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## **2 Bouchard brothers decided they'd build a 'family steel company'**

By Allison Connolly and Lorraine Mirabella

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As a fifth-grader, James P. Bouchard went on a tour of the Inland Steel mill with his father, an executive at the Chicago plant, and from then on knew what he wanted to do with his life.

"My father was my hero and my idol," Bouchard, 45, said yesterday. "I did my first science report on the Inland Steel company."

His brother, Craig T. Bouchard, 53, watched as their father, Robert C. Bouchard, became one of only three Inland employees to rise from mailroom clerk to executive.

His father was quoted in a 1963 trade magazine as saying the key to success is being "out to win" every time - even when he played his sons at chess, checkers or pingpong.

"I would have debate after debate with him about the U.S. steel industry and what had caused its tough times, and what were the possible cures," Craig Bouchard said. Three other brothers and two sisters sometimes joined in the dinner table steel seminars.

Yesterday, the brothers showed just how far those early lessons have taken them.

Four years ago, James Bouchard left a top job at U.S. Steel Group to start steel distributor and processor Esmark Inc., with himself as the sole employee and Craig Bouchard as an initial investor. And by this week, an Esmark-led multinational joint venture was able to put together a winning bid for the 118-year-old Sparrows Point steel mill.

The mill's seller, ArcelorMittal, had until Monday to announce a sale or face a lawsuit by federal antitrust regulators, who were concerned that Mittal's merger with Luxembourg-based Arcelor SA would give the steel giant too much control over tin plate production in the eastern United States.

The Bouchards' Esmark won out over about a dozen potential bidders, including American and foreign-owned steel companies and private equity groups.

Though the Bouchard brothers seemed to rise to prominence in the steel business almost overnight, their path toward controlling a vast steel manufacturing and distribution

operation stretches back decades.

James Bouchard spent internships in college in steel mills, then took a first job as a management trainee in 1983 at his father's employer, Inland.

He moved on to U.S. Steel Group in 1987, where he worked for 15 years, starting as a sales representative and working up through sales and marketing jobs. He rose to vice president of commercial operations in Europe, where he played a role in transforming Slovakian National Steel Co. in Slovakia after U.S. Steel acquired it. The turnaround took the facility, now known as U.S. Steel Kosice, from a bankrupt operation into the most profitable steel asset owned by U.S. Steel.

But he still dreamed of starting his own company, and he knew the steel business.

He turned to his brother, Craig, a finance expert, who backed him financially in founding Esmark in 2003. James Bouchard bought the Esmark name from a Chicago-based owner that had used that name when it was a holding company for brands such as Playtex and Tropicana, because it fit the new steel company's model of forming a holding company to buy brand-name steel companies.

After Esmark made its first acquisition, James Bouchard, as chief executive officer of Esmark, recruited Craig Bouchard from a Wall Street software firm called NumeriX, where he was president and chief executive. Craig Bouchard became president of Esmark.

"Craig had never had any steel background, but he was an investor, and we had made investments together in real estate and others. We said, 'Let's go build a family steel company together,' and scaled it up."

Their goal was to bulk up fast. They have since acquired 11 mostly distribution companies, and ramped up revenue from \$4 million in 2003 to \$700 million last year, with 700 employees.

"The mills in the U.S. were going through consolidation in 2003 and 2004, and we knew the service centers would consolidate," James Bouchard said. "We thought the time for us to get on the front end of consolidation is now because it's going to occur. We were on the leading edge."

But it was just in November that the privately held company got into the steelmaking business, winning control of Wheeling-Pittsburgh Corp., after a fiery proxy battle with CSN Brazil. The company cut salaried jobs at Wheeling-Pitt, after promising the union its members would not be laid off if it supported Esmark's bid for the company.

Esmark then struck a tentative agreement with Sparrows Point owner Mittal Steel, which was under pressure from the Justice Department, to buy a nearby plant in Weirton, W.Va. But that deal was scrapped in February when the Justice Department ordered Mittal to

sell the Baltimore County plant instead. Immediately, the Bouchards - who minutes before had been discussing plans for Weirton with local union officials - shifted their sights to Sparrows Point.

Despite heady competition - and deeper pockets - from abroad, the Bouchards remained confident that they would be in the final round of bidding for Sparrows Point. They've learned that to get anywhere in the steel business, you have to be aggressive.

Unlike the Mittals, who strode a world stage and remained diplomatic even when Arcelor's chief executive likened their company to "cheap cologne" compared with Arcelor's "perfume," the Bouchards are more outspoken.

This month, after winning \$219 million in damages from a Wheeling-Pitt supplier over a contract dispute, Craig Bouchard was quoted as saying, "When people try to take advantage of Wheeling-Pitt, we'll punch 'em in the face."

The Bouchards said they tend to keep good management in place, allowing each unit to perform independently. That's why they keep the head office lean, even outsourcing human resources.

James Bouchard said they've built the company through partnerships. "When you start a company from scratch you have to have a lot of friends," he said.