

Edgar Filing: NATIONAL STEEL CO - Form 6-K

NATIONAL STEEL CO
Form 6-K
October 25, 2006

=====

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

FOR THE MONTH OF OCTOBER, 2006
COMMISSION FILE NUMBER 1-14732

COMPANHIA SIDERURGICA NACIONAL
(Exact name of registrant as specified in its charter)

NATIONAL STEEL COMPANY
(Translation of Registrant's name into English)

AV. BRIGADEIRO FARIA LIMA 3400, 20 ANDAR
SAO PAULO, SP, BRAZIL
04538-132

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

=====

On October 25, 2006, Companhia Siderurgica Nacional ("CSN") and Wheeling-Pittsburgh Corporation ("WPC") announced that they have entered into a definitive agreement by which WPC will acquire the North American assets of CSN, creating a strong, well-capitalized steel producer with a more flexible cost structure, broader value-added product offering, access to CSN's product and process technology, and significant long-term earnings potential.

The following is a translation of CSN's "Material Fact" announcement in Brazil

Edgar Filing: NATIONAL STEEL CO - Form 6-K

relating to the signing of the Agreement and Plan of Merger. A copy of CSN's joint press release with WPC regarding the entry into the definitive agreement is attached as Exhibit A hereto. The following "Material Fact" announcement and the joint press release contain forward-looking statements as discussed more fully below.

MATERIAL FACT

COMPANHIA SIDERURGICA NACIONAL
Publicly Held Corporation
Rua Sao Jose n. 20, Grupo 1602, parte
Rio de Janeiro/RJ
CNPJ n. 33.042.730/0001-04

COMPANHIA SIDERURGICA NACIONAL ("CSN") hereby informs its shareholders and the public that on October 24, 2006, CSN executed the Agreement and Plan of Merger with Wheeling-Pittsburgh Corporation ("WPC"), by which CSN will contribute certain assets, represented by its subsidiary Companhia Siderurgica Nacional, LLC, located in the United States in Terre Haute, Indiana ("LLC"), in exchange for 49.5% of the shares of the new company resulting from the merger of the operations of WPC and LLC. The new company will have its shares listed on a U.S. stock exchange.

This transaction also involves a loan by CSN, in the amount of US\$ 225 million, which is convertible into an additional 14.5% of the equity of the new company subject to the approval of the United Steelworkers union. Subject to this approval, the total participation of CSN in the total capital of the new company may be increased to up to 64%.

The implementation of the Agreement and Plan of Merger depends on certain conditions, among them the approval by the local competition authorities and by the stockholders of WPC at a meeting of the stockholders to be held at the beginning of 2007.

This transaction reinforces the commitment of CSN with its internationalization strategy, expanding its operations abroad.

Rio de Janeiro, October 25, 2006
Companhia Siderurgica Nacional
Benjamin Steinbruch
Investment Relations Executive Officer

=====
2

FORWARD-LOOKING STATEMENTS CAUTIONARY LANGUAGE

The information contained in this news release and announcement, other than historical information, consists of forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act. In particular, statements containing estimates or projections of future operating or financial performance are not historical facts, and only

Edgar Filing: NATIONAL STEEL CO - Form 6-K

represent a belief based on various assumptions, all of which are inherently uncertain. Forward-looking statements reflect the current views of management and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in such statements. These risks and uncertainties include, among others, factors relating to (1) the risk that the businesses of CSN Holdings and Wheeling-Pittsburgh will not be integrated successfully or such integration may be more difficult, time-consuming or costly than expected; (2) the ability of CSN, CSN Holdings and Wheeling-Pittsburgh to realize the expected benefits from the proposed strategic alliance, including expected operating efficiencies, synergies, cost savings and increased productivity, and the timing of realization of any such expected benefits; (3) lower than expected operating results for Wheeling-Pittsburgh for the remainder of 2006 or for the strategic alliance; (4) the risk of unexpected consequences resulting from the strategic alliance; (5) the risk of labor disputes, including as a result of the proposed strategic alliance or the failure to reach a satisfactory collective bargaining with the production employees; (6) the ability of the strategic alliance to operate successfully within a highly cyclical industry; (7) the extent and timing of the entry of additional competition in the markets in which the strategic alliance will operate; (8) the risk of decreasing prices for the strategic alliance's products; (9) the risk of significant supply shortages and increases in the cost of raw materials, especially carbon slab supply, and the impact of rising natural gas prices; (10) rising worldwide transportation costs due to historically high and volatile oil prices; (11) the ability of the strategic alliance to complete, and the cost and timing of, capital improvement projects, including upgrade and expansion of Wheeling-Pittsburgh's hot strip mill and construction of an additional galvanizing line; (12) increased competition from substitute materials, such as aluminum; (13) changes in environmental and other laws and regulations to which the strategic alliance are subject; (14) adverse changes in interest rates and other financial market conditions; (15) failure of the convertible financing proposed to be provided by CSN to be converted to equity; (16) changes in United States trade policy and governmental actions with respect to imports, particularly with respect to restrictions or tariffs on the importation of carbon slabs; and (17) political, legal and economic conditions and developments in the United States and in foreign countries in which the strategic alliance will operate. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, and any changes in such assumptions or factors could cause actual results to differ materially from current expectations. CSN, CSN Holdings and Wheeling-Pittsburgh assume no duty to update forward-looking statements. Reference is made to a more complete discussion of forward-looking statements and applicable risks contained in CSN's and Wheeling-Pittsburgh's filings with the SEC.

=====

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: October 25, 2006

COMPANHIA SIDERURGICA NACIONAL

By: /s/ Benjamin Steinbruch

Benjamin Steinbruch

Edgar Filing: NATIONAL STEEL CO - Form 6-K

Chief Executive Office and
Acting Chief Financial Officer

3

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

=====

4