



DIVISION OF  
MARKET REGULATION

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

December 1, 2006

David Mercado, Esq.  
Cravath, Swaine & Moore LLP  
Worldwide Plaza  
825 Eighth Avenue  
New York, NY 10019

Re: Cash Offer by Companhia Siderúrgica Nacional for Corus Group plc  
File No. TP 07-17

Dear Mr. Mercado:

We are responding to your November 30, 2006 letter to James A. Brigagliano. Our response is attached to the enclosed copy of your letter to avoid having to recite or summarize the facts set forth in your letter. Unless otherwise noted, capitalized terms in this letter have the same meaning as in your letter.

On the basis of your representations and the facts presented, but without necessarily concurring in your analysis, the United States Securities and Exchange Commission ("Commission") hereby grants an exemption from Rule 14e-5 under the Securities Exchange Act of 1934 ("Exchange Act") to permit the Prospective Purchasers to purchase or arrange to purchase Ordinary Shares otherwise than pursuant to the possible Offer, particularly in light of the following facts:

- The Offer is required to be conducted in accordance with the City Code on Takeovers and Mergers ("Code") as well as the rules and regulations of the UK Listing Authority ("Listing Rules");
- Corus, a public limited company incorporated under the laws of England and Wales, is a "foreign private issuer," as defined in Rule 3b-4(c) under the Exchange Act;
- Any purchases of Ordinary Shares of Corus by the Prospective Purchasers will be subject to the Code; and
- The existence of the Memorandum of Understanding on Exchange of Information between the Commission and the United Kingdom Department of Trade and Industry in Matters Relating to Securities and the United States Commodity Futures Trading Commission and the United Kingdom Department of Trade and Industry in Matters Relating to Futures dated September 25, 1991.

The Commission grants this exemption from Rule 14e-5 under the Exchange Act to permit the Prospective Purchasers to purchase or arrange to purchase Ordinary Shares otherwise than pursuant to the Offer, subject to the following conditions:

1. No purchases or arrangements to purchase Ordinary Shares, otherwise than pursuant to the Offer, shall be made in the United States;
2. The Offer Document shall disclose prominently the possibility of, or the intention to make, purchases of Ordinary Shares by the Prospective Purchasers during the Offer;
3. The Prospective Purchasers shall disclose in the United States information regarding purchases of Ordinary Shares to the extent such information is made public in the United Kingdom pursuant to the Code;
4. The Prospective Purchasers shall comply with any applicable rules under United Kingdom law including the Code and Listing Rules and the rules and regulations of the London Stock Exchange;
5. The Prospective Purchasers shall provide to the Division of Market Regulation (“Division”), upon request, a daily time-sequenced schedule of all purchases of Ordinary Shares made by any of them during the Offer, on a transaction-by-transaction basis, including:
  - a. size, broker (if any), time of execution, and price of purchase; and
  - b. if not executed on the London Stock Exchange, the exchange, quotation system, or other facility through which the purchase occurred;
6. Upon the request of the Division, the Prospective Purchasers shall transmit the information as specified in paragraphs 5.a. and 5.b. above to the Division at its offices in Washington, D.C. within 30 days of its request;
7. The Prospective Purchasers shall comply with the applicable laws of the U.S., including the Exchange Act;
8. The Prospective Purchasers shall retain all documents and other information required to be maintained pursuant to this exemption for a period of not less than two years from the date of the termination of the Offer;
9. Representatives of the Prospective Purchasers shall be made available (in person at the offices of the Division in Washington, D.C. or by telephone) to respond to inquiries of the Division relating to their records; and
10. Except as otherwise exempted herein, the Prospective Purchasers shall comply with Rule 14e-5.

The foregoing exemption from Rule 14e-5 under the Exchange Act expressed above is based solely on your representations and the facts presented, and is strictly limited to the application of this rule to the proposed transactions. Such transactions should be discontinued, pending presentation of the facts for our consideration, in the event that any material change occurs with respect to any of those facts or representations.

In addition, we direct your attention to the anti-fraud and anti-manipulation provisions of the federal securities laws, including Sections 10(b) and 14(e) of the Exchange Act and Rule

Mr. David Mercado  
December 1, 2006  
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10b-5 thereunder. The participants in the Offer must comply with these and any other applicable provisions of the federal securities laws. The Division expresses no view with respect to any other questions that the proposed transactions may raise, including, but not limited to, the adequacy of disclosure concerning, and the applicability of any other federal or state laws to, the proposed transactions.

