

CIMPOR - CIMENTOS DE PORTUGAL, SGPS, S.A.

Updated Report of the Board of Directors of CIMPOR on the opportunity and the conditions of the Offer by CSN



February 3rd, 2010

This document is a translation of the Portuguese version of this report which, for all intents and purposes, should be considered as the prevailing one.



Registered office: Rua Alexandre Herculano, no. 35, Lisbon Share capital: € 672,000,000.00 Legal Entity no. 500 722 900; registered with the Commercial Registry Office of Lisbon under the same number



Message to the Shareholders of CIMPOR

Last December 18th, CSN announced a takeover offer for CIMPOR. The corresponding draft prospectus and offer announcement were received by CIMPOR on December 30th. After its careful review, CIMPOR issued a Board of Directors Report outlining its opinion on the terms and conditions of the Offer, including other relevant considerations on those documents and on the process.

On January 27th, 2010, the Offer was registered by CMVM and CSN published the offer announcement and the prospectus, maintaining the initial price.

This report is an update to the version released on January 7th, 2010, reflecting the changes introduced by CSN in the offer documents.

The Board of Directors of CIMPOR reiterates that the Offer is hostile since it is opportunistic, irrelevant and disturber of the Company's activities, restating its belief that:

- The Offer significantly undervalues the company;
- The Offer is not in the best interest of its Shareholders and stakeholders; and
- CSN does not offer a premium to the Shareholders of CIMPOR.

Despite the broad references introduced in the prospectus on its strategy for CIMPOR, aiming "to maintain a general guideline of management continuity and of incrementing the current activities" of the Company, CSN still does not assure that it will fulfil its "intention" nor add value to CIMPOR, as a Portuguese industrial project with a strong international presence.

Thus, in the meeting held today the Board of Directors of CIMPOR has again unanimously resolved to reject the Offer and to recommend to its Shareholders not to sell their shares at the "bargain price" offered by CSN.

In the same meeting, all the members of the Board of Directors who hold shares in the Company have restated that they do not intend to sell their shares in the Offer.

Considering that the ultimate decision on the merits of the Offer rests with the Shareholders, this report provides the arguments upon which the Board of Directors has based its recommendation that Shareholders reject the Offer.

Recommendation:

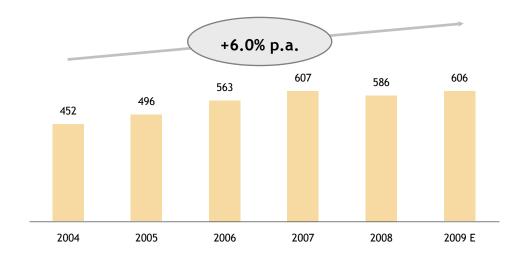
The Board of Directors of CIMPOR rejects the Offer and recommends to its Shareholders not to sell their shares in the Offer.





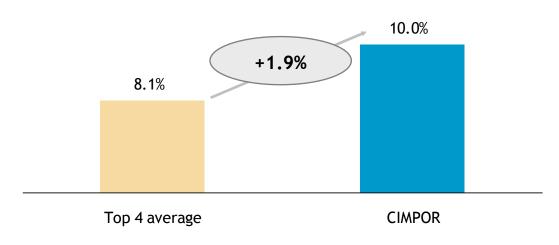
1. CIMPOR's business track record is outstanding ...

... it posted an average 6.0% EBITDA annual growth rate in 2004-2009E ...



... it is more profitable than the Top 4 comparable international cement players ...

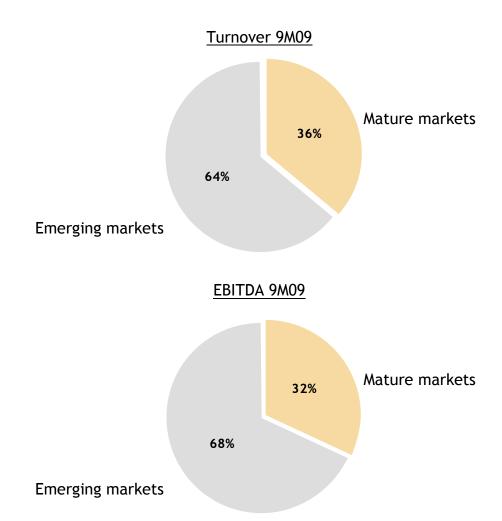
Return on capital employed (2004-2008)



Note: Top 4 includes Heildelberg Cement, Cemex, Holcim and Lafarge



... based on a balanced portfolio with high exposure to emerging markets, ...



... generally with leading positions in the markets in which it operates, with a competitive cost base, ...

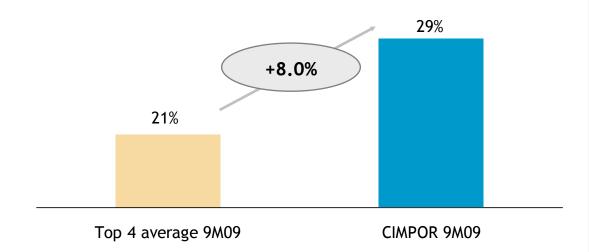
... with considerable growth prospects as accumulated cement consumption is expected to grow 25% between 2009 and 2012 in the emerging markets where CIMPOR is present ...

... while end-market and profit recovery are foreseen in mature markets.

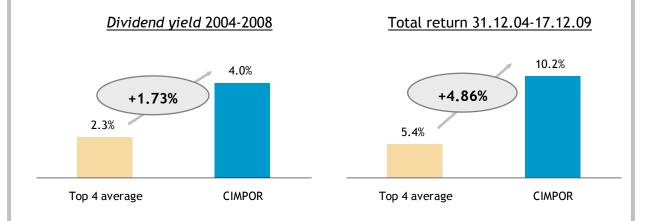


2. CIMPOR is one of the most profitable global cement players ...

... clearly demonstrated by higher EBITDA margins among the Top 4 comparable international cement players ...



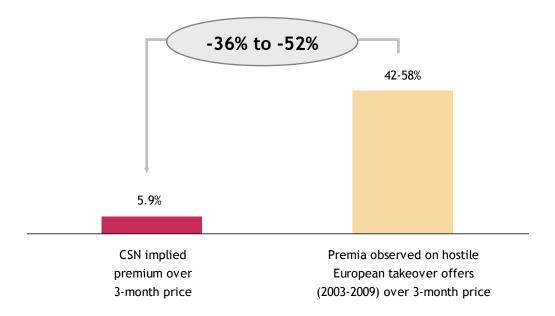
... which have materialised into the highest dividend yield and total return to Shareholders over the last years.



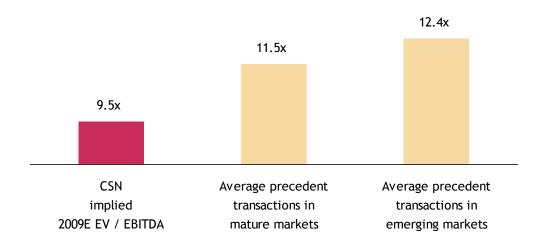


3. CSN's Offer significantly undervalues CIMPOR ...

... as it represents an unprecedented discount when compared to previous takeover offers in Europe ...



... and to precedent transaction multiples ...

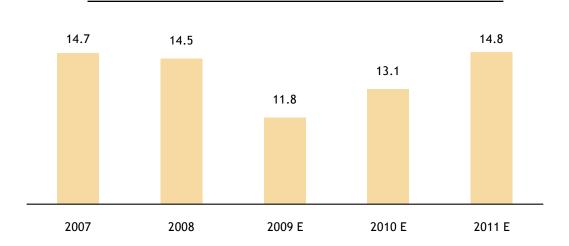


... which represents, on a price per share basis, a 24% discount to transaction multiples of comparable companies in mature markets and a 32% discount to transaction multiples of cement companies in emerging markets.



Furthermore, CSN's Offer should be considered opportunistic as it was launched at a time when earnings are at a cyclical low in the sector, and it does not account for the expected strong recovery of the markets where CIMPOR operates ...

Combined EBITDA of CIMPOR, Heidelberg Cement, Holcim, Cemex and Lafarge (€Bn) 2007 - 2011E



... all of which clearly emphasizes that CSN's Offer price is very low given CIMPOR's excellent portfolio of assets and growth prospects.



4. The Offer was not conducted in the best interest of CIMPOR's Shareholders, particularly...

The Offeror launched the Offer without the legally required authorisations

The transaction is exposed to regulatory risks

The Offeror has not deposited the consideration nor presented a bank guarantee

The transaction is exposed to legal and execution risks

The Offeror does not fully disclose information on the financing

Lack of information to evaluate:

- (i) the financial structure of the operation
- (ii) its impact on CIMPOR

The Offeror did not specify its strategic plans for CIMPOR

Lack of information to assess:

- (i) its impact on CIMPOR
- (ii) how "group CSN-CIMPOR" would become the 5th largest cement company and 1st in profitability



- 5. The term established for the Offer was 3 weeks, which is insufficient and shorter than the term of any other hostile offers launched in Portugal...
- ... CMVM registered the Offer before CIMPOR had an opportunity to issue its opinion on the terms and conditions of the Offer, in particular on the withdrawal of launch conditions and on the Offer's term ...
- ... The Offer's term constrains the discussions and negotiations of alternatives that consider the best interest of CIMPOR and its Shareholders ...
- ... The Offer's term limits third parties from coming forward with value creating transactions for CIMPOR's Shareholders.

The Offer process was executed in such a manner as to try to acquire control of CIMPOR at a significantly low price.



The Board of Directors of CIMPOR rejects the Offer and recommends to its Shareholders not to sell their shares at a "bargain price"



Report of the Board of Directors

Report of the Board of Directors of

CIMPOR - Cimentos de Portugal, SGPS, S.A. on the opportunity and the conditions of the Takeover Offer for its shares launched by CSN Cement S.à.r.l.

The Board of Directors (the "Board") of CIMPOR - Cimentos de Portugal, SGPS, S.A., public company, with registered office at Rua Alexandre Herculano, no. 35, Lisbon, legal entity no. 500.722.900, registered at the Commercial Registry Office of Lisbon under the same number, with the share capital of € 672,000,000.00 ("CIMPOR" or the "Company"), once disclosed the offer announcement and the prospectus (the "Offer Documents") relating to the takeover offer for the acquisition of all the shares representing the share capital of CIMPOR (the "Offer" or the "CSN's Offer") launched on January 27th 2010 by CSN Cement S.à.r.l., company incorporated under the laws of Luxembourg, with registered office at L-5365 Münsbach, 9 Parc d'Activité Syrdall, Münsbach City, Grand Duchy of Luxembourg (the "Offeror"), wholly and indirectly owned by Companhia Siderúrgica Nacional, company incorporated under the laws of Brazil, with registered office at Rua São José, no. 20, Grupo 1602, Centro, Rio de Janeiro, RJ, Brazil ("CSN"), under the terms and for all legal purposes, hereby submits its updated report on the opportunity and the conditions of the Offer (the "Report"), as follows:



Table of Contents

1.	Preliminary remarks
	1.1. The Board role in the Offer process
	1.2. Management powers during the Offer process
2.	Offer Documents
	2.1. The revision of launch conditions21
	2.2. Term and calendar of the Offer22
	2.3. Guarantee for the consideration and financing of the Offer23
	2.4. The limitations to the target's management set out in art. 182 of the Securities Code
	2.5. The grounds for the revision or withdrawal of the Offer in general and the change of control clauses in particular25
3.	Reasons for rejecting CSN's Offer:
	(I) A low price
	3.1. An offer without premium28
	3.2. A price too low for CIMPOR29
	3.3. A transaction at discount30
	3.4. An offer in the downturn of the market and sector cycles31
4.	Reasons for rejecting CSN's Offer:
	(II) Being a CIMPOR's Shareholder is investing in a superior strategy . 34
	4.1. CIMPOR's development strategy35
	4.2. The strong market position of CIMPOR37
	4.3. The remarkable operating performance of CIMPOR39
	4.4. The international portfolio of CIMPOR46
5.	Reasons for rejecting CSN's Offer: (III) Being a CIMPOR's Shareholder is investing in the most profitable of the international cement players
6.	Reasons for rejecting CSN's Offer:
٥.	(IV) The impact of CSN's profile on the Offer and on CIMPOR 55
	6.1. Insufficient disclosure of the strategy for CIMPOR56
	6.2. Offer financing structure and impact on CIMPOR57



	6.3. Impact of CSN's profile on CIMPOR's remaining stakeholders	.59
7.	Intentions of the Members of the Board of CIMPOR on the acceptance of the Offer	62
	Legal disclaimers	64
	Appendix	65



1. Preliminary remarks



In this Report the Board pursues two key objectives: ensuring that the decision on the merits of the Offer rests with the Company's shareholders (the "Shareholders") and allowing them to make an informed decision in that respect.

