4	$689.5	$367.3
Senior Notes—$1.3 billion	Level 1	795.1	357.4	1,279.9	704.0
Senior Notes—$400 million	Level 1	325.8	163.6	393.7	228.1
Senior Notes—$500 million	Level 1	434.0	318.0	477.4	312.0
Senior First Lien Notes —$540 million	Level 1	504.9	512.7	—	—
Senior Second Lien Notes —$544.2 million	Level 1	402.2	348.2	—	—
ABL Facility	Level 2	—	—	—	—
Fair value adjustment to interest rate hedge	Level 2	2.5	2.5	2.8	2.8
Total long-term debt		$2,887.4	$1,910.8	$2,843.3	$1,614.2

The fair value of long-term debt was determined using quoted market prices based upon current borrowing rates. The asset based revolving credit facility is variable rate interest and approximates fair value. See NOTE 5 - DEBT AND CREDIT FACILITIES for further information.

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Items Measured at Fair Value on a Non-Recurring Basis

The following tables present information about the financial and non-financial assets and liabilities that were measured on a fair value basis at March 31, 2015 and December 31, 2014. There were no financial and non-financial assets and liabilities that were measured on a non-recurring fair value basis at June 30, 2015. The tables also indicate the fair value hierarchy of the valuation techniques used to determine such fair value.

	(In Millions)				
	March 31, 2015				
Description	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Total Gains
Liabilities:					
$544.2 Million 7.75% 2020 Second Lien Notes	$—	$397.2	$—	$397.2	$269.5
	$—	$397.2	$—	$397.2	$269.5

The $544.2 million 7.75 percent Second Lien Notes issued in the exchange offers were recorded as an extinguishment of debt as the change in debt terms was considered substantial. As such, the newly issued Second Lien Senior Notes were recorded at fair value at the issuance date. In order to determine the fair value of the Second Lien Senior Notes on the date of the exchange, we utilized the median bid ask spread obtained from various investment banks for the exchange date. The bid ask spread is indicative of the fair value of the notes on the exchange date. The 27.0 percent discount equated to a discount of $147.0 million on the issue value of $544.2 million, or an estimated fair value of $397.2 million.

	(In Millions)				
	December 31, 2014				
Description	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Total Losses
Assets:					
Goodwill impairment - Asia Pacific Iron Ore reporting unit	$—	$—	$—	$—	$73.5
Other long-lived assets - Property, plant and equipment and Mineral rights:					
Asia Pacific Iron Ore reporting unit	—	—	72.4	72.4	526.5
Other reporting units	—	—	—	—	11.3
Other long-lived assets - Intangibles and other long-term assets:					
Asia Pacific Iron Ore reporting unit	—	—	7.0	7.0	24.2
Investment in ventures impairment - Global Exploration	—	—	—	—	9.2
	$—	$—	$79.4	$79.4	$644.7

Financial Assets

During the third quarter of 2014, an impairment charge of $9.2 million to investment in ventures was recorded within our Global Exploration operating segment as a decision was made to abandon the investment during the period.

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Non-Financial Assets

During the third and fourth quarter of 2014, we identified factors that indicated the carrying values of the asset groups in the chart above may not be recoverable primarily due to long-term price forecasts as part of management's long-range planning process. Updated estimates of long-term prices for all products, specifically the Platts 62 percent Fe fines spot price were lower than prior estimates. This especially affects the Asia Pacific Iron Ore business segment because their contracts correlate heavily to world market spot pricing. These estimates were updated based upon current market conditions, macro-economic factors influencing the balance of supply and demand for our products and expectations for future cost and capital expenditure requirements. Additionally, our CEO, Lourenco Goncalves, was appointed by the Board of Directors in early August 2014 and was subsequently identified as the CODM in accordance with ASC 280, Segment Reporting. Our CODM views Asia Pacific Iron Ore as a non-core asset and has communicated plans to evaluate the business unit for a change in strategy including possible divestiture. These factors, among other considerations utilized in the individual impairment assessments, indicate that the carrying value of the respective asset groups in the chart above and Asia Pacific Iron Ore goodwill may not be recoverable.

During the third quarter of 2014, a goodwill impairment charge of $73.5 million was recorded for our Asia Pacific Iron Ore reporting units within our Asia Pacific Iron Ore operating segment. Based on our review of the fair value hierarchy, the inputs used in these fair value measurements were considered Level 3 inputs.