For the Commission, by the Division of Market  
Regulation pursuant to delegated authority,



James A. Brigagliano  
Acting Associate Director  
Division of Market Regulation

Attachment

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Securities Exchange Act of 1934:  
Section 14(e) and Rule 14e-5

November 30, 2006

## Cash Offer by Companhia Siderúrgica Nacional for Corus Group plc

Ladies and Gentlemen:

We are writing on behalf of Companhia Siderúrgica Nacional, a company organized under the laws of Brazil ("CSN"). CSN announced on November 17, 2006 that it had made an initial approach to the board of directors of Corus Group plc, a public limited company incorporated under the laws of England and Wales ("Corus"), which may lead to a cash offer (the "Takeover Offer") to acquire all the outstanding ordinary shares of Corus, nominal value 50p per share (the "Ordinary Shares"), and all the American Depositary Shares representing Ordinary Shares (the "Ordinary ADSs"), at a price per Ordinary Share of 475 pence.

In accordance with the laws and regulations applicable to takeover offers in the United Kingdom, CSN may structure the Takeover Offer as a tender offer ("Offer") or a scheme of arrangement ("Scheme") (each as more particularly described below under Proposed Offer Structure). Because of the possibility that the Takeover Offer will be structured as an Offer, we respectfully request that the Securities and Exchange Commission (the "Commission") grant exemptive relief from Rule 14e-5 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to permit purchases of, or arrangements to purchase, Ordinary Shares by or on behalf of CSN otherwise than pursuant to the Offer, subject to the restrictions set out below.<sup>1</sup>

<sup>1</sup> We believe the exemptive relief we are requesting with respect to Rule 14e-5 is consistent with the relief granted by the Commission in the following no-action letters:

## BACKGROUND

### Corus Group plc

Corus, headquartered in London, England, is a “foreign private issuer” as defined in Rule 3b-4(c) under the Exchange Act. According to Corus’s Form 20-F for the fiscal year ended December 31, 2005, Corus estimates that it is the ninth largest steel producer in the world. Corus also produces primary aluminum. For the fiscal year ended December 31, 2005, in accordance with International Financial Reporting Standards (“IFRS”), Corus had group turnover of £10,140 million and operating profit of £680 million. At December 31, 2005, Corus had total assets of £7,942 million.

The principal trading market for Ordinary Shares is the London Stock Exchange plc (the “London Stock Exchange”). The Ordinary ADSs, which are evidenced by American Depositary Receipts, are listed on the New York Stock Exchange. Each Ordinary ADS represents two Ordinary Shares. Ordinary Shares and Ordinary ADSs are registered pursuant to Section 12(b) of the Exchange Act.

On October 20, 2006, Corus and Tata Steel Limited, an Indian corporation (“Tata”), announced an agreement pursuant to which a subsidiary of Tata would acquire all of the shares of Corus at a price of 455 pence in cash per share. The acquisition of Corus by Tata would be implemented by a scheme of arrangement (generally described below under Proposed Offer Structure), the completion of which is subject to the vote of the shareholders of Corus.

### Companhia Siderúrgica Nacional

CSN is the second largest fully-integrated steel producer in Brazil and one of the largest in Latin America in terms of crude steel production. CSN is also one of the world’s leading producers of tin mill products for packaging containers. CSN is headquartered in São Paulo, Brazil. For the year ended December 31, 2005, in accordance with U.S. generally accepted accounting principles, CSN had net operating revenues of \$3,805 million and net income of \$902 million. At December 31, 2005, CSN had total assets of \$7,157 million.

The principal trading market for shares of CSN is the São Paulo Stock Exchange. Common shares of CSN are also traded on the New York Stock Exchange in the form of American Depositary Shares, which are evidenced by American Depositary

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Barrick Gold Corporation (available October 10, 2006); Recommended Cash Offer by RWE Aktiengesellschaft for Innogy Holdings plc (available July 22, 2002); Vinci Offer for TBI plc (available August 23, 2001); Schlumberger Limited Offer for Sema plc (available February 15, 2001); St David Capital plc Offer for Hyder plc (available August 1 2000); WPD Limited Offer for Hyder plc (available May 31, 2000); St David Capital plc Offer for Hyder plc (available April 17, 2000); and BP Amoco p.l.c. Offer for Burmah Castrol Plc (available March 13, 2000).