For the purpose of achieving those objectives, in the Offer process, the Board is strongly committed to act in accordance to the following:

1.1. The Board role in the Offer process

1.1.1. General duties of the Board.

- The members of the Board will act with due care and skill when assessing the merits of the Offer.
- This assessment is made in accordance with the interests of the Company, the Shareholders' long-term interests and also with the interests of third parties relevant to the Company's sustainability, such as employees, clients and creditors.

1.1.2. Special duties of the Board during the Offer.

- Beginning with the preliminary announcement of the Offer, made public by CSN last December 18th ("Preliminary Announcement"), the members of the Board became under the duty to act in good faith and with loyalty, in particular ensuring the accuracy of information.
- Accordingly, in this Report, the Board aims to ensure both the fair treatment of the Offeror as well as the equal treatment of all Shareholders.

1.1.3. Board Report.

- This Report includes the contents required under art. 181 of the Securities Code and all the information provided herein is complete, accurate, true, updated, objective and lawful.
- With this Report the Board also intends to update and clarify based upon its best knowledge and belief and upon the information available at the date hereof - the aspects not dealt within our report disclosed on January 7th, due to the deficiencies evidenced by the drafts of the offer announcement and prospectus received on December 30th, 2009 (as further detailed in section 2 of that report).



1.2. Management powers during the Offer process

1.2.1. Limitations to the management powers under the passivity rule.

 Under art. 182 of the Securities Code, as of the moment it becomes aware of the decision to launch a takeover offer and without prejudice of exceptional cases, the management of the target is forbidden to carry out acts that may materially change the company's financial condition (not falling within its normal course of business) and that may significantly affect the objectives announced by the offeror.

1.2.2. The exception triggered in this Offer under the reciprocity rule.

- Pursuant to paragraph 6 of art. 182 of the Securities Code, the abovementioned passivity rule "is not applicable to offers launched by offerors not subject to the same rules or controlled by a company not subject to the same rules".
- On the basis of the information available, and considering this reciprocity rule, the Board of CIMPOR considers with strong grounds that it is not subject to the limitations provided for in art. 182 of the Securities Code.

1.2.3. Submission filed by CIMPOR before CMVM.

- o On December 22nd, 2009, CIMPOR filed with CMVM a submission whereby it requested the supervisory authority to formally confirm that the limitations to the management foreseen in art. 182 of the Securities Code are not applicable within the Offer.
- Finally, last night, CMVM has issued an opinion on this matter whereby it has considered that the limitations foreseen in art. 182 of the Securities Code do not apply to CIMPOR's management within the Offer.



2. Offer Documents



Following an analysis of the Offer Documents and after evaluating the deficiencies of the drafts of the offer announcement and prospectus received by CIMPOR on December 30^{th} , 2009, the Board of Directors finds that:

December 30 th , 2009	January 27 th , 2010	Main consequences
The Offeror did not fully specify the Offer launch conditions	The Offeror launched the Offer without the legally required authorisations	The transaction is exposed to regulatory risks
The Offeror did not indicate the Offer term	A 3-week term was established for the Offer	The emergence of alternatives to the Offer was discouraged
The Offeror foresaw a deposit of the consideration	The Offeror has not deposited the consideration nor presented a bank guarantee, but only an undertaking to pay	The transaction is exposed to legal and execution risks
The Offeror omitted information on the financing of the Offer and on its impact on CIMPOR	The Offeror presented new information on the financing of the Offer	The Offeror still does not sufficiently clarify the terms of the financing and its impact on CIMPOR
The Offeror did not specify its strategic plans for CIMPOR	The Offeror reinforced that the Offer is part of the diversification and internationalisation strategy of CSN group	The Offeror still does not detail how it intends to implement its strategy to become one of the 5 major cement producers worldwide and the 1 st in profitability
The Offeror did not clarify its chain of control nor that the limitations set out in art. 182 of the Securities Code are not applicable to this Offer	The Offeror clarified that its chain of control is controlled by Brazilian entities	The Offeror does not acknowledge that the limitations to the target's management are not applicable in this Offer
The Offeror foresaw a set of unreasonable assumptions as potential grounds for the revision or withdrawal of the Offer	The Offeror excluded from this set the change of control clauses included in the debt instruments entered into by CIMPOR subsidiaries	The Offeror insists to point out examples of situations in which the revision and withdrawal of the Offer would be unacceptable



2.1. The revision of launch conditions

The Offer was registered without prior required authorisations...

- In the amendment to the Preliminary Announcement of January 26th, 2010, the Offeror identified the need to obtain authorisations and approvals from the competition authorities in Turkey, China, South Africa and the European Union as preconditions to the Offer launch.
- The following day, the Offeror withdrew those authorisations, waiving the condition precedent foreseen in the Preliminary Announcement.
- In this context, the Offeror has only assumed responsibility for the potential penalties arising from the completion of the Offer prior to the required authorisations being obtained.

... thus exposing the transaction to several regulatory risks.

- The Offeror will only notify the Brazilian competition authorities of the transaction upon completion of the Offer, while:
 - Potential competition issues within this jurisdiction should not be excluded considering the activities and market shares of CSN and CIMPOR in the cement market as well as upstream sectors (as the iron slag sector).
 - The Brazilian authorities have already asked CIMPOR to provide information on mergers or other transactions which may trigger the acquisition of its shares.
 - As per previous decisions, the Brazilian competition authorities may consider that the 15 business day period for the notification of the Offer starts, at the latest, at the time of the offer launch.
- The launch of a takeover offer prior to the obtention of relevant authorisations by the offeror has no precedent in Portugal which allows to anticipate its consequences.
- In the Offer Documents, the Offeror does not assume responsibility for potential damages arising from the waiving of other required authorisations neither from competition authorities' decisions which are unfavourable to the concentration which may determine the invalidity of the transaction or impose remedies a posteriori (such as the sale of assets, the termination of certain activities or any other type of restrictive actions which may limit the Company's activities).



2.2. Term and calendar of the Offer

The term and the calendar of the Offer are very limitative...

- The Offeror established a term for the Offer of only three weeks, close to the minimum legally permitted period (the two weeks granted in art. 183 of the Securities Code).
- This term is shorter than, for example, the offer term established for the
 takeover offer launched over Banco BPI, SA (recent comparable transaction in
 terms of *free float* and shareholder structure of this company) for which, even
 though all its terms and conditions were known for one year and one month,
 an offer term of four weeks was established.
- CMVM registered the Offer before CIMPOR had an opportunity to issue its opinion, by means of the Board of Directors' report, on the terms of the Offer, and in particular on the withdrawal of launch conditions and the Offer term (information not contained in the draft prospectus received on December 30th).

... thus restraining the emergence of alternatives of greater value to the Company and to its Shareholders.

- Setting up a term for the Offer this short, together with the withdrawal of the suspensive condition (obtaining the required authorisations) results in the shortening of the Offer calendar.
- CIMPOR Shareholders are now limited in their time to make a decision of divestment, thus making more difficult the emergence of other alternatives that may be potentially more favourable and value-enhancing for the Company and its Shareholders.
- In particular, pursuant to article 185-A of the Securities Code and in the current context, the launch of competing offers which would imply an increase in the consideration may only take place up to February 12th (i.e., the fifth day prior to the Offer term).
- Thus being, and to the extent that CMVM, as a rule, shall decide on the register of an offer within 8 days, a potential offeror would only have 6 business days to preliminarily announce and submit its offer to registration.



2.3. Guarantee for the consideration and financing of the Offer

The Offeror presents new information on the guarantee for the consideration and financing of the Offer...

- The Offeror has neither deposited the funds nor submitted a bank guarantee to secure the settlement of the price to each Shareholder (as per arts. 177/2 and 179/b of the Securities Code), presenting a mere undertaking to pay, assumed before CSN by a bank syndicate.
- According to the Offer Documents, the payment of the consideration would be obtained through the financing by the referred bank syndicate.

... still without sufficiently clarifying the terms of the financing and its impact on CIMPOR, in a scenario of Offer success.

- The Offeror still fails to disclose essential elements related to the financing conditions, such as:
 - o In which terms is the payment of interests foreseen under the financing agreement (rate, spread and other potential modifications)?
 - Is any clause restricting the dividends distribution policy foreseen?
 - Is there any clause limiting mergers, demergers, restructuring or investments and sale projects, thus, being able to constraint CIMPOR activity?
- On the other hand, the Offer Documents do not allow ascertaining whether the
 Offeror's share capital increase in the amount of the consideration
 effectively due to the addressees of the Offer has already been resolved even
 if subject to a condition precedent.
- The Offeror informs CIMPOR Shareholders that, in the event of a successful Offer, this financing shall determine "naturally an increase of the level of leverage of the Offeror and CSN Group", without further referring how such an increase in leverage will impact the availability to finance the growth strategy of the Company.



2.4. The limitations to the target's management set out in art. 182 of the Securities Code

In the Offer Documents, the Offeror expressed its "opinion" on the limitations to the target's management...

- The reference that neither the Offeror nor CSN are "subject to the application of articles 182 and 182-A of the Securities Code, since CSN is a company governed by Brazilian law" is kept.
- The Offeror insists in quoting "the rules on fiduciary duties and responsibilities of directors" foreseen in Brazilian law, which are "deemed by scholars to be so demanding that the board of the target company shall seek for evidence of the fulfilment of such duties by means of the shareholders' opinion expressed in a general meeting".

... still treating this alleged issue in the Offer Documents in an incomplete and inaccurate manner.

- Considering the clarification given on its control structure, the Offeror should have clearly and accurately clarified this issue in the Offer Documents and in accordance with CMVM understanding (as per arts. 7 and 135 of the Securities Code).
- In our opinion, the Offer Documents should mention that in the jurisdictions where the Offeror's and/or of its controlling company(ies) are based, there are no legal or regulatory rules equivalent to those foreseen in art. 182 of the Securities Code; for such reason, these limitations are not applicable with respect to this Offer.
- This clarification should have been made instead of making reference to Brazilian rules or to scholarly interpretations of duties and responsibilities of the management, which are not applicable to the Board of Directors of CIMPOR, as better detailed in Section 1.1. in this Report.



2.5. The grounds for the revision or withdrawal of the Offer in general and the change of control clauses in particular

The Offeror amended the assumptions under which it has based its decision to launch the Offer, excluding the agreements which foresee change of control clauses...

- The Offeror excluded for these purposes "the change of control clauses included in the financing agreements entered into between CIMPOR or companies within a control or group relationship described in the communication made by CIMPOR to CMVM on January 15th, 2010".
- The debt instruments (representing EUR 1,360M) referred to in such communication to CMVM and entered into by CIMPOR's subsidiaries, which include change of control clauses that may imply, by decision of the financing entities, the early termination (but not automatic) of the debt and its interest (without other penalties), are the following:

Debt Instruments	Companies	Execution Date	Maturity	Amount
Three club deals	CIMPOR Inversiones, S.A.U.	2008	2011	EUR 225M
		2007	2012	EUR 280M
		2008	2013	EUR 200M
Loan agreement with	_	2008	2010	EUR 100M
3 tranches			2011	EUR 100M
			2012	EUR 100M
Revolving facility	CIMPOR Inversiones, S.A.U.	2008	2011	EUR 75 M
US Private Placement	CIMPOR Financial	2003	2013	USD 150M
of notes.	Operations, BV		2015	USD 254M
Loan Agreement	CIMPOR Indústria, S.A.	2003	2015	EUR 60M
Loan Agreement	CIMPOR Inversiones, S.A.U.	2009	2019	EUR 50M

... but still leaving a set of unreasonable assumptions for the purpose of art. 128 of the Securities Code.

