COMP/M.4259 – Arcelor/Severstal

SECTION 1.2

Description of the concentration

The proposed transaction concerns the acquisition by Arcelor of control over the Severstal Group together with 70% of the shares of certain operating businesses of Lucchini.

The business activities of the undertakings concerned are:

Arcelor S.A.: Arcelor S.A. is the ultimate parent company of a group of companies active in the worldwide production and distribution of most types of carbon flat, carbon long and stainless steel for, *inter alia*, the automotive, industrial and construction industry.

Severstal: Severstal is a group of companies which is active in the steel and mining sector. It is specialized in the manufacture and sale of metallurgical products such as semi-finished products, carbon steel flat and long products, as well as certain specialty steel products. At the time of closing, Severstal will also include assets in the mining of coal and iron ore.

The Parties believe that it is in their best interests to enter into a strategic alliance for the purpose of combining the steel and mining assets of Severstal with Arcelor and to benefit each of the Arcelor and Severstal shareholders by enhancing Arcelor's and Severstal's positioning as leading international steel producers and by committing to work together to create significant synergies. The transaction is a continuation of the Parties' cooperation activities that have recently involved the creation of two joint ventures, one in galvanized flat carbon steel, and a second one in drawn wire.