Receipts. Common shares of CSN and the related American Depository Shares are registered pursuant to Section 12(b) of the Exchange Act.

We understand that CSN's wholly owned subsidiary, Supernova Acquisitions Limited, has acquired the following Corus shares in open market transactions: 2.33% on 16 November 2006; and 1.46% on 17 November 2006 (prior to the press release referred to above). We have been advised that neither CSN, Supernova Acquisitions Limited, nor any person acting on their behalf, has subsequently acquired any Corus shares and their total holding of Corus shares remains approximately 3.79%.

#### Qualification for Tier II Relief

In conducting the Offer (if there is one) on the terms described in this letter, CSN currently expects to be able to rely on Rule 14d-1(d) under the Exchange Act, which provides exemptive relief from otherwise applicable rules to persons conducting a tender offer under certain conditions ("Tier II Relief"). In order for an offer to qualify for Tier II Relief, (i) the subject company must be a foreign private issuer as defined in Rule 3b-4 under the Exchange Act and not an investment company, (ii) no more than 40% of the securities of the subject company sought in the offer may be held by holders who are resident in the United States and (iii) the offeror must comply, subject to any applicable exemptions, with all applicable U.S. tender offer rules and regulations.

Pursuant to Rule 14d-1, the issuer of the subject securities will be presumed to be a foreign private issuer and U.S. holders will be presumed to hold 40% or less of such outstanding securities unless: (i) the tender offer is made pursuant to an agreement with an issuer of the subject securities; (ii) the aggregate trading volume of the subject class of securities on all national securities exchanges in the United States, over the 12-calendar-month period ending 30 days before commencement of the offer, exceeds 40%; (iii) the most recent annual report or annual information filed or submitted by the issuer with securities regulators of its home jurisdiction or with the Commission indicates that U.S. holders hold more than 40% of the outstanding subject class of securities; or (iv) the bidder knows or has reason to know that the level of U.S. ownership exceeds 40%.

If the Takeover Offer is structured as an Offer, a determination will be made under the applicable rules and regulations whether such Offer is made pursuant to an agreement with Corus. The aggregate trading volume of Corus's securities on the NYSE, over the 12-calendar month period ending 30 days before the November 17 press release announcing CSN's initial approach to the board of directors of Corus does not exceed 40%. Prior to commencement of the Offer in reliance on Tier II, CSN will review the aggregate trading volume of Corus's securities on the NYSE over the 12-calendar month period ending 30 days before the commencement of the Offer to confirm the average remains below 40%. CSN currently does not know or have any reason to know that the level of U.S. ownership exceeds 40%. In addition, on the basis of publicly available information, CSN believes that U.S. beneficial holders hold less than 40% of the Ordinary Shares (including those represented by Ordinary ADSs). More particularly, based in part on Thomson Shareworld Report as of November 16, 2006, published by

Thomson Financial, an operating unit of The Thomson Corporation (the "Report"), it was determined that as of the date of the Report U.S. holders owned approximately 180.6 million Ordinary Shares (including those represented by Ordinary ADSs), which constitute approximately 15.1% of the total outstanding Ordinary Shares (including those represented by Ordinary ADSs). CSN believes that no shareholder holds more than 10% of the Ordinary Shares (including those represented by Ordinary ADSs). On the basis of the foregoing, CSN intends to make the Offer (if there is one) in reliance on Tier II.

## PROPOSED OFFER STRUCTURE

As noted above, the Takeover Offer may be structured as either a Scheme or an Offer. A Scheme does not involve an offer being made pursuant to an offer or to target shareholders which is capable of acceptance by such shareholders. Rather, a Scheme is a court administered arrangement between the target company and its shareholders under which shareholders vote on the arrangement and which, following approval by the requisite majority and the sanction of the court, is binding on the minority shareholders.

Assuming that the Takeover Offer will be structured as an Offer, such Offer will be made in cash (except that a loan note alternative is expected to be made available to non-U.S. shareholders, as described further below) and is expected to be structured as a single tender offer made concurrently in the United Kingdom, the United States and certain other jurisdictions where the Offer may be legally extended.