- As, for example, decisions made in the normal course of business for any holding company with the size of CIMPOR, such as:
 - Dissolution, transformation, merger or demerger of companies in a control or group relationship amounting to more than € 50,000,000;



- Any transactions amounting to more than € 50,000,000 or than € 25,000,000 referred to in sections (i), (vii) and (viii) of paragraph 12 a) of the Preliminary Announcement, which is repeated in the Offer Documents;
- Any by-laws' amendments, such as a simple change of the registered office or of the corporate name.
- Another example of the unreasonableness of said assumptions refers to the global increase of the remuneration of the "members of each one of the corporate bodies" of CIMPOR (as per paragraph 12 d) of the Preliminary Announcement and the Offer Documents):
 - Such assumption does not consider that in the Shareholders General Meeting held on May 13th, 2009, 15 directors have been appointed, exceeding the 11 directors in office until that date.
- Also, from paragraph 12 e) of the Preliminary Announcement and the Offer Documents, a shareholder or investor could wrongly conclude that:
 - CIMPOR's Board would be bound to the "passivity rule" set forth in art. 182 of the Securities Code;
 - The alleged breach of such rule would constitute the grounds for the Offer's revision or withdrawal.
- Despite of the revision or withdrawal rights being subject to CMVM's authorisation, certain unreasonable assumptions (under the tests provided for in art. 128 of the Securities Code) foreseen in the Offer Documents are misleading.
- Pursuant to said art. 128, the revision or withdrawal of the Offer is only possible in case of a material unexpected change of the circumstances which have based the decision to launch the Offer exceeding its inherent risks.
- Therefore, the Offer Documents should only set out assumptions in line with said legal requirements, market practice and the current situation of CIMPOR.
- The extension of the assumptions of the Offer beyond those terms has the following consequences:
 - Creating a misleading impression that the Board's competences are constrained by those assumptions;
 - Expanding the range of situations in which the Offeror may argue, even if with no grounds, a right to withdraw or revise the Offer.



- 3. Reasons for rejecting CSN's Offer:
- (I) A low price



The Board of Directors of CIMPOR considers that the current Shareholders of the Company should reject the Offer.

Without prejudice of other Offers' terms and conditions deemed inadequate or unreasonable, as previously stated hereto, the very low price offered by CSN for the shares of CIMPOR is the most important among the reasons for the Board's recommendation.

As stated along the following sections, other reasons for rejecting the Offer are: the strength of CIMPOR's investment case, unparalleled in the sector in which it operates; the remarkable past performance of the Company; and the impact of CSN's profile in the Offer and in CIMPOR, described in more detail in the following sections.

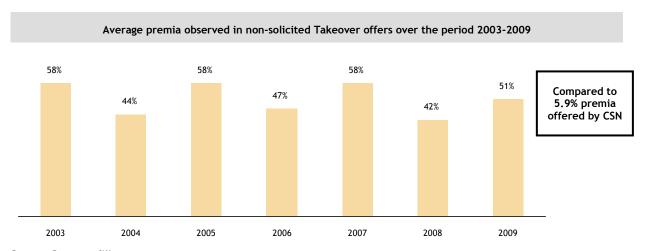
The subsections below describe in more detail the analysis performed by the Board of CIMPOR on the price offered by CSN.

3.1. An offer without premium

An almost negligible premium that represents an unprecedented discount when compared to previous takeover offers in Europe...

CSN is offering a 5.9% premium over the weighted average price in the last 3 months (weighted by negotiated volume).

Most significant offers in Europe over the last 5 years have shown premia ranging on average from 42% to 58%.



Source: Company filings

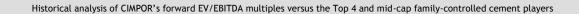


3.2. A price too low for CIMPOR

CIMPOR has a geographic business diversification in line with the four largest companies in the cement industry, which are Lafarge, Holcim, Cemex and Heidelberg Cement (referred to as the "Top 4" cement companies). In fact, these companies are the most similar to CIMPOR in terms of the main operating parameters driving future performance expectations, which can be verified base on the historical forward EV/EBITDA multiples.

- CIMPOR's portfolio is even more attractive than those of the Top 4, with a more significant focus on emerging markets, where most of the cement industry growth potential stands;
- This superior business model, with a growth oriented international cement platform, has allowed CIMPOR to achieve EBITDA increase in Q3 2009, despite the crisis, when the Top 4 and most of the other cement companies have recorded decreases in their EBITDA.

CIMPOR's strong geographic business diversification has been reflected historically in its market valuation. The analysis of the Company's historical forward trading multiples since 2000 (see the exhibit below) indicates that the market has been attributing an <u>average premium of approximately 7% over the Top 4 multiples</u> and clearly contrasting with those of mid-cap family-controlled cement companies.



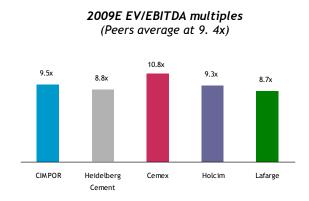


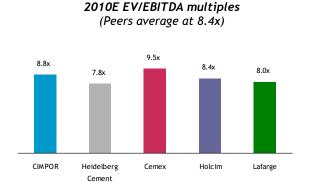
Source: Brokers consensus, Company filings, Datastream
Note: Peers (Top4) include HeidelbergCement, Cemex, Holcim and Lafarge; Mid-Cap family-controlled Cement companies
include Italcementi, Buzzi Unicem and Titan Cement.

With the €5.75 per share offer, CSN is valuing CIMPOR at 9.5x 2009E EBITDA and 8.8x 2010E EBITDA. These implicit multiples in CSN offered price represent only 1% to 4% over Peer multiples - which stand at 9. 4x for 2009E EBITDA and 8.4x for 2010E EBITDA -, revealing an insignificant and much lower than the historical average premium, as abovementioned.



Implied EV/EBITDA multiples of CSN's Offer vs. Peers' EV/EBITDA multiples





Source: Company Filings, Brokers Consensus, Datastream

3.3. A transaction at discount

As stated previously, CIMPOR's business is mainly focused on markets with a strong growth potential, which accounted for 64% of sales over the first nine months of 2009. In addition Portugal, its core market, has proven to be resilient to the adverse macroeconomic environment, presenting strong profitability levels.

For these reasons, when looking at other transactions in the cement industry one has to consider that the companies most comparable to CIMPOR are not those with portfolios exclusively or mainly focused on business in mature countries, but mainly those with a strong presence in emerging markets.

The table below shows the multiples recorded on a LTM (Last Twelve Months) basis for the most significant transactions in the industry.

CSN's Offer, equivalent to 9.5x 2009E EBITDA, implies a significant discount on the average multiple paid in mature countries, and an even higher discount when compared to the average multiple paid in emerging markets.



Relevant transactions in the Cement & RMX/Aggregates industry

Date	Target	Country	Acquiror	EV (USD bn)	LTM EBITDA multiple		
Cement & RMX/Aggregates transactions in mature countries							
Jun-05	HeidelbergCement	Germany	Spohn Cement	12.9	8.4x		
May-07	Hanson	UK	HeidelbergCement	17.8	11.9x		
Oct-06	Rinker	Australia	Cemex	15.1	10.5x		
Jan-01	Blue Circle	UK	Lafarge	8.7	9.1x		
Feb-07	Florida Rock	US	Vulcan	4.4	11.1x		
Jun-06	Corporación Uniland	Spain	Cementos Portland	2.7	13.0x		
Dec-05	Cementos Lemona	Spain	Cementos Portland	0.5	11.6x		
Nov-08	Lafarge Italy	Italy	Sacci	0.4	16.1x		
Average multiples for mature countries							
Assets in	emerging markets						
Dec-07	Orascom Cement	Egypt	Lafarge	14.7	18.7x		
Jan-06	Ambuja Cements	India	Holcim	2.7	15.2x		
Apr-07	Holcim South Africa	South Africa	BEE consortium	2.2	10.4x		
Apr-05	Loma Negra	Argentina	Camargo Correa	1.2	8.7x		
May-08	Lafarge Titan	Egypt	Titan Cement	1.0	10.6x		
Dec-06	YLOAÇ	Turkey	Cimpor	0.7	10.4x		
Jul-09	Lafarge Chile	Chile	Brescia	0.6	7.4x		
Jan-00	Soc. des Cimts. de Gabes	Tunisia	Secil	0.3	19.8x		
May-09	Lafarge Turkey	Turkey	OYAK Cement	0.2	10.0x		
Average multiples for emerging markets					12.4x		

Source: Company filings and press releases

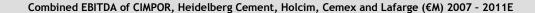
3.4. An offer in the downturn of the market and sector cycles

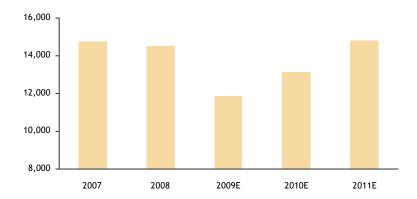
Given their long-term investment profile, a large majority of CIMPOR's Shareholders should consider whether to accept or not an offer launched in the current market conditions and sector downturn.

The building materials sector has been severely impacted by the economic downturn in the last few years. The poor global business performance, starting in 2008 and across 2009, and the deterioration in the economic outlook were the main reasons behind the significant profits reduction in the sector.

The cumulated EBITDA recorded by CIMPOR and the Top 4 listed cement companies is expected to have decreased 20% from 2007 until 2009E. The magnitude of such reduction has been unprecedented in the sector.







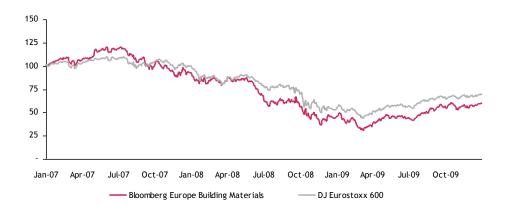
In Europe, markets like Spain, Portugal and Ireland have particularly suffered a cumulated cement demand decline, between 2007 and 2009E, that may have been of respectively 56%, 19% and 60% (Source: Euroconstruct). These markets are expected to remain weak in 2010, before benefiting from the cyclical and expected recovery. Some of the emerging markets have suffered a temporary activity slow-down in 2009 but are now expected to return to a positive growth, although from a lower base.

More positive macroeconomic projections in recent months are now beginning to be reflected in the estimates for the building materials sector. Housing building and prices are experiencing a positive evolution in a number of key markets, Government incentive programs are beginning to boost demand, and companies are starting to benefit from lower energy costs and from cost rationalisation initiatives undertaken in the course of 2008 and 2009. For these reasons, expectations for 2010 onwards are globally positive, with an estimated growth for 2010 above the level recorded in 2009 (Source: Bloomberg Consensus Estimates). A sharper recovery is expected in 2011 and beyond although being only partially quantified in the analyst's consensus.

As to the equity market performance until the end of 2009, share prices in the sector have globally increased by an average of 96% since their minimum recorded in mid-March 2009, outperforming the overall market indices by 36%. However, they are still, on average, 50% below their July 2007 peak levels, and have underperformed the market by 6% since mid-November 2009.



Europe Building Materials index vs. DJ Eurostoxx 600 index 01.01.07 - 31.12.09



The share price recovery is an indicator of improved forecasts for the economic development, to materialise in coming years, as demand and end-markets fully recover in mature economies and emerging market economies fully achieve their growth potential.

However, expectations of recovery are only partially reflected in current share prices as investors and equity analysts are expecting a sector recovering but remain cautious and prudent. As experienced in previous cycles, the focus on cost rationalisation during the downturn will be a key element to propel earnings uplift along the economy recovery phase, with the operating leverage effect. As the downturn has been unexpected and significant in its impact, the recovery may surprise the market with an upswing, driven by demand recovery and operating leverage.

In CIMPOR's case, the large decline in Iberian contribution to EBITDA has been more than offset by EBITDA growth in other countries, demonstrating the resilience of CIMPOR's business model. The recovery of such economies in the medium term, coupled with the superior growth and high margins in emerging markets, are expected to support an operational performance of CIMPOR significantly superior to that expected by equity analysts.

From this perspective, CSN's Offer is made at a time when earnings are at a cyclical low. A multiple paid on current or 2010E earnings is likely to undervalue the Company, as the level of normalised earnings that the Company is able to generate will be significantly higher in the medium term, due to the cyclical recovery of mature markets and the continuous and significant growth in emerging economies.



- 4. Reasons for rejecting CSN's Offer:
- (II) Being a CIMPOR's Shareholder is investing in a superior strategy



The Board of Directors of CIMPOR believes that the Company has an unparalleled investment case in the sector in which it operates. CIMPOR is one of the world players with a higher focus on the cement sector, showing a strong track record of value delivery to its Shareholders based on sustainable growth and on geographic diversification of its portfolio. Its portfolio composition has provided consistent growth, even in unfavourable environments, as well as very high standards of operating profitability. More than being one of the largest players in the industry, which could imply having to diversify into other less profitable segments in the building materials sector, CIMPOR aims to be a top performer in the sector in terms of profitability.

The following subsections describe in more detail CIMPOR's Board of Directors vision about the Company's investment case and the reasons why the current Shareholders of the Company should maintain their shares.

