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**M. 9726 - ITOCHU / AMCI / POSCO / JVLP / NCR**

**SECTION 1.2**

**Description of the concentration**

- 1) The proposed Transaction relates to two inter-related operations, namely: (i) the subscription of a 25% jointly controlling interest by Itochu Corporation (***Itochu***) in North Central Resources, LLC (***NCR***), to help fund the construction of its greenfield coking coal mine (the Longview Mine Project); and (ii) the creation of a marketing non-full function joint venture, Longview Sales Co LLC (***Longview***), which will market certain amounts of the coal eventually produced by NCR.
- 2) Itochu, the new jointly controlling equity-holder and the ultimate parent company of the Itochu Group, is a Japanese holding company of a global network of subsidiaries and associated companies, engaged in a broad range of industries globally.
- 3) NCR is a joint venture established in the United States of America whose aim is to hold, develop, explore, construct and exploit commercially a greenfield coking coal project in the State of West Virginia. The pre-Transaction membership interests in NCR are as follows: American Metals & Coal International, Inc. (***AMCI***) (56.5%); POSCO-NCR COAL Ltd (a wholly-owned subsidiary of POSCO corporation or ***POSCO***) (29.4%); and Jaz Ventures, L.P. (***JVLP***) (14.1%).
- 4) The entry of Itochu as a jointly controlling equity-holder in the joint venture will provide additional capital support for NCR to be able to fulfil its purpose of initiating the mine project in West Virginia over a reasonable timeframe and ultimately commencing its activities in the production and supply of coal.
- 5) The proposed Transaction qualifies as a “concentration” within the meaning of Article 3 of the European Merger Regulation (***EUMR***), because it entails a change in the quality of control through the addition of a controlling equity-holder to the current structure with respect to the first operation.
- 6) Upon completion of the proposed Transaction, NCR will become a full-function joint venture within the meaning of Article 4 EUMR, as it will operate to a large extent autonomously in the market, on a lasting basis and with access to its own resources, thereby allowing it to be market-facing within a reasonable timeframe.
- 7) The second operation consists in the creation of a non-full function marketing joint venture which will provide marketing services to NCR on an exclusive basis, the effect of which is to render the NCR joint venture market-facing and full-function.