

Luxembourg may take up bill that could thwart Mittal takeover

By Jason Singer

Luxembourg's Chamber of Commerce has proposed a change in a local takeover law that would make it more difficult for **Mittal Steel Co.** to win its hostile €19.05 billion (\$22.78 billion) bid for **Arcelor SA** of Luxembourg. The chamber is headed by Arcelor's deputy chief executive.

The proposed change would force a bidder to use only cash if its own shares are considered "illiquid," which is defined as having less than 25% of the company's total shares traded among public investors. Mittal Steel, which is controlled by the Mittal family, has 12% of its shares in public hands.

Mittal lashed out at the proposal, saying the move is aimed specifically at its bid for Arcelor. "We believe these proposals are exclusively intended to thwart the Mittal Steel offer and are against EU principles," the company said. It added

that Mittal "would also encourage Arcelor to remain true to the claim that this offer should be decided by [Arcelor's] shareholders."

Mittal's bid for Arcelor would be paid by about 75% in Mittal stock, which is traded in Amsterdam and on the New York Stock Exchange, and 25% in cash. Being required to make an all-cash bid would be difficult for Mittal, the world's largest steel producer by output, but which has a market value about the same as Arcelor's.

In Amsterdam, Mittal's shares closed at €28.46, up 65 European cents, or 2.3%, valuing its per-share offer for Arcelor at €29.82 in cash and stock. In Paris, Arcelor fell 68 European cents, or 2.1%, to €31.09.

The business-lobby group said it plans to submit the proposal to Luxembourg's Parliament on Friday. It isn't clear how local lawmakers will treat the proposed rule change—which doesn't exist in any other major country. Some politicians there have attacked Mittal's hostile bid, at one point saying it "deserves a hostile response."

Mittal's takeover bid for Arcelor is one of a rush of hostile deals being pursued across Europe, many of which are being met with political resistance. Arcelor is the largest private-sector employer in Luxembourg.

Arcelor tried to distance itself from the chamber proposal, even though the group's president is Arcelor Deputy Chief Executive Michel Wurth. Moreover, several other Arcelor executives are represented on the chamber's board.

The proposal "is a step in the legislative process in Luxembourg," said an Arcelor spokesman.

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