4.1. CIMPOR's development strategy

CIMPOR is one of the international industry players more focused on the cement business, with a clear and transparent strategy that relies on the following main pillars:

- Focus on cement, which is one of the most profitable products in the building materials sector. CIMPOR does not aim to diversify a lot its product offer into other building materials segments, as it is the case with other industry players, except for the cases in which such diversification adds value to its cement production and sales activities. A good example of this is its presence in the ready-mix concrete and aggregates segments, in some markets, as a way to add value to the cement operations;
- <u>Balanced geographic diversification</u>, complementing its presence in certain mature markets with the presence in emerging and high potential economic growth countries. CIMPOR is one of the few vehicles for investing in the cement industry with a significant exposure to emerging economies;
- <u>Preservation of a conservative capital structure</u> that balances the Company indebtedness with a strong capital base, and focuses on attractive opportunities that are able to consistently add value on a long-term basis, i.e. with investments that remunerate the invested capital clearly above its respective cost;
- <u>A cost efficient culture widespread within the Company</u>, which is a strong evidence of the way CIMPOR manages its activities globally;
- Prudent and effective balance sheet management, not only ensuring a balanced capital structure, but also, by means of a prudent risk management approach, without assuming speculative positions. In this respect, CIMPOR clearly privileges an effective risk management that preserves its risk profile as a pure cement player in a multinational environment, reflecting also the long-term nature of its holdings.



With this strategy, CIMPOR has been able to obtain significant growth from its operations:

- Benefiting from its portfolio strategy, that combines high growth geographies, even in an unfavourable global economic environment, with more mature markets;
- Continuously implementing additional cost reduction and efficiency optimization plans that have been contributing to enhance operating margins;
- Benefiting from decreased fuel prices, with a stronger impact in the second half of 2009 and in 2010;
- Having its medium-term financing needs covered, with a very favourable average cost of debt, in the context of the current market conditions, as well as extended maturities in some of the main credit facilities.

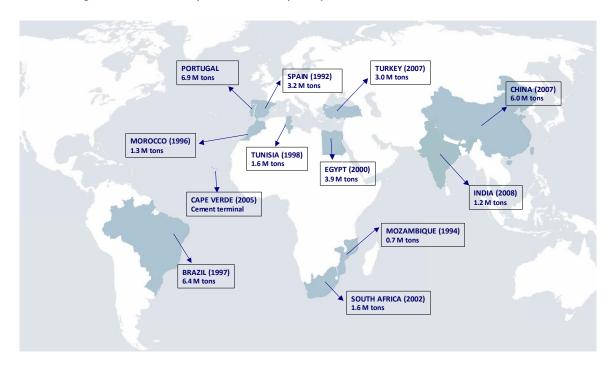
The Board of Directors of CIMPOR considers that the Company will continue to deliver significant growth and to increase operational profitability in the medium and long-term:

- Benefiting from the gradual improvement in the global macroeconomic conditions that has already been observed in the last few months and is expected to continue during the next years;
- Taking advantage of the significant investments in infrastructures expected in the countries where CIMPOR operates;
- Consolidating CIMPOR's current position through organic growth and greater penetration in its current markets;
- Making selective acquisitions in targeted markets, seeking to ensure the balance between operations in emerging markets and the presence in consolidated and mature markets, where the lower growth potential is compensated by a lower risk;
- Optimising operations by taking advantage of synergies, implementing cost cutting programmes, increasing productivity and investing in research and development;
- Developing trading operations between CIMPOR's group companies so as to balance peaks in demand in certain markets with excess of supply in others, which can be a significant contribution for a further enhancement in the Company's operating margins.



4.2. The strong market position of CIMPOR

CIMPOR ranks among the ten largest international cement producers in the world, operating 44 million tons of cement production capacity, of which 36 million tonnes are with its own produced clinker. CIMPOR operates its businesses across 4 continents and 12 countries with the following annual cement production capacity with own clinker:



CIMPOR is the second largest producer of cement in Iberia, as well as the leading producer in Portugal, the third largest producer of cement in Andalusia and regional leader in Galicia and in the Canary Islands. Additionally, it is the leading producer in Mozambique and Cape Verde, the regional leading producer in Morocco (Rabat), Tunisia (Tunis), Egypt (Alexandria) and South Africa (Kwazulu Natal) and the third largest cement producer in Brazil:

- CIMPOR is the leading cement producer in Portugal with 55% market share. The weight of clinker and cement sales in the country consolidated sales ICV¹ is around 70%;
- In Spain, CIMPOR holds a strong position in Galicia, Andalusia and the Canary Islands, with a share of more than 10% of the total Spanish market. In this country, the ICV reaches 70%. In 2008, the Company acquired a set of assets in the Canary Islands and increased the clinker production capacity in two of the Andalusia units;

 $^{^{1}}$ ICV = sum of the turnover resulting from the internal and external clinker and cement sales, divided by the consolidated turnover of the country multiplied by 100



- CIMPOR has a market share of nearly 9% in Morocco and is the market leader in the region of Rabat with a local market share of 75%. In this country the ICV is around 88%. In 2009 CIMPOR invested in a new cement mill;
- CIMPOR is the second largest cement producer in Tunisia, with an ICV of 100% since the
 operation is exclusively dedicated to cement production. The Company holds a national
 market share of approximately 25% and a local market share in the region of Tunis of
 around 40%;
- In Egypt, CIMPOR is the fifth largest cement producer with a market share of approximately 9%, as well as the market leader in the region of Alexandria with a 55% market share. In this country CIMPOR is exclusively focused on cement production, therefore presenting an ICV of 100%. In 2008, the most relevant investment was the revamping of a clinker production line;
- In Turkey, CIMPOR holds a 5% market share in the cement industry, with an internal cement and clinker weight ICV of 84%. The investment highlight was the new Hasanoglan factory, with a capacity of about one million tonnes;
- In the Brazilian cement market, which is the fifth largest in the world, CIMPOR holds a market share of 9% and it is the third largest cement producer in the country. Brazil is the most important international market for CIMPOR, being present throughout the entire country. In this market cement sales contribute to 80% (ICV) of CIMPOR revenues. The most relevant investments registered during the last two years consisted in increases in clinker production capacity in several factories;
- CIMPOR holds an 80% share in the Mozambique cement market, focusing essentially in cement production and sales, being the only integrated cement producer in the country. CIMPOR will conclude in 2010 the installation of a new grinding mill unit at Matola factory and has announced the construction of a new clinker production line and a new grinding facility in the Dondo plant (Beira);
- CIMPOR has a market share of approximately 12% in South Africa and is the market leader in the Kwazulu Natal region with a 70% market share. The cement market is responsible for most Company revenues in this market, with an ICV of 91%. CIMPOR concluded in 2007 a new cement mill and in 2008 a new clinker production line, both in the Simuma plant;
- In China CIMPOR activity consists of cement and clinker production. Supported by its expansion strategy, the Company acquired, in the end of 2008, the totality of the share capital of Liyang Oriental Cement Co, with a clinker production line with a capacity of 900 thousand tonnes/year. Additionally, CIMPOR started the construction of a new plant for integrated cement production in Shanting, which should be completed in the beginning of 2010 (with a 2.4 million tonnes/year of cement capacity), and has completed in 2009 the construction of a grinding unit in Huaian (with a capacity of 1.2 million tonnes/year of cement). The Group has also invested in a project of heat recovery for electric energy production purposes, at Shandong;
- In India, the world's second largest cement market, CIMPOR has an integrated cement production plant (with a 1.2 million ton/year capacity);



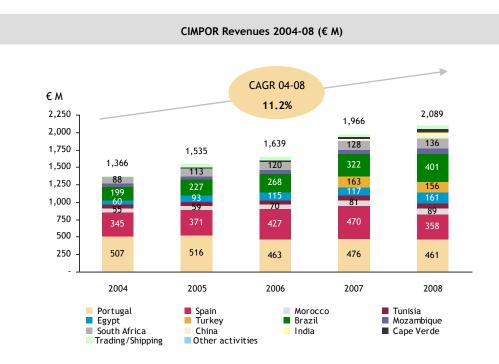
 In Cape Verde, CIMPOR is the leader in cement sales with a market share of approximately 72%. In this country CIMPOR owns a terminal for distribution and sale of cement imported from Portugal.

4.3. The remarkable operating performance of CIMPOR

<u>Revenues</u>

CIMPOR's revenues registered an average annual growth rate of 11.2% between 2004 and 2008, with a like-for-like growth of 7.1% (excluding the operations of Cape Verde, Turkey, China and India, which began after 2004).

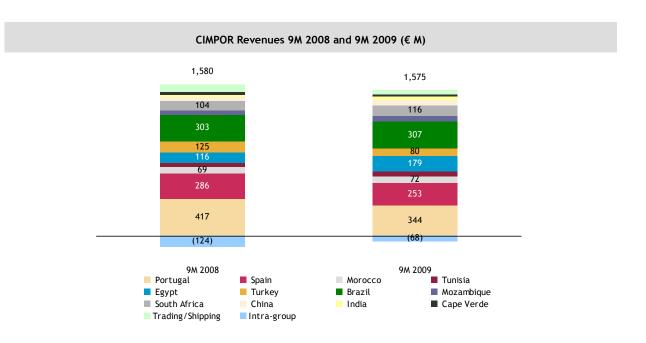
These growth figures are the result of strong organic growth investments as well as selective acquisitions in markets with high potential. The international expansion strategy has led to a decrease of Portugal contribution to consolidated sales, from 37% in 2004 to 22% in 2008.



Note: excludes intra-group transactions; CAGR stands for Compounded Annual Growth Rate

Another aspect worth mentioning is the resilience of CIMPOR revenues in adverse market conditions, such as those faced during the last quarter of 2008 and the first nine months of 2009, in some of the countries. The revenue figures by September 2009 showed only a slight decrease of 0.3%, thanks especially to positive contributions of some of the emerging markets - namely Egypt, Tunisia and Mozambique - and the most recent operations in CIMPOR portfolio - namely India and China.





Portugal

The revenues of the Portuguese operation showed an average annual decrease of 2.3% between 2004 and 2008. This performance is explained by the correction of the 2001 consumption peak, and by the adverse impact on the construction sector of the macroeconomic conditions that have prevailed during the last years.

Cement sales in Portugal reflect interesting consumption per capita levels, when compared to the European average.

CIMPOR has been able to consistently maintain its leading market position in Portugal as well as ensure the efficient use of its local production capacity with clinker and cement, exporting to other operational areas of the Company or to third parties.

Growth perspectives in the Portuguese cement market are naturally dependent on the evolution of the macroeconomic conditions and, particularly, on the achievement of the announced infrastructure programs.

Spain

After a period of years with intense growth in cement consumption, which translated into volumes per capita atypical for a European country, Spain consumption registered a decrease of 28 million tonnes during the last two years, i.e., a decrease of 50%.

In this context, CIMPOR revenues were naturally affected by these significant decreases, with the reduction being especially significant in the Andalusia region. Nonetheless, these negative impacts were partially offset by Galicia's performance and by the start of operations on the Canary Islands market.



The reversion of this trend is mainly dependent on the evolution of the real estate market in Spain, and especially in Andalusia.

Morocco

This market has been performing particularly well, leveraged on the investments in social housing, basic infrastructures, tourism projects and industry. CIMPOR has benefited from this positive evolution registering significant revenue increases.

The positive perspectives for this market are based on the sustained growth of the residential market, as well as on the implementation of the abovementioned infrastructure program.

Tunisia

Cement consumption in Tunisia has been relatively stable, allowing CIMPOR to consistently ensure the placement of its available production capacity.

Growth perspectives for this market are mostly dependent on projects in the tourism sector and in infrastructure development.

Egypt

In 2009 this market achieved a strong growth in cement consumption, sustained by a large housing and infrastructure construction program.

CIMPOR has benefited significantly from this increase in consumption, with the ability of full production capacity utilization, namely of the additional capacity added by the new production line installed in 2004.

Although still an interesting cement market, it is not foreseeable that the exceptional conditions of consumption growth faced in 2009 will be maintained during the coming years. Additionally, the perspectives for the installation of new production capacity already announced will inevitably imply an increase in competition.

Turkey

Turkey is a very fragmented and competitive market that, nonetheless, shows an interesting development potential, not only because of its the economic perspectives, but also due to its geographic location.

The international financial and economic crisis has limited the traditional cement export capacity of this country, which has led to a significant increase in local competition.

The recent entry of CIMPOR in this market was naturally impacted by this situation as well as by the fact that Turkey's internal consumption actually faced reductions around 8%.



The new cement production line in Hasanoglan, completed in June 2009, will provide CIMPOR with improved competitiveness and, as a result, will create better resistance to the current adverse conditions this market is facing.

Brazil

The Brazilian market is an important strategic pillar for CIMPOR, which has been strongly contributing to the global development of the Company.

Brazil is a market with significant growth and with very encouraging future perspectives.

CIMPOR has been benefiting from its generalized market coverage, as well as from sustained achievement of production capacity increase investments.

