



Foundation blocks Arcelor Mittal's sale of Dofasco

By Julien Ponthus and Emma Davis

BRUSSELS, Nov 13 (Reuters) - A Dutch foundation holding the shares of Dofasco, Arcelor Mittal's Canadian unit, said on Monday it had refused a request that would have allowed the sale of the unit to Germany's Thyssenkrupp.

"We have decided not to terminate the administration of the shares of Dofasco," the foundation's chairman Allan Tuttle told Reuters in a telephone interview.

Thyssenkrupp said in a statement it was not ready to concede defeat and was determined to continue its efforts to snatch the Canadian steel maker.

"ThyssenKrupp will exhaust every possibility to bring about the sale of Dofasco to ThyssenKrupp, as bindingly agreed by Mittal Steel," the German company said in a statement.

It added that it would build a new steel mill in the United States if the acquisition of Dofasco proved impossible.

The price of the sale of Dofasco to Thyssenkrupp is C\$68 per share, C\$3 lower than the price paid by Arcelor to buy the Canadian group in January this year in a transaction that totalled C\$5.6 billion.

Arcelor acquired Dofasco prior to its struggle to fend off a hostile bid from Mittal Steel earlier this year, which ended with the friendly merger of both groups.

Set up in the heat of the takeover battle, the foundation was designed to prevent Mittal Steel from selling Dofasco, which was a condition set by U.S. competition authorities to allow the merger of the two groups.

"The goal of the foundation was to prevent or make the takeover of Arcelor more difficult. It is no surprise that this now causes problems," said Christopher Kummer, the Director of Manda, an Austrian mergers and acquisitions institute.

U.S. regulators previously said that if the sale was blocked by the foundation, Arcelor Mittal would have to sell either its Sparrows Point plant in Maryland or its Weirton, West Virginia, plant.

"Arcelor Mittal is reviewing the situation and will be in contact with the U.S. Department of Justice," Arcelor Mittal said in a statement on Monday.

Sources close to Arcelor previously said the foundation was likely to refuse the sale of Dofasco on the grounds that the Canadian group holds key technology for Arcelor and that the price paid by Thyssenkrupp was insufficient.

At 1338 GMT Mittal Steel shares were up 0.94 percent in Amsterdam. ThyssenKrupp shares were down 0.98 percent in Frankfurt. (Additional reporting by Christian Hetzner and Michael Shields in Frankfurt)