

Alpha Natural Resources, Inc.
Form 425
July 16, 2008

INVESTOR PRESENTATION
JULY 2008
CLIFFS NATURAL RESOURCES
Filed by Cleveland-Cliffs Inc
Commission File No. 1-8944
Pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12
under the Securities Exchange Act of 1934
Subject Company: Alpha Natural Resources, Inc.
Commission File No. 1-32423

2
Safe
Harbor
Statement
under
the
Private
Securities

Litigation
Reform
Act
of
1995
A
number
of
the
matters
discussed
in
this
document
that
are
not
historical
or
current
facts
deal
with
potential
future
circumstances
and
developments,
in
particular,
information
regarding
expected
synergies
resulting
from
the
merger
of
Cleveland-Cliffs
and
Alpha,
combined
operating
and
financial
data,
the
combined
company s

plans,
objectives,
expectations
and
intentions
and
whether
and
when
the
transactions
contemplated
by
the
merger
agreement
will
be
consummated.

The
discussion
of
such
matters
is
qualified
by
the
inherent
risks
and
uncertainties
surrounding
future
expectations
generally,
and
also
may
materially
differ
from
actual
future
experience
involving
any
one
or
more

of
such
matters.
Such
risks
and
uncertainties
include:
the
risk
that
the
businesses
will
not
be
integrated
successfully;
the
risk
that
the
cost
savings
and
any
other
synergies
from
the
transaction
may
not
be
fully
realized
or
may
take
longer
to
realize
than
expected;
changes
in
demand
for
iron
ore

pellets
by
North
American
integrated
steel
producers,
or
changes
in
Asian
iron
ore
demand
due
to
changes
in
steel
utilization
rates,
operational
factors,
electric
furnace
production
or
imports
into
the
United
States
and
Canada
of
semi-finished
steel
or
pig
iron;
the
impact
of
consolidation
and
rationalization
in
the
steel
industry;

timing
of
changes
in
customer
coal
inventories;
changes
in,
renewal
of
and
acquiring
new
long-term
coal
supply
arrangements;
inherent
risks
of
coal
mining
beyond
the
combined
company s
control;
environmental
laws,
including
those
directly
affecting
coal
mining
production,
and
those
affecting
customers'
coal
usage;
competition
in
coal
markets;
railroad,
barge,
truck

and
other
transportation
performance
and
costs;
the
geological
characteristics
of
Central
and
Northern
Appalachian
coal
reserves;
availability
of
mining
and
processing
equipment
and
parts;
the
combined
company s
assumptions
concerning
economically
recoverable
coal
reserve
estimates;
disruption
from
the
transaction
making
it
more
difficult
to
maintain
relationships
with
customers,
employees
or
suppliers;

the
failure
to
obtain
governmental
approvals
of
the
transaction
on
the
proposed
terms
and
schedule,
and
any
conditions
imposed
on
the
combined
company
in
connection
with
consummation
of
the
merger;
the
failure
to
obtain
approval
of
the
merger
by
the
stockholders
of
Cleveland-Cliffs
and
Alpha
and
the
failure
to
satisfy

various
other
conditions
to
the
closing
of
the
merger
contemplated
by
the
merger
agreement;
and
the
risks
that
are
described
from
time
to
time
in
Cleveland-Cliffs
and
Alpha's
respective
reports
filed
with
the
SEC,
including
each
of
Cleveland-Cliffs
and
Alpha's
annual
report
on
Form
10-K
for
the
year
ended
December

31,
2007
and
quarterly
report
on
Form
10-Q
for
the
quarter
ended
March
31,
2008,
as
such
reports
may
have
been
amended.
This
document
speaks
only
as
of
its
date,
and
Cleveland-Cliffs
and
Alpha
each
disclaims
any
duty
to
update
the
information
herein.