The positive development perspectives of this market are based to a great extent on both the national infrastructure program and the residential market incentives, which will allow CIMPOR to take significant advantage of its current market position.

Mozambique

The cement market in Mozambique has a relatively small dimension, although with an interesting growth potential.

CIMPOR, as the only integrated player in this country, has the adequate conditions to benefit from this development.

South Africa

South Africa is a market with large cement consumption growth rates, mostly related with the infrastructure program in the context of the football FIFA World Cup 2010.

The new clinker production line, completed during 2008, has allowed CIMPOR to take advantage of these developments, not only in terms of capacity, but also in competitiveness.

With the continuous need for housing and infrastructure construction, the future growth perspectives remain positive, which will allow CIMPOR to benefit from its presence in the Kwazulu Natal province.

China

China is a market that represents about half of the world cement consumption. It is a very fragmented market with a business philosophy based on large volumes.

CIMPOR's recent entry in this market has been oriented to the acquisition of companies that own factories with integrated clinker and cement production or cement grinding mill units only, complemented with green-field investments.



India

Being the second largest cement market in the world, India has a high growth potential given the current low levels of consumption per capita.

The start of CIMPOR operations in this country, in mid-2008, represents a first approach to this market with the goal of creating the necessary conditions for taking advantage of potential future market developments.

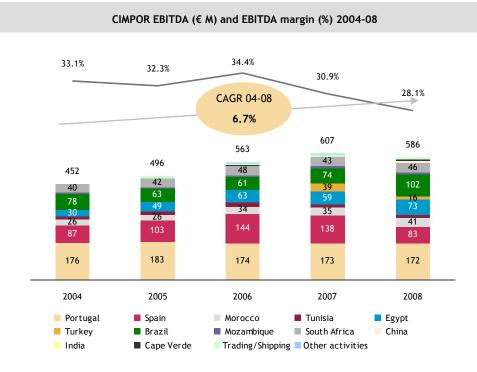
Cape Verde

CIMPOR operates a cement distribution terminal in Cape Verde, which is supplied from Portugal, allowing CIMPOR to leverage on available production capacity in Portugal.

It is a small but relatively stable market, in which CIMPOR has a dominant position.

Operational Profitability (EBITDA)

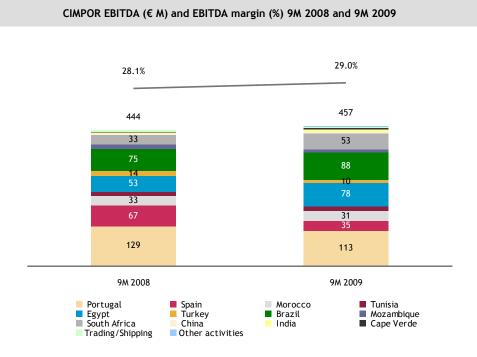
CIMPOR's EBITDA showed an average annual growth of 6.7% between 2004 and 2008. This was achieved in a particularly difficult market context, especially during 2008, when energy costs increased significantly and the negative effects of the financial crisis were strongly felt in the economy and in the construction sector. The performance of CIMPOR's EBITDA margins illustrates, on one side, the impact of the cost reduction and operational optimization initiatives carried out by CIMPOR in the markets most affected by this context and, on the other side, the positive impact of its exposure to emerging markets, which registered in most cases very significant EBITDA growth rates.



It is also worth mentioning the positive evolution observed during the first three quarters of 2009, which in aggregate terms hinted to a resurgence of the sustained EBITDA growth trend felt up to 2008, then interrupted due to the deterioration of the economic and



construction sector environments. Notwithstanding the stagnation of CIMPOR's revenues during the same period (a slight decrease of 0.3% as abovementioned), the consolidated EBITDA registered a growth of 2.9%, which represented an increase in the EBITDA margin from 28.1% to 29.0% when compared with the first nine months of 2008. Excluding the costs borne during 2009 with the restructuring of the concrete and aggregates areas (circa €7.3M), the EBITDA growth and EBITDA margin would have achieved higher values, reaching 4.5% and 29.5%, respectively.



The evolution of CIMPOR's operational profitability, during the abovementioned periods, demonstrates the Company management capacity on different market environments. This can also be illustrated through the analysis per country that follows.

Portugal

The EBITDA has shown a consecutive decrease over the last years, mainly as a consequence of the decrease in revenues, given that the EBITDA margin has not shown significant changes. Nonetheless, the EBITDA margin has constantly been above 30%.

CIMPOR has focused its efforts on cost reductions, operational efficiency improvements and in the definition of a price policy that reflects the increase in energy costs. CIMPOR performance in the Portuguese market during the first three quarters of 2009 is also illustrative of this trend, since the Company has been able to increase its EBITDA margin to 32.7%, when compared to the homologous period, in a context of a turnover decrease of 17.3%.



Spain

The EBITDA in the Spanish operation has shown a significant decrease in 2009, as a result of the strong decrease in revenues as well as the decrease in sale prices. These factors have materialized on an EBITDA margin of 13.7% by the end of the third quarter of 2009, comparatively with margins above 20% in the same period of 2008.

Morroco

Morroco's EBITDA margin reached 43.4% at the end of the third quarter of 2009. The EBITDA has been registering consecutive annual increases, mostly as a result of the increase in turnover, since the EBITDA margin has not changed significantly.

Tunisia

By the end of the third quarter of 2009 Tunisia registered an EBITDA margin of 27.8%, which represents a recovery when compared to 2008.

The limitation created by the administrative control on sale prices in this country has not allowed compensating the increases in energy costs nor occasional needs of clinker imports. This context has been on the origin of the EBITDA and EBITDA margin variations registered.

Egypt

During the last five years the EBITDA has registered a very significant average annual growth, achieving a 43.5% margin by the end of the third quarter of 2009.

This extremely favourable situation is a consequence of the continuous growth in cement consumption and of the possibility of reflecting cost increases on sale prices, and in CIMPOR's case is also a result of the recent productivity improvement investments.

Turkey

CIMPOR's performance during the first nine months of 2009 reflects decreasing trends of the cement consumption and of sale prices. This performance has led to an EBITDA margin of 12.6% by the end of this period, which is significantly below the traditional levels of this market.

Brazil

The constant cement consumption growth, together with a recovery of the sale prices, has allowed the generation of more reasonable levels of EBITDA and a margin of 28.6% by the end of the third quarter of 2009. These figures reflect a considerable improvement in relation to the levels observed during the previous years.



Mozambique

Given the small market dimension, the EBITDA levels are relatively low, having registered an EBITDA margin of 16.9% by the end of the third quarter of 2009. These figures are a result of the high level of the country-specific costs, despite the fact that the sale prices are among the highest in CIMPOR Group.

South Africa

As a result of the registered revenues increase and the improvement in operational efficiency - due to the beginning of operations of the new production line - the EBITDA of this operation has showed consecutive increases during the last years, revealing an EBITDA margin at 46.0% by the end of the third quarter of 2009.

China

Due to its specific market characteristic, mainly a volume based business, rather than price driven, the EBITDA margins of this operation tend to be low, having registered a value of 6.5% by the end of the third quarter of 2009.

India

The year of 2009 was the first full year of operations for CIMPOR activity in this market. The EBITDA margin presented a value of circa 24.0% as of September 2009.

Cape Verde

As a unit of cement marketing, the Cape Verde operation generates relatively low margins, with the EBITDA margin at 14.2% by the end of the third quarter of 2009.

4.4. The international portfolio of CIMPOR

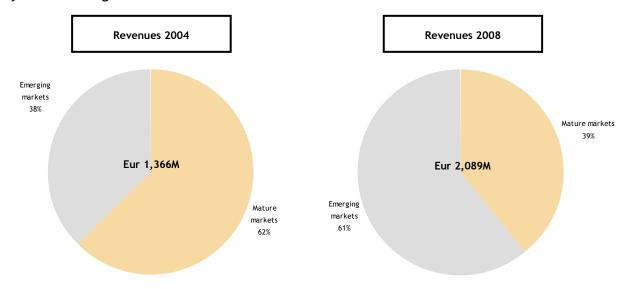
The information presented in the previous section shows that the recent consolidated evolution of CIMPOR can be explained by the performance of three categories of countries where the company operates:

- The mature markets of Portugal and Spain which, although with distinctive behaviours, if taken together have grown at a moderate level between 2004 and 2007, and which have been negatively influenced by the unfavourable context in the following period, particularly in 2009;
- A second category consisting of emerging markets, namely Morocco, Tunisia, Egypt, Brazil, Mozambique and South Africa (and to a less extent Cape Verde), that have contributed to the growth of CIMPOR, both in terms of revenues and EBITDA, throughout the entire period in analysis, benefiting from superior economic growth;
- A third class of geographies, also under the emerging markets category, that include countries where CIMPOR has entered more recently, namely Turkey, China and India.



At this stage, these operations do not have a significant contribution to the Company's growth or profitability but have a significant potential to leverage CIMPOR's growth during the next cycle.

Analysing the way CIMPOR has managed its international portfolio, one can conclude that there has been a significant increase in the weight of the emerging markets, as illustrated by the following charts:



The active management of the portfolio by CIMPOR was the main factor that justified the positive historical consolidated performance of the Company, namely by:

- Consolidating its position in mature markets (Portugal and Spain), which have a lower growth potential but encompass less risk;
- Focusing its management effort on the efficiency factor;
- Defending its operating margins in the recent unfavourable market conditions and selective investment such as the acquisition of some assets in the Canary Islands that significantly mitigated the downturn of the Spanish market;
- Increasing its exposure to the second category of geographies (initial CIMPOR investments in emerging markets), with some capacity increase investments which allow to benefit from the superior growth of those markets;
- Entering more recently into new emerging markets that also have a significant growth potential and that may have slightly affected CIMPOR's performance in the entry phase (e.g. the unfavourable performance of the Turkish market) but have a significant potential to foster a consistent growth of CIMPOR in the future.

These factors demonstrate a clear long-term strategy with a focus on geographic diversification, as a way to reduce CIMPOR's exposure to the cyclicality of the sector.

In a context adverse for the sector, as in both 2008 and 2009, CIMPOR registered a sustainable growth of its revenues on a comparable basis. In a like-for-like basis, i.e.



excluding the contribution of Indian operations which have started only on April 2008, CIMPOR showed a 4.6% growth, while in the reported financial statements the growth rate stood at 6.2%. In the third quarter of 2009, the year-on-year decrease was only 1.5% on a like-for-like basis (excluding India), while in the reported financial statements, it registered an even lower decrease of 0.3%. It is noteworthy the performance of the emerging markets, which have globally sustained the decreases felt in the mature markets.

As a consequence of the Company's strategy, CIMPOR has currently an outstanding international portfolio in mature and emerging markets that will foster future growth, in a more favourable environment than recently faced.

The Company's medium and long-term future growth will be driven by:

- The growth of mature markets, following the recent improvement of the economic environment and also with the significant infrastructure programs to be implemented in Portugal and Spain by the their Governments;
- The expansion of the longer present in CIMPOR portfolio emerging economies, which jointly represent a significant percentage of CIMPOR's consolidated EBITDA (61% in the first three quarters of 2009);
- The increasing contribution of the more recently present in the Company portfolio emerging economies, namely Turkey, China and India, which represented 5.2% of CIMPOR's consolidated EBITDA during the first three quarters of 2009 but have a significant potential to increase their contribution given the significant expected economic growth and the normalisation of the current cement market structure (namely in China and Turkey);
- The active portfolio management that CIMPOR has been consistently implementing over the past, as previously demonstrated, taking the appropriate measures in each market where it is present, in order to continuously accommodate the respective market evolution, and to expand its asset base, as a way to further diversify its exposure to a cyclical sector.



- 5. Reasons for rejecting CSN's Offer:
- (III) Being a CIMPOR's Shareholder is investing in the most profitable of the international cement players



CIMPOR clearly outperforms its Peers

The remarkable past performance of CIMPOR and its outstanding international portfolio have been the main drivers of the Company, presenting benchmarks that are clearly above its listed Peers.

A superior Investment Case

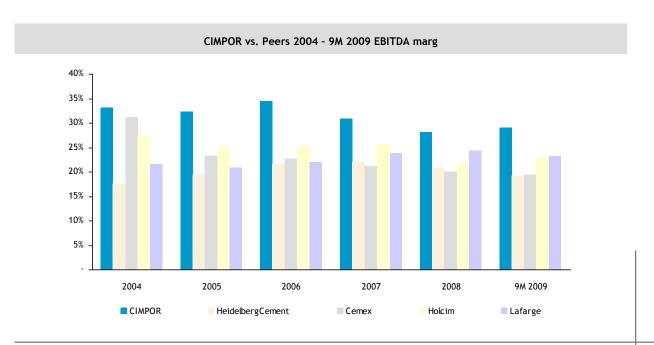
The analysis of the evolution of CIMPOR and Peers' share price indicates that the market has been recognizing the superior quality of CIMPOR's investment case:

- Its very positive past operating performance, even in the recent unfavourable macroeconomic environment;
- The outstanding international portfolio of CIMPOR and its management capacity have originated growing profitabilities in its operations;
- CIMPOR's top position in the operating profitability industry benchmarks;
- Although CIMPOR has made significant investments during the last few years, both organic and non-organic, the Company has been managed under prudent financial policies preserving a balanced capital structure, which is aligned with market practices for this sector.