The Offer will be structured to comply with (i) the rules and regulations of the United Kingdom Listing Authority and the London Stock Exchange, (ii) The City Code on Takeovers and Mergers (the "City Code") of the United Kingdom, and (iii) except as otherwise requested herein or at a later date, Regulations 14D and 14E under the Exchange Act as they apply to offers that satisfy the conditions of Rule 14d-1(d)(1) (a "Tier II offer"). CSN expects to structure the Offer to allow for participation by holders of the Ordinary Shares in the United Kingdom and the United States and holders of Ordinary ADSs, while complying with the generally applicable requirements in those jurisdictions to the greatest extent practicable. The offer document used in connection with the Offer (the "Offer Document") will be prepared with a view to complying with the applicable rules and regulations of the United Kingdom Listing Authority and the London Stock Exchange and with the City Code and, except as otherwise requested herein, the Exchange Act.

The Offer Document will be mailed to all holders of the Ordinary Shares in the United Kingdom and the United States and holders of Ordinary ADSs within 28 days of the date CSN announces its firm intention to make the Offer, as required by Rule 30.1 of the City Code, or such later date as to which The Panel on Takeovers and Mergers (the "Panel"), which administers the City Code, may agree.

## PURCHASES OUTSIDE THE OFFER AND RULE 14E-5

In the United Kingdom, purchases outside the Offer are permitted, subject to certain limitations, and such purchases are common in connection with offers for U.K. companies. Under the City Code, CSN and its advisors and brokers are permitted to purchase Ordinary Shares in the open market or otherwise prior to and during the conduct of, but outside, the Offer, subject to certain limitations, including as to price (as described below).

Subject to certain exceptions, Rule 14e-5 prohibits a covered person from directly or indirectly purchasing or arranging to purchase any securities to be acquired in a tender offer for equity securities or any securities immediately convertible into, exchangeable for or exercisable for such securities, except as part of the tender offer. This prohibition applies from the time the offer is publicly announced until it expires. Rule 14e-5 defines a covered person as (i) the offeror, its dealer-managers and any of their respective affiliates, (ii) any advisors to the foregoing whose compensation is dependent on the completion of the offer and (iii) any person acting in concert either directly or indirectly with any of the foregoing in connection with any purchase or arrangement to purchase any subject securities or any related securities. Purchases by CSN and other covered persons acting on its behalf of Ordinary Shares outside the Offer would not fall within any of the excepted activities specifically outlined in Rule 14e-5. Accordingly, in the absence of exemptive relief, such purchases may be deemed to be prohibited after the public announcement of the Offer.

The Commission has enumerated certain factors that it considers important in ruling on a Rule 14e-5 exemption request, including (i) the degree of ownership of the target by U.S. holders, (ii) whether the offer will be made to U.S. holders on an equal basis to non-U.S. holders, (iii) whether the consideration will be cash or securities, (iv) the nature of the foreign regulation to which the offer is subject and (v) whether the principal trading market for the target's securities is outside the United States.

In the context of the Offer, we believe that (i) the level of U.S. shareholdings is not inconsistent with levels noted in prior letters requesting relief from Rule 14e-5,<sup>2</sup> (ii) the Offer is expected to be for all of the outstanding Ordinary Shares and Ordinary ADSs, (iii) the Offer is expected to be made on the same basis to U.S and non-U.S. holders of Ordinary Shares and Ordinary ADSs (except for Loan Notes<sup>3</sup> as noted

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<sup>2</sup> See, e.g., Offer by AstraZeneca PLC for all Ordinary Shares, including Ordinary Shares represented by ADSs, of Cambridge Antibody Technology Group plc (available May 23, 2006); Recommended Cash Offer by RWE Aktiengesellschaft for Innogy Holdings plc (available July 22, 2002).

<sup>3</sup> It is expected that Corus shareholders (other than U.S. shareholders and certain other overseas shareholders) who validly accept the Offer will be able to elect to receive Loan Notes instead of some or all of the cash to which they would otherwise become



below), (iv) the consideration will consist of entirely cash (except for Loan Notes which may be offered solely to Corus shareholders outside of the United States), (v) the Panel will have primary regulatory authority over the Offer and it will be fully regulated under the City Code and (vi) the principal trading market of Corus is outside the United States on the London Stock Exchange.