3
Additional
Information
and
Where
to
Find
It

In
connection
with
the
proposed
transaction,
a
registration
statement
on
Form
S-4
will
be
filed
with
the
SEC.
CLEVELAND-
CLIFFS
AND
ALPHA
SHAREHOLDERS
ARE
ENCOURAGED
TO
READ
THE
REGISTRATION
STATEMENT
AND
ANY
OTHER
RELEVANT
DOCUMENTS
FILED
WITH
THE
SEC,
INCLUDING
THE
JOINT
PROXY
STATEMENT/PROSPECTUS
THAT
WILL
BE
PART
OF
THE

REGISTRATION
STATEMENT,
WHEN
THEY
BECOME
AVAILABLE,
BECAUSE
THEY
WILL
CONTAIN
IMPORTANT
INFORMATION
ABOUT
THE
PROPOSED
MERGER.

The
final
joint
proxy
statement/prospectus
will
be
mailed
to
shareholders
of
Cleveland-Cliffs
and
shareholders
of
Alpha.
Investors
and
security
holders
will
be
able
to
obtain
the
documents
free
of
charge
at
the
SEC's
web

site,
www.sec.gov,
from
Cleveland-Cliffs
Inc,
Investor
Relations,
1100
Superior
Avenue,
Cleveland,
Ohio
44114-2544,
or
call
(216)
694-5700,
or
from
Alpha
Natural
Resources,
Inc.,
One
Alpha
Place,
P.O.
Box
2345,
Abingdon,
Virginia
24212,
attention:
Investor
Relations,
or
call
(276)
619-4410.
Participants
In
Solicitation
Cleveland-Cliffs
and
Alpha
and
their
respective
directors
and

executive
officers
and
other
members
of
management
and
employees
may
be
deemed
to
be
participants
in
the
solicitation
of
proxies
in
respect
of
the
proposed
merger.
Information
concerning
Cleveland-Cliffs
participants
is
set
forth
in
the
proxy
statement
dated
March
26,
2008,
for
Cleveland-Cliffs
2008
annual
meeting
of
shareholders
as
filed

with
the
SEC
on
Schedule
14A.
Information
concerning
Alpha
participants
is
set
forth
in
the
proxy
statement,
dated
April
2,
2008,
for
Alpha's
2008
annual
meeting
of
stockholders
as
filed
with
the
SEC
on
Schedule
14A.
Additional
information
regarding
the
interests
of
participants
of
Cleveland-Cliffs
and
Alpha
in
the
solicitation

of
proxies
in
respect
of
the
proposed
merger
will
be
included
in
the
registration
statement
and
joint
proxy
statement/prospectus
and
other
relevant
materials
to
be
filed
with
the
SEC
when
they
become
available.
Important
Information
for
Investors
and
Shareholders

4

Creates a leading diversified mining and natural resources company

Dramatically increases size and scale

Solidifies platform for growth and diversifies business mix

Capitalizes on strong outlook for iron ore, metallurgical and thermal coal

Shared culture and core values of both companies, including a focus on safety

Strong financial position

Pro forma leverage of
1.2x

Pro forma 2008E EBITDA of
\$1.9bn

Compelling value creation for Cleveland-Cliffs and Alpha Natural Resources shareholders
Transaction Highlights

5

Price:

Cleveland-Cliffs (CLF) to acquire all outstanding shares of Alpha Natural Resources (ANR) valued at approximately \$10 billion

Premium:

Based on Cliffs

closing price on July 15, 2008, Alpha

stockholders would receive a premium of 35%

Structure:

Alpha stockholders would receive 0.95 Cleveland-Cliffs common shares plus \$22.23 in cash for each share of Alpha common stock owned

Ownership:

Upon completion of the transaction, Alpha stockholders would own approximately 40% of the combined company, and Cliffs shareholders would own approximately 60% percent

Key Conditions:

The transaction is subject to approval by Cliffs and Alpha shareholders, as well as the satisfaction of customary closing conditions and regulatory approvals

Timing:

The transaction is expected to close by the end of 2008

Transaction Summary

6
The Right Assets
*
*
*
*

7
0
5
10
30
Alcoa
Freeport
Newmont

PF Cliffs
Natural
Resources'
Southern
Copper
Peabody
Consol
Arch Coal
Massey
Energy
Walter
Industries

Creates One of the Largest US Mining Companies

Largest US mining companies by 2008E revenue (\$ millions)

Source: FactSet, management estimates

1

Based on management estimates

8
Creates One of the Largest US Mining Companies
Largest US mining companies by market capitalization (\$ millions)
Source: FactSet, management estimates
0
5
10
15

20

25

30

35

40

Freeport

Southern

Copper

Alcoa

Newmont

Peabody

PF Cliffs

Natural

Resources

Consol

Arch Coal

Massey

Energy

Walter

Industries

30

9

A More Diverse Business Mix

Iron ore

77.1%

Met coal

22.9%

Steam / Met coal

73.4%

Steam coal
26.6%
Iron ore
52.3%
Steam coal
8.6%
Steam / Met coal
23.6%
Iron Ore: 1.0bn tons
Coal: 298mm tons
Coal: 618mm tons
Iron Ore: 1.0bn tons
Coal: 915mm tons
+
=
Cleveland-Cliffs
Iron ore¹
79.5%
Met coal
18.6%
Cliffs Natural Resources
~\$3.5bn
~\$6.0bn
Alpha Natural Resources
Met coal
56.1%
Steam coal
27.6%
Brokered Coal
16.3%
~\$2.5bn
Met coal
34.0%
Iron ore
46.7%
Brokered Coal
6.7%
Steam coal
12.5%
+
=
Steam coal
1.9%
2008E¹
revenue by commodity
2007A reserves by commodity
Cleveland-Cliffs
Cliffs Natural Resources
Alpha Natural Resources
Met coal

15.5%

Source: Company data

¹Excludes revenue from freight and other

10
Solid geographic footprint
Source: Company
Amapa Project
Iron ore assets
Coal assets
Portman Koolyanobbing
Portman Cockatoo Island

Sonoma
Hibbing Taconite
United Taconite
Northshore Mining
Empire
Mine
Tilden
Mine
Oak Grove Mine
Cliffs Corporate
Headquarters
Pinnacle Complex
Pinnacle Mine
Green Ridge Mine
AMFIRE
Kingwood
Brooks Run
Welch
Enterprise
Paramont
Dickenson-Russell
Callaway
Cliffs Asia Pacific
Cliffs North America
Cliffs Latin America
Wabush
Mine
Combined
mine
portfolio
will
include
nine
iron
ore
facilities
and
more
than
60
coal
mines
across
North
America,
South
America
and
Australia

11

World-class Asset Base

Largest iron ore reserves in N. America (mt)

Largest met coal reserves in U.S. (mt)

Source: Company data

Note: Only includes North American reserves

0

100

200
300
400
500
600
700
800
900
1,000
Cliffs Natural
Resources
U.S. Steel
ArcelorMittal
IOC
0
100
200
300
400
500
600
Cliffs Natural
Resources
Consol
Massey
Energy
United Coal
Jim Walter

12
U.S. Steel
24%
Iron Ore
Company of
Canada
16%
Arcelor

Mittal

15%

Cliffs Natural

Resources

Managed

45%

A Leading Supplier to the Global Steel Industry

Top US met coal producers

Top North American iron ore pellet producers

Source: Company data

Patriot

Cliffs Natural

Resources

30%

All others

18%

United Coal

Corp

6%

Consol

7%

10%

Jim Walter

Resources

11%

Massey

Energy

18%

13

The Right Time

*
*
*
*

14
Strong Met Coal Outlook
0
50
100
150
200
250

300
1990
1992
1994
1996
1998
2000
2001
2004
2006
2008E

Met coal prices (\$/tonne)