We also recorded impairment charges to property, plant and equipment, mineral rights, intangible assets and other long-term assets during the second half of 2014 related to our Asia Pacific Iron Ore operating segment, along with impairments charged to reporting units within our Other reportable segments. A detailed break out of the impairment charges is shown in the chart above. The recorded impairment charges reduce the related assets to their estimated fair value as we determined that the future cash flows associated with these operations were not sufficient to support the recoverability of the carrying value of these assets. Fair value was determined based on management's best estimate within a range of fair values, which is considered a Level 3 input, and resulted in an asset impairment charge of $562.0 million. The Level 3 inputs used to determine fair value included models developed and market inputs obtained by management which provided a range of fair value estimates of property, plant and equipment. Management's models include internally developed long-term future cash flow estimates, capital expenditure and cost estimates, market inputs to determine long-term pricing assumptions, discount rates, and foreign exchange rates.

NOTE 7 - PENSIONS AND OTHER POSTRETIREMENT BENEFITS

The following are the components of defined benefit pension and OPEB expense for the three and six months ended June 30, 2015 and 2014:

Defined Benefit Pension Expense

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Service cost	$6.3	$6.8	$12.6	$13.5
Interest cost	9.5	10.1	18.9	20.2
Expected return on plan assets	(15.0)	(14.5)	(29.9)	(29.0)
Amortization:				
Prior service costs	0.6	0.6	1.2	1.2
Net actuarial loss	5.4	3.6	10.8	7.1
Curtailments/settlements	—	$0.9	0.3	1.2
Net periodic benefit cost to continuing operations	$6.8	$7.5	$13.9	$14.2

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Other Postretirement Benefits Expense

	(In Millions)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Service cost	$1.5	$1.6	$3.0	$3.3
Interest cost	3.2	3.4	6.5	6.8
Expected return on plan assets	(4.6)	(4.3)	(9.2)	(8.6)
Amortization:				
Prior service costs	(0.9)	(0.9)	(1.8)	(1.8)
Net actuarial loss	—	1.2	3.1	2.5
Net periodic benefit cost to continuing operations	$(0.8)	$1.0	$1.6	$2.2

We made pension contributions of $0.3 million and $4.2 million for the three and six months ended June 30, 2015, compared to pension contributions of $5.3 million and $9.4 million for the three and six months ended June 30, 2014. OPEB contributions are typically made on an annual basis in the first quarter of each year, but due to plan funding requirements being met, no OPEB contributions were required or made for the three and six months ended June 30, 2015 and June 30, 2014.

NOTE 8 - STOCK COMPENSATION PLANS

Employees' Plans

The Compensation and Organization Committee of the Board of Directors approved grants under the 2012 Amended Equity Plan to certain officers and employees for the 2015 to 2017 performance period. Shares granted under the awards during 2015 consisted of 0.9 million performance shares based on TSR, 0.9 million restricted share units and 0.4 million stock options. The performance shares may or may not convert into shares based on our shares achieving and maintaining certain milestones above an absolute threshold during the performance period.

For the outstanding 2012 Equity Plan awards that were issued subsequent to October 2013 and the 2012 Amended Equity Plan awards, each performance share, if earned, entitles the holder to receive common shares or cash within a range between a threshold and maximum number of our common shares, with the actual number of common shares earned dependent upon whether the Company achieves certain objectives and performance goals as established by the Compensation and Organization Committee. The performance share or unit grants vest over a period of three years and are intended to be paid out in common shares or cash in certain circumstances. Performance for the 2015 to 2017 performance period is measured on the basis of relative TSR for the period and measured against the constituents of the S&P Metals and Mining ETF Index on the last day of trading of the performance period. The final payouts for the 2015 to 2017 performance period grants will vary from zero to 200 percent of the original grant.

The restricted share units are subject to continued employment, are retention based, will vest in equal thirds on each of December 31, 2015, December 31, 2016 and December 31, 2017, and are payable in common shares or cash in certain circumstances at a time determined by the Committee at its discretion.

The stock options vest on December 31, 2017, subject to continued employment through the vesting date, are exercisable at a strike price of $7.70 after the vesting date and expire on January 12, 2025.

Determination of Fair Value

The fair value of each performance share grant is estimated on the date of grant using a Monte Carlo simulation to forecast relative TSR performance. A correlation matrix of historic and projected stock prices was developed for both the Company and our predetermined peer group of mining and metals companies. The fair value assumes that performance goals will be achieved.

The expected term of the grant represents the time from the grant date to the end of the service period for each of the three plan-year agreements. We estimate the volatility of our common shares and that of the peer group of mining and metals companies using daily price intervals for all companies. The risk-free interest rate is the rate at the grant date on zero-coupon government bonds, with a term commensurate with the remaining life of the performance period.

