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Wheeling-Pitt, Esmark revise merger agreement

By TIM HUBER

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CHARLESTON, W.Va. (AP) - The parent company of Wheeling-Pittsburgh Steel announced Tuesday it has changed the time frame for shareholders to choose how they want to be compensated in the impending merger with Illinois-based Esmark Inc.

The changes were made to satisfy the Securities and Exchange Commission, Wheeling-Pitt Chief Executive James Bouchard said. Without the changes, the SEC might have required the company to treat the deal as an offer to purchase Wheeling-Pitt shares, rather than a merger. That would have required Wheeling-Pitt to file a different SEC form, in essence starting the process over.

"The monetary terms are exactly the same," Wheeling-Pitt spokesman Dennis Halpin said.

Now that the SEC has acceptable wording, Bouchard said he's hopeful the agency will clear the deal this week. Esmark and Wheeling-Pitt agreed to the merger in March after Esmark seized control of the Wheeling-based steelmaker in a proxy battle. "It looks like we're about there," Bouchard said.

Rather than allowing Wheeling-Pitt shareholders to choose how they'll be compensated for their stock after they vote on the deal, the amended merger requires them to decide beforehand.

Wheeling-Pitt shareholders can choose between standing pat; keeping their original stake and buying new shares at \$19 apiece; or selling to Esmark for \$20 in cash.

"It's actually better. It's an improved thing for the shareholders," Bouchard said.

A date for a shareholder vote on the merger won't be set until the deal receives SEC approval. The merger is expected to close in the fourth quarter.

Separately, Wheeling-Pitt said it expects to report another significant loss for the third-quarter. While the company did not quantify, it described the figure as consistent with the first two quarters of 2007. Bouchard said the quarter will include "a bunch" of one-time charges.

Wheeling-Pitt reported a net loss of \$59.9 million in the first quarter and \$41.6 million in the second quarter.

Bouchard, however, said Wheeling-Pitt's performance has improved since it installed new equipment in its electric arc furnace in July. "Now we're just starting to see the fruits," he said.

Wheeling-Pitt employs about 3,000 people in West Virginia, Ohio and Pennsylvania. Its stock rose 31 cents, or 1.6 percent, to \$19.68 Tuesday.