Source: Metal Strategies, equity research

15
Strong Iron Ore Outlook
0
25
50
75
100
125

150
1990
1992
1994
1996
1998
2000
2002
2004
2006
2008E
Pellets
Lump
Fines
Iron ore prices (\$/tonne)
Source: Tex Reports

16

Robust Steel Demand

Global steel demand (millions of tonnes)

Post World War II reconstruction
and Japanese industrialization

CAGR 1950-1973: 5.9%

Post-oil crisis slow down

CAGR 1973-1995: 0.4%

BRIC cycle

CAGR 1995-2015: 4.4%

Source: IISI, Metal Strategies

0

500

1,000

1,500

2,000

1950

1955

1960

1965

1970

1975

1980

1985

1990

1995

2000

2005

2010

2015

17
The Right Platform
*
*
*
*

18

Shared core values

Best-in-class safety standards and practices

Both companies recognize that the processing of the earth's mineral resources must be accomplished in a socially responsible manner

Integrated Management and Board structure

Following
the
close
of
the
transaction,
Cleveland-Cliffs
Board
of
Directors
will
be
expanded
by
two
seats
to
be
filled
by
two
current
Alpha
Natural
Resources
directors,
Michael
Quillen
and
Glenn
Eisenberg

Joseph Carrabba will serve as Chairman and Chief Executive Officer

Michael Quillen
will serve as non-executive Vice Chairman

Kevin Crutchfield will become President of the combined company's Coal division

Donald Gallagher will become President of the combined company's Iron Ore division

Laurie Brlas will serve as Executive Vice President and Chief Financial Officer
Shared Cultural Commitment to Integrity,
Safety & Environment

19

Alpha Natural Resources is the Right Next Step

Selects Michigan site
for iron nugget plant

Acquires PinnOak

Resources,

premium-quality metallurgical
coal producer

Cliffs transitions

from mine manager

to international

merchant mining

company

Diversifies into coal through 45% economic
interest in the Sonoma Project, an Australian

coking and thermal coal project

Joseph Carrabba named CEO;

Cliffs reorganizes into

business-unit structure

Expands into Latin America; acquires

30% ownership position in Brazilian

iron ore project Amapá

Mine

Cliffs acquires Portman

Limited, Australia's then

third-largest iron ore miner

2006

2007

2008

Early 2000s

Sonoma commences
shipments

Cleveland-Cliffs
merges with Alpha
Natural Resources,
forming Cliffs

Natural Resources
Selects Michigan site
for iron nugget plant

Acquires PinnOak
Resources,
premium-quality metallurgical
coal producer

Diversifies into coal through 45% economic
interest in the Sonoma Project, an Australian
coking and thermal coal project

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business-unit structure

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30% ownership position in Brazilian
iron ore project Amapá

Mine

Sonoma commences
shipments

Cleveland-Cliffs
merges with Alpha
Natural Resources,
forming Cliffs

Natural Resources
2005

20
Cliffs Natural Resources Strategic Imperatives
Growth and Diversification
 Revenue Growth
 Product Diversification
 Geographic Growth
Operational Excellence
Safety

Technical Competencies
Operating Efficiencies
Global Execution
Competencies of the Firm
Outlook of Personnel
Global Scalability
Shareholder Returns
Shareholder Value
Risk Management
Earning the Right to Grow
Growth and
Diversification
Shareholder
Returns
Global
Execution
Operational
Excellence

21
Value Creation
*
*
*
*

22

Strong Financial Position

Pro forma enterprise value of \$22bn

Estimated annual synergies of
\$200 million beginning in 2010

Financials

Revenue

\$6.5bn

\$10bn

EBITDA

\$1.9bn

\$4.7bn

Margin (%)

29%

47%

Leverage

Total debt

\$2.1bn

\$1.9bn

Debt/EBITDA

1.2x

0.4x

Pro forma 2008E

Pro forma 2009E

INVESTOR PRESENTATION
JULY 2008
CLIFFS NATURAL RESOURCES