

## US steel consumers to reduce buying plans for three months

■ **CHICAGO** — Steel buyers surveyed during December by the Institute for Supply Management said they are lowering their buying plans for the next three months, but expect to raise their inventory levels in the first half of the year.

The survey by the ISM's Steel Buyers Forum found that only 11 percent of buyers expect their raw materials receipts to increase in the next three months, down from 18 percent in November.

Buyers reporting that they expect to increase inventories in the next six months rose to 11 percent in December from 6 percent a month earlier and none in October, the survey found.

Seventeen percent of the buyers said their current receipts of raw materials are above shipments, up from 6 percent in November, and 67 percent said their inventories were too high during the month, up from 65 percent in November. The portion of buyers calling their stocks too high has exceeded 60 percent since September.

Almost half of the buyers surveyed said they currently have raw materials inventories that are 10 percent or 20 percent higher than levels held a year earlier, while one-third said their inventories levels are unchanged from last year.

# NUCOR AGREES \$1BN DEAL TO ACQUIRE HARRIS STEEL GROUP

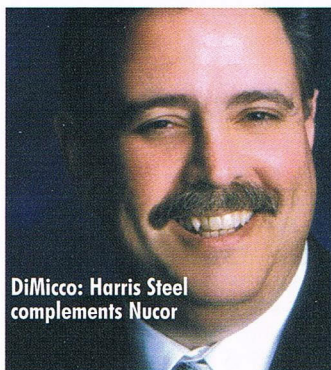
BY PHILIP BURGERT

■ **CHICAGO** — Nucor Corp and Harris Steel Group said they had agreed on the acquisition of reinforcing bar fabricator Harris by Nucor for around C\$1.25 billion (\$1.07 billion).

Harris had said in early December that it was in talks with an unidentified party and most speculation had focused on Nucor, which purchased half of the Canadian company's US rebar fabricating business, Harris Steel Inc, in 2004 for \$21 million.

Nucor said it had agreed to make a cash tender offer for all of the shares of Harris at C\$46.25 per share. Executives said the offer has support from the boards of both companies and Harris also has entered a support agreement with Nucor.

The price was described as representing a 37.5-percent premium over the 30-day volume weighted average trading price for Harris as of December 7, the last trading day before the company



announced the talks. It was also a 6.3-percent premium to the Toronto Stock Exchange closing price for Harris on December 29, executives noted.

They said members of the Harris family, including John Harris, chairman and chief executive officer, along with Paul Kelly, president and chief operating officer, had entered an irrevocable lock-up agreement to tender their shares to the offer, subject to certain terms and conditions.

John Harris and his brother David Harris hold about 48 percent of the company's approximately 27 million shares and with Kelly holding the lock-up agreement accounts for 13.7 million shares, or more than half of all Harris Steel shares that will be delivered to Nucor.

"The acquisition of Harris Steel Group significantly advances Nucor's downstream growth initiatives," Dan DiMicco, Nucor's chairman, president and ceo, said in a statement describing the company as a "highly complementary fit" with Nucor.

"Harris Steel provides Nucor with immediate and broad geographical reach and with considerable scale and growth opportunities," he added. Executives said Nucor plans to have Harris to operate as a separate wholly owned subsidiary.

Harris operates several business units, including Harris Rebar which fabricates and places reinforcing steel and designs and installs concrete post-tension systems.