

*Associated Press*

## **Wheeling Pitt says profits up in face of hostile takeover bid**

BY TIM HUBER

Wednesday, July 26, 2006, 15:40

**CHARLESTON, W.Va.** - Shares of Wheeling-Pittsburgh Corp. jumped more than 8 percent today amid news of unexpectedly higher profits and a hostile takeover bid by a fast-growing rival.

Wheeling Pitt further stirred interest by saying it is close to finalizing an alliance with another suitor, Brazilian steel maker Companhia Siderurgica Nacional.

On the earnings front, Wheeling Pitt said it expects a second-quarter operating profit of about \$19 million - about \$8 million more than expected. The company, which expects to release results Aug. 8, said nothing about net profits.

The news isn't good enough for Esmark Inc., a Chicago-based steel company that has launched a hostile takeover bid for Wheeling-Pitt.

Esmark is running a rival slate of nine candidates for Wheeling-Pitt's 11-member board of directors. Presumably they would favor a merger that would give Esmark more than \$273 million in Wheeling Pitt stock. Esmark would contribute \$200 million in cash and \$350 million in new credit for the merged company.

Esmark President Craig Bouchard criticized Wheeling-Pitt during a conference call to drum up support for the offer. Bouchard said Wheeling-Pitt has too much debt and too little profit. Wheeling-Pitt had \$277.3 million in long-term debt on its balance sheet at the end of the first quarter, when it lost \$2.1 million.

"We've got a management team that has failed in almost every respect," said Bouchard, who blamed Wheeling-Pitt's board as well. "It's a board that's not functioning in the best interest of the shareholders."

Wheeling-Pitt, however, is more interested in a deal with CSN. "We believe this combination will deliver significantly more value than the recent proposal by Esmark," Wheeling-Pitt Chief Executive James Bradley said in a news release.

A call to Wheeling-Pitt was not immediately returned. CSN could not immediately be reached for comment.

Wheeling-Pitt said a deal with CSN is being completed, but has not revealed details since confirming talks May 5.

Bouchard called that extended silence "unusual" and said shareholders should be told how an alliance with CSN would reduce debt and improve management. And they should be allowed to choose between the offers. "Let's get 'em both to the shareholders," he said.

Wheeling-Pitt's stock was up \$1.69 to \$21.52 in trading on the Nasdaq this afternoon. Its shares have traded in the \$8.02 to \$27.50 range over the past 52 weeks.

Wheeling-Pitt is the only U.S. steel company to successfully restructure through Chapter 11 since a steel-import crisis began in 1998. It makes rolled, galvanized and pre-painted steel sheet products, as well as corrugated roofing and other construction materials.

The company employs about 3,100 people at plants in West Virginia, Ohio and Pennsylvania.