In order to illustrate the superior investment case of CIMPOR, the current subsection presents a detailed comparison of CIMPOR with 4 industry players which are considered the most comparable to the Company (HeidelbergCement, Cemex, Holcim and Lafarge).

Compared EBITDA Margin

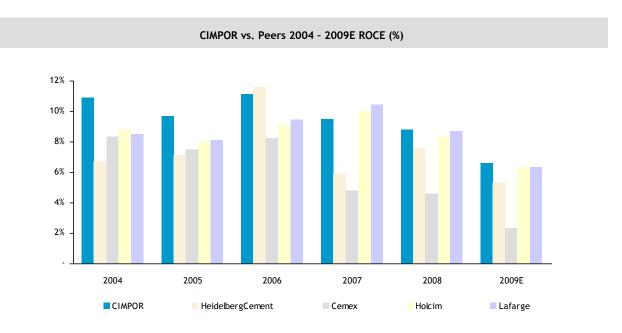
CIMPOR has systematically presented higher EBITDA margins than its Peers, showing a remarkable resilience during downturns as it can be observed by the light recovery during the first nine months of 2009.





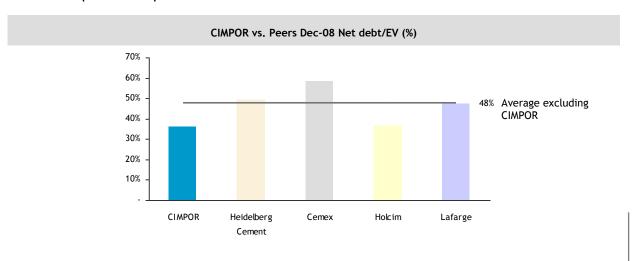
<u>Compared ROCE (Return on capital employed)</u>

Between 2004 and 2008, CIMPOR's ROCE has been consistently in the upper range of its Peer group, presenting a higher resilience than its Peers throughout the economic downturn. In 2009, according to analyst consensus, CIMPOR is expected to be the top ROCE performer of its Peer group.

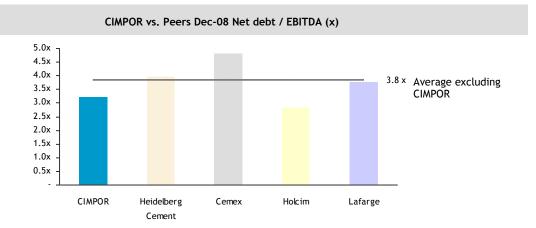


Compared Capital Structure

CIMPOR presents a Net debt/EV ratio of 36% and a Net Debt/EBTIDA of 3.2x, as of Dec-08, comparatively to an average ratio among its Peers of 48% and 3.8x, respectively. The expansion plan implemented by CIMPOR in the last years has clearly preserved a solid balance sheet, which evidences CIMPOR's commitment to simultaneously grow and maintain a prudent capital structure.







Compared Share Price Performance

CIMPOR outperformed its Peers in the stock market in all the analysed periods, namely during the last 5 years, the last 10 years and since its initial listing in the Stock Exchange:

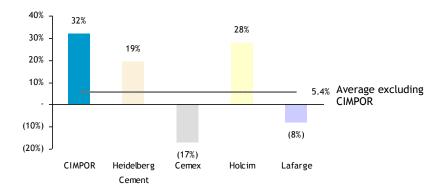
- between 31/12/2004 and 17/12/2009 (the day prior to the Preliminary Announcement disclosed by CSN);
- between 31/12/1999 and 17/12/2009 (the day prior to the Preliminary Announcement disclosed by CSN); and
- between 15/07/1994 and 17/12/2009 (the day prior to the Preliminary Announcement disclosed by CSN).

The following data demonstrates that:

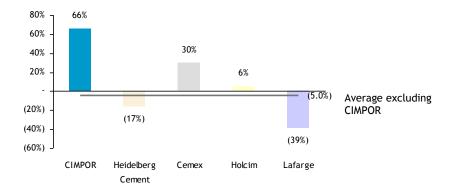
- the share price of CIMPOR had an accumulated appreciation of 32% between 31/12/2004 and 17/12/2009, comparatively to an average of 5.4% of its Peers;
- the share price of CIMPOR had an accumulated appreciation of 66% between 31/12/1999 and 17/12/2009, comparatively to an average depreciation of 5.0% of its Peers;
- the share price of CIMPOR had an accumulated appreciation of 265% between 15/07/1994 and 17/12/2009, comparatively to an average of 134% of its Peers.



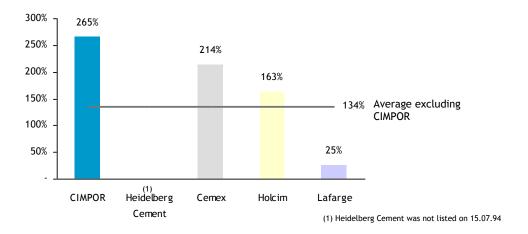
Stock performance of CIMPOR vs. Peers 31.12.04 - 17.12.09 (% increase/decrease)



Stock performance of CIMPOR vs. Peers 31.12.99 - 17.12.09 (% increase/decrease)



Stock performance of CIMPOR vs. Peers 15.07.94 - 17.12.09 (% increase/decrease)





Compared Dividend Yield

The very positive results of CIMPOR's strategy have allowed a very attractive and consistent dividend policy for its Shareholders. CIMPOR recorded the most attractive dividend yield between Peers over the last 5 years: average gross dividend yield amounted to 4.0%.

CIMPOR vs. Peers 2004 - 2008 Gross dividend yield (%)

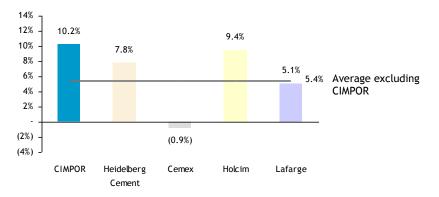
	CIMPOR	Heidelberg Cement	Cemex	Holcim	Lafarge
2004	4.3%	1.6%	4.6%	1.9%	3.4%
2005	4.3%	2.2%	4.0%	2.1%	3.4%
2006	4.0%	1.4%	2.7%	2.0%	3.1%
2007	3.5%	1.3%	-	2.6%	3.4%
2008	3.9%	0.2%	-	3.3%	2.3%
Average	4.0%	1.3%	2.3%	2.4%	3.1%

Note: Gross dividend yield = Ratio of dividends generated in the year and the average stock price

<u>Compared Total Return to Shareholder</u>

CIMPOR has also recorded the best total return to Shareholders during the last 5 years, with a 10.2% average annual return (between 31/12/04 and 17/12/09), clearly outperforming its Peers, which during the same period delivered an average 5.4% annual return.

Total annual gross return to Shareholders CIMPOR vs. Peers 31.12.04 - 17.12.09 (% return)



Note:

Total annual gross return = Annual rate of return calculated on a monthly basis taking into consideration (i) share price variation between 31.12.04 and 17.12.09; (ii) annually distributed dividends (considered in May) and (iii) the dilution effect of share capital increases (considering the full exercise of shareholder rights)



- 6. Reason's for rejecting CSN's Offer:
- (IV) The impact of CSN's profile on the Offer and on CIMPOR



6.1. Insufficient disclosure of the strategy for CIMPOR

CSN presents its vision on the strategy for CIMPOR in the Offer Documents, including some additional guidelines that were not mentioned in the draft of prospectus initially analysed by the Board of Directors of CIMPOR. These additional aspects of CSN's strategy for CIMPOR represent an update or clarification of CSN's vision in two main areas:

- Maintenance of the current strategy of CIMPOR CSN reinforces its intention of maintain a general guideline of management continuity and to increase the current activities of CIMPOR, specifying the objective of keeping "the policy of strong international presence of CIMPOR, [...] with a correct balance between emerging and mature markets [...]". This idea is complemented with the restatement of ambitious goals, already presented before, namely turning the "CSN Group" cement business into the 5th largest producer in the world and into the number one in terms of profitability. Lastly, CSN confirms its intention to provide financial support to CIMPOR's growth, "reinforcing its internationalisation strategy, through the increase of market shares in geographies where CIMPOR is already present and through investments in new markets".
- Integration of activities between CSN and CIMPOR CSN clarified that it intends to share with CIMPOR "all its bargaining power with Brazilian entities in all circumstances in which it benefits CIMPOR's activities in Brazil". In the remaining geographies of CIMPOR, CSN is no longer referring that the acquisition of CIMPOR's control would provide access to mature and high-growth markets but refers to the fact that it "provides the consolidation of its presence in mature and high-growth markets". CSN further details that CIMPOR "will benefit from its inclusion in a large and global industrial group with a high growth potential portfolio [...]" in the remaining countries of CIMPOR (besides Brazil).

Notwithstanding the modifications introduced by CSN, significant uncertainty and lack of clarity still remain in the strategy of CSN for CIMPOR, should the Offer succeed. Particularly, CSN still does not specify how CIMPOR will become the 5th largest global cement producer, including the detail of the countries in which CSN intends to reinforce the current presence of CIMPOR and the new ones where CSN considers that CIMPOR should enter. Moreover, CSN does not specify if this will be done through organic growth or through acquisitions, which have naturally different implications in the current operations of CIMPOR.

Based on the fact that CSN does not clarify its strategy concerning the geographical presence of CIMPOR, it still does not commit itself to maintain CIMPOR's current perimeter of businesses and assets.

In terms of integration between the current activities of CSN and CIMPOR, the Offeror has updated, in the Offer Documents, its prior expressed intentions of benefiting from the presence of CIMPOR in geographies where the CSN Group is not currently operating. The new version of CSN's vision for the integration of the two groups is still very unclear. There



are some general statements referring that CSN intends to maintain the operational and strategic autonomy of CIMPOR, but also other vague references to the merits of joining efforts between CIMPOR and the global industrial business of CSN. The current version of CSN's vision on these matters is, therefore, unclear and it is difficult to understand CSN's actual intentions or plans.

Since it is not possible to form a clear and definitive opinion on CSN's strategy for CIMPOR, the Board of Directors still considers that there is no clear additional value that could be generated through this transaction. It is also important to restate that CSN has opted not to disclose the potential synergies or any additional value that could be originated through the transaction, thus suggesting that the previous understanding is correct.

CSN has no previous significant experience in the cement industry in Brazil, or as an international cement company nor has it previously managed a cement business of CIMPOR's magnitude and has no competitive advantage in the global cement business. This fact, together with the lack of clarity of CSN's strategy for CIMPOR, leads the Board of Directors of CIMPOR not to exclude that the Company's current operations may be jeopardized if the Offer is successful.

6.2. Offer financing structure and impact on CIMPOR

The information disclosed by CSN in the Offer Documents regarding the financing structure for the acquisition confirms the Board of Directors' initial understanding (which in the previous report was based on extremely limited information) that the Offer is debt financed.

Although CSN does not present the detailed conditions of the financing arrangements that have been negotiated with the banking consortium composed by Banco Itaú BBA S.A., Banco Bradesco and Banco do Brasil, S.A., the Offeror discloses that the loan has a 3 year maturity, "with a possible refinancing for an additional term, subject to prevailing market conditions".

CSN also refers that "the Offer financing is not dependent upon the growth of CIMPOR cash flow generation to shareholders", although it is not clear if the corresponding debt service is subject to such growing cash flows from CIMPOR, particularly for not disclosing the dividend policy envisaged by CSN for CIMPOR.

Considering CSN's ambitious goals for CIMPOR - in particular, the one aiming at turning CIMPOR into the 5th largest cement producer in the world -, these can only be achieved with a considerable financial effort both from the Company and from its Shareholders. This together with the relatively short maturity of the acquisition finance (3 years, with a possible refinancing, <u>subject to the prevailing market conditions</u>), will create a leverage structure that will affect the future development of CIMPOR.



Therefore, there are still some doubts as to whether CIMPOR's required capitalisation will be undertaken by CSN through capital increases, taking into account the additional indebtedness would have negative implications on CSN's capital structure.