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The following assumptions were utilized to estimate the fair value for the first quarter of 2015 performance share grants:

Grant Date	Grant Date Market Price	Average Expected Term (Years)	Expected Volatility	Risk-Free Interest Rate	Dividend Yield	Fair Value	Fair Value (Percent of Grant Date Market Price)
January 12, 2015	$7.70	2.97	58.3%	0.91%	—%	$11.56	150.13%
February 9, 2015	$6.57	2.89	58.3%	0.87%	—%	$9.86	150.13%

The fair value of each stock option grant is estimated on the date of grant using a Black-Scholes valuation model. The expected term of the option grant is determined using the simplified method. We estimate the volatility of our common shares using historical stock prices with consistent frequency over the most recent historical period equal to the option's expected term. The risk-free interest rate is the rate at the grant date on zero-coupon government bonds, with a term commensurate with the expected term.

The following assumptions were utilized to estimate the fair value for the first quarter of 2015 stock option grants:

Grant Date	Grant Date Market Price	Average Expected Term (Years)	Expected Volatility	Risk-Free Interest Rate	Dividend Yield	Fair Value
January 12, 2015	$7.70	6.47	75.3%	1.60%	—%	$5.23

The fair value of the restricted share units is determined based on the closing price of our common shares on the grant date. The restricted share units granted under either the 2012 Equity Plan or the 2012 Amended Equity Plan generally vest over a period of three years.

NOTE 9 - INCOME TAXES

For the three and six months ended June 30, 2015, we recorded an income tax benefit in continuing operations of $1.8 million and an income tax expense of $173.3 million, respectively. For the three and six months ended June 30, 2014 we recorded an income tax expense of $7.6 million and $37.2 million, respectively. The increase of income tax expense for the six months ended June 30, 2015 was primarily driven by the placement of a valuation allowance against U.S. deferred tax assets that were recognized in prior years. The year-to-date expense was calculated using the year-to-date loss, considering non-taxable and non-deductible items expected to be incurred for the full year unless those items are expected to be ratably incurred based on operating activity or profitability, (e.g. depletion), in which case we only considered year-to-date actual amounts, multiplied by the statutory rate and offset by the computed valuation allowance.

For the three and six months ended June 30, 2015, we recorded discrete items that resulted in an income tax benefit of $0.3 million and an income tax expense of $167.2 million, respectively. The six months ended June 30, 2015 adjustments relate primarily to the placement of a valuation allowance against U.S. deferred tax assets that were recognized in prior years. This compares to discrete items that resulted in an income tax benefit of $0.2 million and $0.6 million for the three and six months ended June 30, 2014, respectively.

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NOTE 10 - LEASE OBLIGATIONS

We lease certain mining, production and other equipment under operating and capital leases. The leases are for varying lengths, generally at market interest rates and contain purchase and/or renewal options at the end of the terms. Our operating lease expense was $2.0 million and $6.3 million for the three and six months ended June 30, 2015, respectively, compared with $3.3 million and $9.5 million for the same respective period in 2014.

Future minimum payments under capital leases and non-cancellable operating leases at June 30, 2015 are as follows:

	(In Millions)	
	Capital Leases	Operating Leases
2015 (July 1 - December 31)	$13.0	$5.4
2016	25.2	8.4
2017	23.1	7.3
2018	18.6	6.6
2019	10.1	4.8
2020 and thereafter	19.0	9.9
Total minimum lease payments	$109.0	$42.4
Amounts representing interest	23.2	
Present value of net minimum lease payments	$85.8 (1)	

(1) The total is comprised of $18.2 million and $67.6 million classified as Other current liabilities and Other liabilities, respectively, in the Statements of Unaudited Condensed Consolidated Financial Position at June 30, 2015.

NOTE 11 - ENVIRONMENTAL AND MINE CLOSURE OBLIGATIONS

We had environmental and mine closure liabilities of $218.2 million and $170.8 million at June 30, 2015 and December 31, 2014, respectively. The following is a summary of the obligations as of June 30, 2015 and December 31, 2014:

	(In Millions)	
	June 30, 2015	December 31, 2014
Environmental	$4.2	$5.5
Mine closure		
LTVSMC	23.6	22.9
Operating mines:		
U.S. Iron Ore	169.6	120.9
Asia Pacific Iron Ore	20.8	21.5
Total mine closure	214.0	165.3
Total environmental and mine closure obligations	218.2	170.8
Less current portion	3.3	5.2
Long term environmental and mine closure obligations	$214.9	$165.6

Mine Closure

The accrued closure obligation for our active mining operations provides for contractual and legal obligations associated with the eventual closure of the mining operations. The accretion of the liability and amortization of the related asset is recognized over the estimated mine lives for each location.

