

Southern shareholder seeks to block Asarco merger

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*** Seeks to block Southern-Asarco merger proposal**

*** Shareholder says deal overvalues Asarco (Updates with analyst, Grupo Mexico comment)**

Aug 17 (Reuters) - A shareholder of Southern Copper Corp ([SCCO.N](#)) has sued to block a proposed merger with Asarco claiming they are being shortchanged by Grupo Mexico, the majority owner of both companies, according to court documents.

In a complaint filed on Monday in Delaware's Chancery Court against Southern's board, the Oklahoma Firefighters Pension & Retirement System said the proposed transaction "grossly overvalued" Asarco at a \$5.9 billion.

The firefighters also protested that Grupo Mexico, which owns 80 percent of Southern, is not seeking approval of minority shareholders. The complaint seeks class action status.

Grupo Mexico said it had not been notified of the suit.

In July, Grupo Mexico ([GMEXICOB.MX](#)) said it would combine its Arizona-based Asarco business with Southern's Latin American mining operation to cut costs. It also said Southern's shareholders would benefit by gaining exposure to Asarco's growth potential. [ID:nN23180836]

The lawsuit asks the court to block the proposed Southern-Asarco transaction unless Southern sets up an independent committee to negotiate on behalf of minority shareholders and put the deal to a vote of minority shareholders.

The Mexican mining and transportation company regained control of Asarco last year by paying more than \$2.5 billion to bring it out of bankruptcy.

Rodrigo Heredia, an analyst who covers Grupo Mexico at IXE brokerage in Mexico, said it was unclear if one shareholder could block the merger plan.

He said long-term benefits could come to shareholders if Asarco makes new copper discoveries, although there may be some dispute on the initial valuation of the company.

Grupo Mexico originally acquired Asarco in 1999 in a leveraged buyout. Asarco was the majority stockholder of Southern at the time, although Grupo Mexico split the two to protect Southern from Asarco's creditors, a deal that was found to be fraudulent during Asarco's bankruptcy.

The shareholder said the deal is aimed at snuffing out an ongoing lawsuit stemming from another Grupo Mexico-backed deal, the 2005 acquisition of "debt-ridden" Minera Mexico by "cash-rich" Southern. The complaint said that deal caused more than \$1 billion of damages to Southern.

Attorneys for the shareholder did not return calls for comment.

On Tuesday, shares of Southern were up 2.16 percent at \$30.28 on the New York Stock Exchange and shares of Grupo Mexico were up 2.48 percent to close at 34.24 pesos on the Mexican exchange.

The case is *In re Oklahoma Firefighters Pension & Retirement System, v. German Larrea Mota-Velasco et al*, Court of Chancery, State of Delaware, No. 5729. (Reporting by Tom Hals, additional reporting by Mica Rosenberg in Mexico City and [Emily Chasan](#) in New York; editing by Sofina Mirza-Reid)