In this respect, it is also relevant to reiterate that, since the disclosure of the Preliminary Announcement by CSN, the rating agencies started to incorporate the risk of completion of the transaction and CIMPOR was placed under CreditWatch with negative implications by Standard & Poor's, mainly because a potential acquisition by a company with a lower rating, as CSN's, implies a downgrade of CIMPOR, with the inherent significant financing restrictions CIMPOR would face.

The rating agencies have also put CSN itself under CreditWatch also with negative implications due to the significant size of the acquisition and considering CSN's balance sheet and resources. More recently, some market analysts have also expressed some concerns with CSN's capital structure post transaction, in case the Offer is successful.

As referred in section 2.5. of this report, some of CIMPOR's subsidiaries have financing agreements that include change of control clauses that were no longer considered relevant by the Offeror for Offer revision or withdrawal purposes, according to art. 128° of the Securities Code.

However, it is worth mentioning that CSN does not disclose any information stating that the eventual refinancing of these loans, with the application of these clauses, is ensured by the bank consortium that is financing the acquisition, differently from what is usual in mergers and acquisitions deals with these characteristics. It is therefore highly probable that CIMPOR would face a significant refinancing risk, should the Offer be successful, in still adverse market conditions and in a situation where its rating could suffer a substantial downgrade, as previously referred.

In this context and with the available information on the financing structure of the Offer, the Board of Directors of CIMPOR still considers that the financing structure of CIMPOR can be significantly affected and can endanger CIMPOR's future ability to:

- (i) invest in the organic growth of its business;
- (ii) undertake capital expenditures to support production efficiency and the development of its operations; and
- (iii) undertake strategic acquisitions in new markets.



These implications in the Offer are inconsistent with the ambitious goals of CSN for CIMPOR, particularly the ones aiming at turning CIMPOR into the 5th largest cement producer in the world and number one in terms of profitability.

6.3. Impact of CSN's profile on CIMPOR's remaining stakeholders

CIMPOR is a relevant multinational player in the global cement sector, headquartered in Portugal and is a reference Portuguese company. One of CIMPOR's main concerns is to ensure the compliance with the laws and regulations of the markets where it is present and to conduct its business bound by the principles of integrity through frank and open communication with employees and remaining stakeholders, consistent with its reference position in the Portuguese Economy.

The Portuguese identity of CIMPOR has natural consequences in the structure of the Company stakeholders since its strategic orientation is defined in Portugal. This is translated into the existence of a specific and significant group of local stakeholders, which includes suppliers of high value added services that support the strategic decisions taken by CIMPOR, such as consultants, IT companies, as well as some specific equipment suppliers. This structure of stakeholders is naturally complemented with CIMPOR's insertion in the Portuguese society, with specific and significant sustainability policies and social responsibility, as it is CIMPOR's practice in the markets where it operates.

As previously referred, CIMPOR is strategically focused in the production of cement, and does not aim at diversifying (horizontally or vertically) its activities, except in very specific cases in which such diversification can add value to its core activity. The strategy of CIMPOR relies upon a focused business model based on solid local partnerships with clients, suppliers and with local communities, in the various markets where it operates, which represents also a significant group of local stakeholders.

As presented in the Offer Documents, CSN is a conglomerate with a significant diversification and with an integrated business model. CSN has several activities that ensure its self-sufficiency as a steel producer, such as the presence in some logistic strategic assets, in electricity generation assets or in the upstream extracting business. CSN is therefore a Brazilian Group with a very complex and varied structure of stakeholders, considering its various activities.

In the Offer Documents, CSN has included two explicit statements, previously inexistent, about the stakeholders of CIMPOR, referring that the envisaged strategy will contribute to "the value creation for the shareholders and stakeholders in general" and a second reference stating that "the plans for CIMPOR contemplate the continuity of the Company's mission, vision and current values, both from the perspective of its current stakeholders and also related with the current policies on quality and social responsibility".

Without questioning the content of these statements, and despite the fact that they are not detailed or specific, it is undeniable that the current structure of CIMPOR's



stakeholders would change significantly with the acquisition of control by CSN. The success of the Offer would clearly transfer the control of the future strategic orientation of CIMPOR to CSN, which would be its unique controlling shareholder. The eventual inclusion of CIMPOR in the CSN Group would also imply that the current CSN stakeholders would become interested parties in the future of CIMPOR, with the specific weight of being the stakeholders of the controlling shareholder.

In this context, the Board of Directors of CIMPOR does not see any reasons to change its initial understanding that current Company's stakeholders may be affected by the transaction. The above mentioned aspects will significantly affect the Portuguese identity of CIMPOR, which does not depend only upon the composition of the administration bodies of the Company but mostly on its strategic orientation and on its structure of stakeholders.

The effective extension of this change cannot be fully evaluated, considering that there is still a significant lack of clarity in CSN's strategy for CIMPOR, as previously referred. This lack of clarity is also relevant for CIMPOR's stakeholders, considering the very different business models of the two groups - diversification versus focused business models.

With the limitations that arise from the previously referred lack of information, the Board of Directors of CIMPOR still identifies the following preliminary potential consequences or risks for the Company's remaining stakeholders:

- Employees In the Offer Documents, CSN restates that it does not foresee changes to the Company's current general policy regarding the employees of CIMPOR and has inserted the intention of promoting "the training and professional qualification of the employees of CIMPOR, with specific local policies for each of the countries where the Company is present". However, CSN also restates its commitment to "develop CIMPOR's activity, maintaining or reinforcing the optimization of productive processes and respective organization, aiming at the improvement of profitability". This second statement may contradict the previous one as the organizational optimization may lead to the relocation of common platforms to Brazil. CSN's reference to the optimization of productive processes is also unclear and raises concerns over CSN's intentions for the employees that work in the industrial areas of CIMPOR particularly in Brazil, as this is the only market where CSN is also present in the cement industry.
- <u>Clients</u> As previously referred, and notwithstanding the changes introduced by CSN regarding the integration format of CIMPOR's operations with CSN's, the respective plans are still very unclear. If these plans include some form of integration of the commercial teams of CIMPOR within a more integrated logic in the CSN Group, there can be some adverse effects for the current clients of CIMPOR.
- <u>Suppliers</u> CIMPOR maintains privileged relationships with its suppliers in all foreign markets and also in Portugal, where its headquarters are based. The previously raised issue over a potential integration of common platforms between the two groups may be relevant for the suppliers of CIMPOR. The eventual centralisation, in Brazil, of a significant part of common platforms may also imply relevant changes in



the structure of CIMPOR's current suppliers. Accordingly, it is worth mentioning the suppliers of services with high added value, such as consultants, IT companies as well as some key equipment suppliers who, as of today, are largely represented by Portuguese companies.

 Other interested parties of CIMPOR - Should the Offer be successful and as previously stated, rating agencies may downgrade the current credit rating of CIMPOR, which would significantly affect the current lenders of the Company.

Finally, the terms of the Offer include a possible delisting of CIMPOR, namely should the Offeror acquire as a result of the Offer more than 90% of CIMPOR's voting rights calculated in accordance with art. 20 of the Securities Code. In the Offer Documents, CSN also informs that, if that mechanism is used, "it will promote the listing of the shares of CIMPOR", within one year counted from the date of the delisting and "when market conditions justify it". This statement encloses some differences from the one included in the draft of the prospectus dated December 30th, 2009, since CSN stated in that document the possibility of a subsequent listing without assuming any commitment.

As referred in the previous version of this document, CIMPOR is a national reference in the Portuguese stock market, not only because it is the only listed company operating exclusively in the building materials sector but also due to its size. Thus, the delisting of CIMPOR would affect the Portuguese Stock Market and limit the diversification options available to investors in Portugal.



7. Intentions of the Members of the Board of CIMPOR on the acceptance of the Offer



The following table shows the current shareholding positions of each member of the Board of Directors of CIMPOR:

Member of Board holding shares in CIMPOR	No. of Shares (*)
Ricardo Manuel Simões Bayão Horta	106,550
Luís Eduardo da Silva Barbosa	3,820
Vicente Árias Mosquera	2,200
José Manuel Baptista Fino	1,050
José Enrique Freire Arteta	1,130
Luís Filipe Sequeira Martins	67,860
António Carlos Custódio de Morais Varela	25,000
Manuel Luís Barata de Faria Blanc	216,860
Pedro Manuel Abecassis Empis	500

^(*) On February 3rd, 2010.

Each of the abovementioned members of the Board, who holds shares in CIMPOR, has stated, in the meeting of the Board held on February 3rd, 2010, that he does not intend to sell his shares in this Offer and therefore to keep all the shares currently held.



Legal disclaimers

This Report includes forecasts ("Forecasts") and forward-looking statements ("Statements"). Those Forecasts and Statements include matters that are not historical facts, including *inter alia*: (i) statements regarding the intentions of the Board or of CIMPOR; (ii) beliefs or current expectations concerning, namely, CIMPOR's operational results of operations, financial conditions, liquidity, costs, prospects, growth, strategy, plans, operating efficiencies, competitive position, management objectives, the industry in which CIMPOR operates and other matters; (iii) information or declarations regarding possible disadvantages of the Offer; and (iv) statements preceded, followed by or including the terms "believes", "considers", "understands", "expects", "foresees", "intents", "is confident", "plans", "estimates", "can", "will", "could", or by the use of the negative form of these terms or similar expressions.

In addition, by their nature, the Forecasts and Statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Thus, the Board advises investors in general and CIMPOR's Shareholders in particular that, despite of having been construed based on the Board's best knowledge and belief, as well as on the information available on the moment of their preparation, the Forecasts and Statements are not guarantees of performance and the actual results may materially differ from those made or suggested in this Report. Furthermore, even if said results are consistent with the Forecasts and the Statements contained in this Report, those results or developments may not be indicative of results or developments in future periods.

CIMPOR undertakes no obligation to update or release any reviews to the Forecasts and Statements contained in this Report in order to reflect any events or circumstances effective after the date of this Report.

This Report does not envisage providing investors with a complete picture of CIMPOR. Thus being, investors in general and CIMPOR's Shareholders in particular shall refer to previous press releases, publications and financial statements released by CIMPOR which are available at www.cimpor.com.

Any of the following important factors may, *inter alia*, cause CIMPOR's results to differ from those anticipated, expected or estimated in any Forecasts or Statements:

- Material adverse changes in economic conditions in the relevant markets;
- Risks and uncertainties related to national or supranational regulation;
- Development and marketing of new products and market acceptance of such products, as well as the development of the industry and markets in which CIMPOR operates; and
- Adverse determination of disputes under litigation.

Certain statements contained in the Report reflect the views or opinions of the Board rather than verifiable facts. Portuguese law shall apply on and throughout this Report.



APPENDIX

Basis of calculation and Sources of information



Appendix - Basis of Calculation and Sources of Information

1. General

Unless otherwise stated in this document:

- 1.1. the share price data is sourced from Bloomberg
- 1.2. the financial information concerning CIMPOR, included in this document, was provided by the Company, based on the respective Consolidated Annual Reports for the relevant period and other information made public by the Company
- 1.3. the financial information concerning Heidelberg Cement, Cemex, Holcim and Lafarge included in this document is sourced from Exane BNP Paribas
- 1.4. all information regarding CIMPOR's strategic background, operational activity and market position is based on the Consolidated Annual Reports and other information made public by the Company, internal information and information available in the market about the cement sector
- 1.5. Information regarding CSN's Offer is based on the Preliminary Announcement, on the draft prospectus and offer announcement received on December 30th 2009 and on the Offer Documents published on January 27th 2010
- 1.6. Enterprise Value is defined as:
 - > The Market Capitalisation;
 - Adding the (i) last reported net financial debt (potentially restated for last subsequent events); (ii) pension liabilities; (iii) and minority interests;
 - > Deducting the financial assets (such as associates, non consolidated stakes and other financial assets).

2. Chapter references

"Why should Shareholders reject CSN's Offer"

Expected cement demand growth in volume in CIMPOR's emerging markets

CIMPOR's emerging markets include Morocco, Tunisia, Egypt, Turkey, Brazil, Mozambique, South Africa, China and India. The estimated 2009E and 2010E cement consumption derives from a consensus using the following brokers:

- Morocco: ING (01/11/2009) and African Alliance (07/12/2009);
- Tunisia: J.P.Morgan (08/09/2009)
- Egypt: CI Capital Research (03/12/2009), Credit Suisse (13/01/2010), ING (01/11/2009) and African Alliance (07/12/2009);
- Turkey: Credit Suisse (13/01/2010) and ING (01/11/2009);
- Brazil: Credit Suisse (13/01/2010) and ING (01/11/2009);
- Mozambique: HSBC (29/09/2009)
- South Africa: ING (01/11/2009) and African Alliance (07/12/2009);



- China: Credit Suisse (13/01/2010), ING (01/11/2009), Nomura (27/11/2009) and Exane BNP Paribas (22/01/2010);
- India: Prabhudas Lilladher (01/12/2009), Credit Suisse (13/01/2010) and ING (01/11/2009).