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The following represents a rollforward of our asset retirement obligation liability related to our active mining locations for the six months ended June 30, 2015 and for the year ended December 31, 2014:

	(In Millions)	
	June 30, 2015	December 31, 2014 [1]
Asset retirement obligation at beginning of period	$142.4	$177.6
Accretion expense	2.5	5.7
Exchange rate changes	(1.3)	(2.4)
Revision in estimated cash flows	46.8	(38.5)
Asset retirement obligation at end of period	$190.4	$142.4

[1] Represents a 12-month rollforward of our asset retirement obligation at December 31, 2014.

The revision in the asset retirement costs recorded during the six months ended June 30, 2015 relates primarily to revisions of the timing of the estimated cash flows associated with required storm water management systems expected to be implemented subsequent to the closure of the mine for one of our U.S. Iron Ore mines.

NOTE 12 - GOODWILL AND OTHER INTANGIBLE ASSETS AND LIABILITIES

Goodwill

The following table summarizes changes in the carrying amount of goodwill allocated by operating segment for the six months ended June 30, 2015 and the year ended December 31, 2014:

	(In Millions)					
	June 30, 2015			December 31, 2014		
	U.S. Iron Ore	Asia Pacific Iron Ore	Total	U.S. Iron Ore	Asia Pacific Iron Ore	Total
Beginning Balance	$2.0	$—	$2.0	$2.0	$72.5	$74.5
Impairment	—	—	—	—	(73.5)	(73.5)
Impact of foreign currency translation	—	—	—	—	1.0	1.0
Ending Balance	$2.0	$—	$2.0	$2.0	$—	$2.0
Accumulated goodwill impairment loss	$—	$(73.5)	$(73.5)	$—	$(73.5)	$(73.5)

Other Intangible Assets and Liabilities

The following table is a summary of intangible assets and liabilities as of June 30, 2015 and December 31, 2014:

		(In Millions)					
		June 30, 2015			December 31, 2014		
	Classification	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Definite-lived intangible assets:							
Permits	Other non-current assets	$78.8	$(18.5)	$60.3	$79.2	$(16.5)	$62.7
Total intangible assets		$78.8	$(18.5)	$60.3	$79.2	$(16.5)	$62.7
Below-market sales contracts	Other current liabilities	$(23.0)	$—	$(23.0)	$(23.0)	$—	$(23.0)
Below-market sales contracts	Other liabilities	(205.9)	190.5	(15.4)	(205.9)	182.8	(23.1)
		$(228.9)	$190.5	$(38.4)	$(228.9)	$182.8	$(46.1)

Total below-market sales contracts

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Amortization expense relating to intangible assets was $1.0 million and $2.1 million for the three and six months ended June 30, 2015 and is recognized in Cost of goods sold and operating expenses in the Statements of Unaudited Condensed Consolidated Operations. Amortization expense relating to intangible assets was $2.3 million and $4.6 million for the comparable periods in 2014. The estimated amortization expense relating to intangible assets for the remainder of this year and each of the five succeeding years is as follows:

	(In Millions) Amount
Year Ending December 31,	
2015 (remaining six months)	$1.9
2016	3.8
2017	4.2
2018	4.2
2019	3.4
2020	2.5
Total	$20.0

The below-market sales contract is classified as a liability and recognized over the term of the underlying contract, which has a remaining life of approximately two years and expires December 31, 2016. For the three and six months ended June 30, 2015 and 2014, we recognized $7.7 million and $7.6 million, respectively, in Product revenues related to the below-market sales contracts. During the first three months of 2015 and 2014, there were no Product revenues related to the below-market sales contract due to the timing of the Great Lakes shipping season. The following amounts are estimated to be recognized in Product revenues for the remainder of this year and the succeeding fiscal year:

	(In Millions) Year Ending December 31,
2015 (remaining six months)	$15.3
2016	23.1
Total	$38.4

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NOTE 13 - DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The following table presents the fair value of our derivative instruments and the classification of each in the Statements of Unaudited Condensed Consolidated Financial Position as of June 30, 2015 and December 31, 2014:

(In Millions)	
Derivative Assets	Derivative Liabilities
June 30, 2015	