

***Baltimore Sun***  
**Point sale talks continue**

*Amid steel mill discussions, possible new partners in the wings*

By Allison Connolly | Sun reporter

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The deal to sell the Sparrows Point steel mill to E2 Acquisition Corp. is in flux as discussions continue while possible new partners wait in the wings.

Two self-imposed deadlines have come and gone as ArcelorMittal and E2 and the United Steelworkers union have tried to hammer out a final agreement. Because of the delays, agreements between E2 partners and Chicago Heights, Ill.-based Esmark Inc., which is leading the joint venture, have expired.

The global investor group includes Franklin Templeton Investments; Companhia Vale do Rio Doce, a Brazilian iron ore producer; and Industrial Union of Donbass Corp., a Ukrainian steel company. Esmark would have a minority stake in the plant but would be responsible for day-to-day operations.

According to a memo obtained by The Sun that was issued Tuesday to workers from United Steelworkers Local 9477 President John Cirri, engineers from Mexico-based steelmaker Altos Hornos de Mexico SA (AHMSA) toured Sparrows Point Sunday. AHMSA visited the plant earlier this year when Mittal was accepting bids, Cirri said in the memo.

Cirri declined to comment yesterday, noting that things are changing from day to day.

Esmark co-founder Craig T. Bouchard, chairman and chief executive officer of E2, said last week that new partners could be added. He declined to name other companies interested in joining the deal.

The Justice Department is forcing ArcelorMittal to sell Sparrows Point to satisfy antitrust concerns related to Netherlands-based Mittal's \$38 billion merger with Luxembourg-based Arcelor SA. E2 agreed to buy Sparrows Point for \$1.35 billion.

"All parties including ArcelorMittal, E2 Acquisition Corp., the DOJ trustee and the union are still in talks," ArcelorMittal spokesman William Steers said in an e-mail yesterday. "ArcelorMittal remains prepared and ready to close the Sparrows Point divestiture with E2 Acquisition Corp. and has met all necessary conditions for closing the transaction. No new deadlines have been set."

In a statement issued earlier yesterday, Steers said that because the deadlines had passed, it was consulting with a court-appointed trustee who is overseeing the sale on its next steps, though the sale agreement with E2 has not been terminated "at this time."

"If the sale is not consummated with E2, the trustee will seek a new buyer for Sparrows Point and ArcelorMittal will fully cooperate with this process, during which the plant will continue to be operated by ArcelorMittal," Steers' earlier statement said.

The trustee, attorney Joseph Krauss, a partner at Hogan & Hartson in Washington, did not respond yesterday to calls seeking comment.

Esmark recently won control over Wheeling-Pittsburgh Corp. in West Virginia. The company's strategy is to buy Sparrows Point and run both at full capacity. Sparrows Point would feed 850,000 tons of steel slab annually to Wheeling-Pitt, which has already begun receiving slab from Baltimore.

Bouchard declined to comment yesterday.

Previously, Bouchard said the deal was hampered by a dispute between Mittal and the Steelworkers over paying retiree benefits for workers who left Sparrows Point before Esmark agreed to buy the plant. Cirri confirmed in his Tuesday memo that there was a benefits dispute. Still, Steers maintained in his statements that the benefits issue is not preventing ArcelorMittal from completing the sale.

A sale would give Sparrows Point its fourth owner in as many years. Fewer than 2,500 workers there pump out an average of 3 million tons of steel annually.