In addition, Rules 6.1 and 6.2 of the City Code provide protections similar to those provided by Rule 14e-5, making exemptive relief appropriate in the circumstances of the Offer, by requiring that the Offer price be increased to the level of any higher purchase price outside the Offer. In addition, under Rule 8.1 of the City Code any purchases outside the Offer by any party to the transaction (including the offeror and any advisor, broker or other financial institution acting as its agent) are required to be disclosed on a next-day basis to the London Stock Exchange and the Panel and this information is available for public inspection at the Company Announcements Office of the London Stock Exchange. Disclosures of these purchases attract significant publicity by their very nature and they are disseminated on dealers' trading screens throughout the London market.

In the context of the Offer, we believe the relief requested under Rule 14e-5 is consistent with relief the Staff has afforded to bidders in similar circumstances in the past.<sup>4</sup>

Please note that, in our view, there are serious doubts as to whether the jurisdictional predicate for the application of the Exchange Act—namely that there be a purchase of a security “by use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange”—would be

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entitled under the terms of the Offer. Loan Notes provide certain tax advantages to U.K. taxpayers. Such tax advantages are not available to U.S. taxpayers, and Loan Notes will not be available to shareholders in the United States.

<sup>4</sup> See, e.g., In the Matter of Trinity Acquisition's Offer to Purchase the Ordinary Shares and American Depositary Shares of Willis Corroon Group plc (SEC File No. 5-51615) dated July 22, 1998; see, also United Technologies Corporation for Kidde plc (available December 15, 2004); UCB S.A. Offer for Celltech Group plc (available May 19, 2004); Songbird Acquisition Limited Offer for Canary Wharf (available April 22, 2004); BLB Investors, LLC Offer for Wembley plc (available March 31, 2004); Twins Acquisition, Inc. Offer for IDS Group plc (available June 25, 2003); Celltech Group plc Offer for Oxford GlycoSciences Plc (available March 3, 2002); RWE Aktiengesellschaft Offer for Innogy Holdings plc (available March 22, 2002); Vinci Offer for TBI plc (available August 23, 2001); Schlumberger Limited Offer for Sema plc (available February 15, 2001); St David Capital plc Offer for Hyder plc (available August 1, 2000); WPD Limited Offer for Hyder plc (available May 31, 2000); St David Capital plc Offer for Hyder plc (available April 17, 2000); and BP Amoco p.l.c. Offer for Burmah Castro Plc (available March 13, 2000).

satisfied if CSN, or financial institutions acting on its behalf, made purchases of, or arrangements to purchase, Ordinary Shares outside the United States. We nonetheless apply, on behalf of such persons, for exemptive relief for such purchases from the provisions of Rule 14e-5 pursuant to Rule 14e-5, on the conditions set forth below. We have been requested by CSN to emphasize that this letter does not reflect an admission that Rule 14e-5 would apply to such purchases of Ordinary Shares outside the United States in the absence of such exemptive relief.

Additionally, we note that Rule 14e-5 prohibits a covered person from directly or indirectly purchasing or arranging to purchase any securities to be acquired in a tender offer “from the time the offer is publicly announced” until it expires. The press release issued by CSN on November 17 announced that CSN had “approached the Board of Corus regarding a proposal to acquire the Company at a price of 475 pence per ordinary share in cash.” We have been requested by CSN to emphasize that this letter does not reflect an admission that the November 17 press release is a public announcement of the Offer within the meaning of Rule 14e-5.

#### IRREVOCABLE UNDERTAKINGS

Certain large institutional shareholders as well as the directors of Corus, in each case outside of the United States, may be asked to, as is typical in U.K. takeovers, undertake irrevocably to accept the Offer in respect of their holdings of Ordinary Shares. No additional compensation will be paid to these shareholders and they will receive their offer consideration at the same time as the other Corus shareholders that accept the Offer.

