

Verne, B. Michael

802.51

From: [REDACTED]
Sent: Tuesday, August 28, 2007 4:03 PM
To: Verne, B. Michael
Cc: [REDACTED]
Subject: CONFIDENTIAL: Confirmation of Discussion Regarding "Sales in or into the United States" and HSR 802.51 Exemption

Dear Mike:

Thank you for speaking with us this afternoon concerning the reportability of [REDACTED] proposed acquisition of the voting securities of [REDACTED], a Canadian issuer, under the HSR Act. I am writing to summarize the facts presented to you and to confirm the conclusions reached regarding the application of section 802.51(a)'s exemption to this transaction, focusing on (1) what constitutes [REDACTED] "sales in or into the United States" and (2) what assets [REDACTED] holds in the United States.

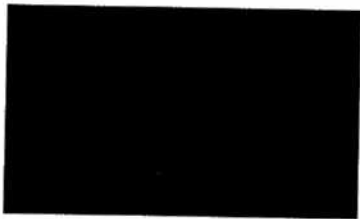
(1) [REDACTED] produces finished [REDACTED] products at its mills in Canada. (None of these products are specifically designed for sale in the United States.) While [REDACTED] sales of product from its Canadian mills to US customers were in excess of \$59.8 million in the most recent fiscal year, the large majority of these sales to US customers were for goods shipped FOB the mills in Canada (i.e., title and risk of loss passed to the customer in Canada). You confirmed that these FOB Canada sales would not constitute "sales in or into the United States" under 802.51(a). Stelco also has a US subsidiary, [REDACTED] USA, which primarily is involved in warehousing and also some reprocessing activities. The combined sales of [REDACTED] USA and any [REDACTED] Canada sales to US customers that were not FOB the Canadian mills are less than \$59 million. Thus, it is our understanding that [REDACTED] sales "in or into the United States" are less than section 802.51(a)'s adjusted exemption threshold of \$59.8 million.

(2) [REDACTED] also possesses minority interests of 15 percent or less in corporate entities that hold US iron mining assets. You confirmed that assets that [REDACTED] indirectly owns as a result of those minority interests do not count as US assets for HSR purposes under 802.51(a). [REDACTED] USA has US assets well below \$59.8 million.

Based on these facts, you confirmed that the acquisition of [REDACTED] was exempt from the reporting requirements of the HSR Act (leaving aside any secondary acquisition issues).

Please let us know as soon as possible if you disagree with any of the conclusions discussed above or if we have misunderstood any aspect of your advice. Thank you again for your assistance in this matter.


Regards,



AGREE -
B
8/28/07

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