Chapter 2.2.
Shareholder structure* of CIMPOR and BPI as of the date of the respective offer announcements:

Shareholder structure of CIMPOR as of 27-Jan-2010				
Shareholders	# shares	% shareholding		
Teixeira Duarte, SGPS, S.A.	153,932,443	22.9%		
Lafarge, S.A.	116,089,705	17.3%		
Manuel Fino, SGPS, S.A.	71,735,960	10.7%		
Banco Comercial Português, S.A. (BCP) e Fundo de Pensões do BCP	67,474,186	10.0%		
Caixa Geral de Depósitos, S.A.	64,574,109	9.6%		
Bipadosa, S.A.	43,400,520	6.5%		
Sr. Tenente Coronel Luís Augusto da Silva	27,207,424	4.0%		
Treasury shares	7,974,587	1.2%		
Other	119,611,066	17.8%		
Total	672,000,000	100.0%		

Shareholder structure of BPI as of 05-Apr-2007			
Shareholders	# shares	% shareholding	
Grupo La Caixa	190,000,268	25.0%	
Grupo Itaú	133,000,000	17.5%	
Grupo Allianz	68,043,398	9.0%	
Banco Santander Central Hispano	309,672	0.0%	
Grupo BCP	92,189,072	12.1%	
Deutsche Bank	23,800,244	3.1%	
Arsopi	22,293,049	2.9%	
HVF SGPS, S.A.	21,681,062	2.9%	
Castlerigg Master Investments Ltd.	15,650,514	2.1%	
Treasury shares	10,606,997	1.4%	
Other	182,425,724	24.0%	
Total	760,000,000	100.0%	

^{*} Based on public information

"Why should Shareholders reject CSN's Offer"

and

Chapter 3.1.

Average premia observed in non-solicited Takeover offers over the period 2003-2009

The average premia observed in non-solicited offers has been determined based on a sample of successful offers launched since 2002 with a size over €500M. For each transaction, it has been retained the premium over the last 3-month average share price as disclosed in the offer prospect.

The list of the offers considered in the sample is presented in the table below:



Target	Acquiror	Date
Centerpulse	Zimmer Holdings	20-May-03
Pechiney	Alcan	07-Jul-03
Aventis	Sanofi-Synthelabo	26-Jan-04
Canary Wharf	Songbird (Funds)	16-Apr-04
Novar	Honeywell Int'l	13-Dec-04
Kidde	United Techno.	16-Dec-04
BPB	Saint Gobain	21-Jul-05
Antonveneta	ABN AMRO	26-Sep-05
P&O	DP World	29-Nov-05
Arcelor	Mittal Steel	27-Jan-06
Pilkington	Nippon Sheet Glass	27-Feb-06
Schering	Bayer	22-Mar-06
Virgin Mobile	NTL	04-Apr-06
BAA	Ferrovial (consortium)	07-Apr-06
McCarthy & Stone	Funds	01-Aug-06
John Laing	Henderson Infrastructure	14-Sep-06
Corus Group	Tata Group	05-Oct-06
SIG Holding	Rank Group	19-Dec-06
REpower Systems	Suzlon Energy / Martifer Construções	09-Feb-07
Converium Holding	SCOR	18-Feb-07
Endesa	ENEL / Acciona	18-May-07
ABN Amro Holding	RBS / Fortis / BSCH	16-Jul-07
Resolution	Pearl Group	16-Nov-07
Stork NV	London Acquisition	28-Nov-07
Scottish & Newcastle	Heineken / Carlsberg	25-Jan-08
Expro International	Umbrella Stream	17-Apr-08
Taylor Nelson Sofres	WPP	09-Jul-08
Continental AG	Schaeffler KG	15-Jul-08
Cadbury	Kraft	07-Sep-09

Chapter 3.2.

<u>Historical analysis of CIMPOR's forward EV/EBITDA multiples versus the Top 4 and versus mid-cap family-controlled cement players</u>

CIMPOR and Peers forward multiples have been computed on a weekly basis over the last 10 years. EV has been calculated accordingly to the methodology described below for CIMPOR. EBITDA retained to compute the multiple is a 12-month forward EBITDA as provided by IBES consensus (Source: Datastream).

Comparable companies (Top 4) comprise Heidelberg Cement, Cemex, Holcim and Lafarge.

Mid-Cap cement companies include Italcementi, Titan Cement and Buzzi Unicem.

Implied EV/EBITDA multiples of CSN's Offer vs. Peers' EV/EBITDA multiples

For CIMPOR, 2009E and 2010E EV/EBITDA multiples have been computed by dividing the Enterprise Value (see definition below) by the average EBITDA estimated by market analysts.

Enterprise Value is defined as:

- The Market Capitalisation (€3,818m) of the Company, derived from CSN's Offer price (€5.75), and from the number of outstanding shares (672 million) excluding treasury shares (8 million);
- Adding the (i) last reported net financial debt; (ii) pension liabilities net of tax; (iii) and minority interests;



- Deducting from financial assets (such as associates, non consolidated stakes and other financial assets).

Details of the computation of the EV implicit in CSN's offer is provided in the table below:

Enterprise Value @ 5.75	5,738	
Market capitalisation @ €5.75	3,818	€5.75 * 664,000,000 shares
Net debt 30/09/2009	1,810	Cimpor Q3 09 report page 5
Pension liabilities net of tax	22	Cimpor Q3 09 report page 11, assuming 26.5% tax rate
Minority interests	183	Consensus of brokers
Associates	(36)	Book value as of Q3 09
Other investiments	(11)	Book value as of Q3 09
Assets held for sale (C+PA)	(47)	Book value as of Q3 09

This approach leads to an Enterprise Value for CIMPOR, implicit in CSN's Offer, of €5,738m.

Detail of the broker consensus retained to determine the value of Minority interests is provided below:

- Exane BNP Paribas (29/01/2010)
- BPI (13/01/2010)
- Caixa (14/12/2009)
- Millennium (26/11/2009)

2009E and 2010E EBITDA was determined using a consensus of brokers who have published research reports after the announcement of Q3 results:

Broker	Date ———	EBITDA	EBITDA estimate	
Broker		2009E	2010E	
Exane BNP Paribas	29-Jan-10	604	624	
BPI	13-Jan-10	615	687	
Santander	21-Dez-09	614	688	
Millennium	18-Dez-09	589	625	
Banif	16-Dez-09	607	644	
Caixa	14-Dez-09	602	647	
Espirito Santo	17-Nov-09	611	671	
Average		606	655	

This approach leads to an implied 2009E EBITDA multiple of 9.5x and an implied 2010E EBITDA multiple of 8.8x.

Peers retained are the 4 largest listed cement players, namely Lafarge, Holcim, Cemex and Heidelberg Cement. Their enterprise value has been determined using the same approach as described above for CIMPOR, based on 1-month average share prices at January 28th, 2010.

Peers' 2009E and 2010E EBITDA is based on a consensus using the following brokers:

- Lafarge: Exane BNP Paribas (23/11/2009), Davy (23/11/2009), UBS (10/11/2009), Natixis (09/11/2009), J.P.Morgan (06/11/2009), Citi (06/11/2009), Bank of America Merrill Lynch (06/11/2009), Credit Suisse (06/11/2009) and HSBC (06/11/2009);



- Holcim: Exane BNP Paribas (08/12/2009), Bank of America Merrill Lynch (11/11/2009), Credit Suisse (11/11/2009), Natixis (11/11/2009), J.P.Morgan (11/11/2009) and Deutsche Bank (11/11/2009);
- Cemex: Exane BNP Paribas (28/01/2010), UBS (27/01/2010), Citi (26/01/2010), Credit Suisse (27/01/2010) and Bank of America Merrill Lynch (27/01/2010);
- Heidelberg Cement: Davy (03/12/2009), Bank of America Merrill Lynch (03/12/2009), Credit Suisse (26/11/2009), Morgan Stanley (13/11/2009), Exane BNP Paribas (10/11/2009), Natixis (06/11/2009), UniCredit (05/11/2009) and Citi (04/11/2009).

Chapter 3.3.

Relevant transactions in the Cement & RMX/Aggregates industry

Multiples on the sample of relevant transactions have been computed using the same approach as described above for Enterprise Value.

The reference EBITDA is the last twelve month EBITDA of the target, when available, or the last full year reported EBITDA.

"Why should Shareholders reject CSN's Offer"

and

Chapter 3.4.

Combined EBITDA of CIMPOR, Heidelberg Cement, Holcim, Cemex and Lafarge (€M) 2007 - 2011E

In 2007 and 2008, it results from the sum of the reported EBITDA by the respective companies. From 2009 onwards, it results from the sum of the EBITDA estimated by Exane BNP Paribas. (Source: Exane BNP Paribas).

The Cemex Exane BNP Paribas estimates are expressed in USD. The exchange rates considered were based on the following assumptions: 1.37 (2007); 1.47 (2008); 1.39 (from 2009 onwards).

The Holcim Exane BNP Paribas estimates are expressed in CHF. The exchange rates considered were based on the following assumptions: 1.64 (2007); 1.59 (2008); 1.51 (from 2009 onwards).

The assumed exchange rates correspond to the average exchange rate provided by Bloomberg for years 2007, 2008, and 2009. In 2010E and 2011E, the exchange rate considered was based on the average of 2009.

Europe Building Materials index vs. DJ Eurostoxx 600 index 01.01.07 - 31.12.09

Europe Building Materials and DJ Eurostoxx 600 Indices are sourced from Bloomberg. The correspondent tickers are, respectively, BEBULDM Index and SXXP Index.

Chapter 4.4.

Mature markets and emerging markets

The reference to mature markets, in the context of CIMPOR, comprises the following countries: Portugal and Spain.

The reference to emerging markets, in the context of CIMPOR, comprises the following countries: Morocco, Tunisia, Egypt, Turkey, Brazil, Mozambique, South Africa, China, India and Cape Verde.



"Why should Shareholders reject CSN's Offer"

and

Chapter 5.1.

Compared EBITDA margin

EBITDA margin results from the quotient between EBITDA and Turnover. With the exception of CIMPOR, reference EBITDA is recalculated based on the criteria defined by Exane BNP Paribas for EBITDA standardization. (Source: Exane BNP Paribas).

Compared ROCE

(Source: Exane BNP Paribas)

ROCE = EBIT (restated by Exane BNP Paribas) after tax (assuming a standard income tax rate) divided by the year's capital employed.

Capital employed is the book value of the company's assets that generate operating cash flow. It is defined as net tangible assets + net intangible assets excluding goodwill + gross goodwill + Working Capital at year-end. It is restated for acquisitions not consolidated over the full year so as to not distort the calculation of ROCE.

ROCE includes gross goodwill to reflect the company's profitability in industrial activities and acquisitions.

Compared capital structure

Net debt / EV results from the quotient between Net Debt and Enterprise Value. With the exception of CIMPOR, reference Net debt is recalculated accordingly with the criteria defined by Exane BNP Paribas for Net debt standardization. (Source: Exane BNP Paribas).

Net debt / EBITDA results from the quotient between Net debt and EBITDA. With the exception of CIMPOR, both Net debt and EBITDA are recalculated based on Exane BNP Paribas defined criteria for financial items standardization. (Source: Exane BNP Paribas).

Compared Dividend yield

Regarding CIMPOR, the dividend yield results from the quotient between the gross dividend generated in the year and the average share price during the period.

In the other cases, the dividend yield results from the quotient between the Net dividend (excluding tax credit) generated in the year and the average share price during the period. (Source: Exane BNP Paribas).

Compared total return to Shareholders

Gross annual total return = Annual internal rate of return calculated on a monthly basis, taking into consideration (i) share price variation between 31.12.04 and 17.12.09; (ii) annually distributed dividends (considered in May) and (iii) the dilution effect of share capital increases (considering the full exercise of shareholder rights).

The dilution effect considered is based on information provided by Bloomberg.



Glossary

Bloomberg and Datastream - financial databases

 $\label{lem:market Capitalization - value of a company's shareholdings obtained from the multiplication of the number of shares issued by the share price$

Turnover - value of sales plus services rendered

EBITDA - Earnings Before Interest, Tax, Depreciation and Amortizations

EBIT - Earnings Before Interest and Tax

EV - Enterprise Value - market value of the operating assets of a company

ROCE - Return on Capital Employed