

*Pittsburgh Post-Gazette*

**USW official backs Wheeling-Pittsburgh buyout as stock jumps**

By Len Boselovic, Pittsburgh Post-Gazette

Tuesday, July 18, 2006

A top official of the United Steelworkers of America yesterday endorsed Esmark's proposal to merge with the parent company of Wheeling-Pittsburgh Steel, saying the alliance would make the steelmaker stronger and provide more security for workers and retirees.

Meanwhile, Wheeling-Pitt shares rose 8 percent following Esmark's \$1.1 billion bid, which values the steelmaker's stock at \$20 per share. Wheeling-Pitt closed yesterday at \$19.26, up \$1.40.

USW District 1 Director David McCall said he has discussed the proposal with executives at Esmark, a Chicago Heights, Ill., steel processor and distributor.

"I think it's very good," Mr. McCall said.

One local union leader said he is trying to digest the terms of Esmark's offer.

"We want what's best for our active workers, our retirees and the future of the steel industry in the Ohio Valley," said USW Local 1190 President Ken Aspenleiter. The local represents workers at Wheeling-Pitt's Follansbee, W.Va., plant.

The USW has two representatives on the 11-member board of Wheeling Pittsburgh Corp., the steelmaker's parent company.

Esmark is seeking to gain control of a majority of the board through a proxy fight at the Wheeling, W.Va., company's next shareholder meeting. It is expected to identify its slate of directors in a Securities and Exchange Commission filing this week.

Esmark wants to replace two Wheeling-Pitt managers on the board: Chairman and Chief Executive Officer James G. Bradley and Chief Financial Officer Paul J. Mooney. Wheeling-Pitt management has come under fire for failing to capitalize on the strong, steady demand and prices that have returned most of the cyclical industry to profitability.



Robert J. Pavuchak, Post-Gazette  
**Shares of Wheeling-Pittsburgh, which operates this plant in Allenport, rose 8 percent yesterday on news of Esmark's \$1.1 billion bid.**  
**Click photo for larger image.**

If it wins the proxy contest, Esmark would merge with Wheeling-Pitt, with the steelmaker issuing 26.5 million new shares to Esmark's investors. Esmark also would provide \$200 million in cash. Esmark's bid comes less than a month after industry leader Mittal Steel agreed to a merger deal with European rival Arcelor.

Industry analyst Charles Bradford said some producers who supply the sheet steel Esmark processes at plants in Ohio, Indiana, Illinois and Missouri might be upset by their customer becoming a competitor. Steelmakers used to have distribution units years ago but divested them because they weren't competitive, Mr. Bradford said.



Robin Rombach, Post-Gazette  
**James P. Bouchard, above,  
Esmark's chief executive officer,  
is a former U.S. Steel executive.  
Click photo for larger image.**

Esmark is one of two steel companies interested in Wheeling-Pitt, which posted losses for 2005 and this year's first quarter. The twice-bankrupt steel producer disclosed in May it was discussing possible alliances with Brazilian steelmaker Companhia Siderurgica Nacional.

Mr. McCall of the USW said he did not know the status those talks.

Esmark Chairman and CEO James P. Bouchard, a former U.S. Steel executive, would lead the merged company along with his brother Craig, who is Esmark's CFO. That apparently would trigger provisions in an employment contract Mr. Bradley agreed to in April.

It provides an annual salary of \$520,000 and entitles Mr. Bradley to three years salary if he resigns following a change in ownership in Wheeling-Pitt. The contract also provides that Mr. Bradley will receive a pretax payment of \$1.7 million on Aug. 31 for supplemental pension benefits he is entitled to, according to a company SEC filing.