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**COMP/M.5771 - CSN / CIMPOR**

**SECTION 1.2**

**Description of the concentration**

The Transaction concerns the acquisition of sole control under Article 3(1)(b) ECMR by CSN over CIMPOR by way of a public takeover bid which is subject to review by the Portuguese securities regulator. CSN is one of the largest fully integrated steel producers in Brazil and Latin America in terms of crude steel production but also active in mining and logistics. Since May 2009 CSN is also active in the cement business in Brazil. CIMPOR is a company active in the cement business in various countries with its European focus on Portugal and Spain. The Group's core business is the production and sale of cement. In addition, CIMPOR produces concrete, aggregates and mortars.

In May 2009, CSN started to produce a limited amount of cement in Brazil (around 0.3 MPTY in 2009). CSN's new cement factory is located in the Presidente Vargas complex in Volta Redonda (Rio de Janeiro). In the still ongoing start-up phase, the annual output will slowly be increased to 1.0 MPTY. The ultimate goal is to increase the cement production to between 2.3 and 2.5 MPTY in 2012. CSN's cement is distributed to local retailers within the States of Rio de Janeiro, Minas Gerais and São Paulo.

Upstream to the production of cement, CSN produces annually 1.4 MPTY of blast-furnace slag (including granulated and/or ground slag), a material which can account for up to 70% of the input needed for the cement production. CSN uses the slag for captive use (i.e., its own cement production) and also sells to two cement competitors within the State of Rio de Janeiro. Within 3 years, CSN expects to use all of its slag production for captive use in its own cement production. Concerning clinker, CSN so far acquires this input from third parties, but intends in the near future to start producing its own clinker for captive use only. CSN does not produce fly ash.

CSN has no downstream activities such as the production of concrete, concrete aggregates, mortar, pre-cast concrete products or pavings.