Under U.K. market practice, an irrevocable undertaking is an agreement of a shareholder to accept an offer when made and, in some cases, to not accept a competing offer during the pendency of the first offer. An irrevocable undertaking is not treated by the City Code as a purchase, and the City Code permits bidders to enter into irrevocable undertakings at any time, subject to certain limitations. We note for emphasis that shares subject to an irrevocable undertaking are purchased in the tender offer, and consequently, count towards satisfying the minimum acceptance condition under the City Code. Acceptances of the Offer in respect of shares which are the subject of irrevocable undertakings represent tenders subject to both the terms and conditions of the Offer and the City Code. Accordingly we are not requesting exemptive relief from Rule 14e-5 with respect to the entering into of irrevocable undertakings.<sup>5</sup>

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<sup>5</sup> See, e.g., United Technologies Corporation for Kidde plc (available December 15, 2004); UCB S.A. Offer for Celitech Group plc (available May 19, 2004); Celltech Group plc Offer for Oxford GlycoSciences Plc (available March 3, 2003); RWE Aktiengesellschaft Offer for Innogy Holdings plc (available March 22, 2002); Vinci Offer for TBI plc (available August 23, 2001); St. David Capital plc Offer for Hyder plc (available August 1, 2000); and WPD Limited Offer for Hyder plc (available May 31, 2000).

## REQUESTED EXEMPTIVE RELIEF AND CONFIRMATION

Based on the foregoing, we respectfully request on behalf of CSN and any advisor, broker or other financial institution acting as its agent (the "Prospective Purchasers") that exemptive relief be granted from the provisions of Rule 14e-5 in order to permit purchases of Ordinary Shares outside the Offer by any Prospective Purchaser that would otherwise be prohibited by Rule 14e-5, subject to the following conditions:

(a) no purchases or arrangements to purchase Ordinary Shares, otherwise than pursuant to the Offer, will be made in the United States;

(b) disclosure of the possibility of such purchases by the Prospective Purchasers, otherwise than pursuant to the Offer, will be included prominently in the Offer Document;

(c) the Prospective Purchasers shall disclose in the United States information regarding such purchases to the extent such information is made public in the United Kingdom pursuant to the City Code;

(d) the Prospective Purchasers shall comply with any applicable rules of U.K. organizations, including the City Code and the rules and regulations of the United Kingdom Listing Authority and the London Stock Exchange;

(e) the Prospective Purchasers shall disclose to the Division of Market Regulation of the Commission (the "Division of Market Regulation"), upon request, a daily time-sequenced schedule of all purchases of Ordinary Shares made by any of them during the Offer, on a transaction-by-transaction basis, including: (1) size, broker (if any), time of execution and price of purchase; and (2) if not executed on the London Stock Exchange, the exchange, quotation system or other facility through which the purchase occurred;

(f) upon request of the Division of Market Regulation, the Prospective Purchasers shall transmit the information specified in clauses (e)(1) and (e)(2) above to the Division of Market Regulation at its offices in Washington, D.C. within 30 days of its request;

(g) the Prospective Purchasers shall retain all documents and other information required to be maintained pursuant to this exemption for a period of not less than two years from the date of the termination of the Offer;

(h) representatives shall be made available (in person at the offices of the Division of Regulation in Washington, D.C. or by telephone) to respond to inquiries of the Division of Market Regulation relating to such records; and

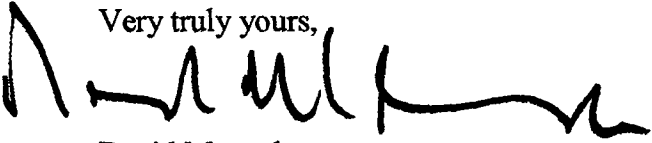
(i) except as otherwise exempted herein, the Prospective Purchasers shall comply with Rule 14e-5.

Finally, we note the existence of the Memorandum of Understanding on Exchange of Information between the Commission and the U.K. Department of Trade and Industry in Matters Relating to Securities and the U.S. Commodity Futures Trading Commission and the U.K. Department of Trade and Industry in Matters Relating to Futures dated September 25, 1991.

**CONCLUSION**

In compliance with Securities Act Release No. 6269 (December 5, 1980), seven additional copies of this letter are enclosed.

In view of the short timetable, we respectfully request that the Commission issue the requested exemptive relief and confirmation as soon as practicable. If you require any further information or have any questions, please contact me at (212) 474-1756 or Peter Wilson of this office at (212) 474-1767.

Very truly yours,  
  
 David Mercado

James A. Brigagliano, Esq., Acting Associate Director  
 Racquel L. Russell, Esq., Branch Chief  
 Matthew B. Landon, Esq., Special Counsel  
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