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## **Steelworkers Oppose Wheeling-Pitt/CSN Tie-Up**

By Christopher Scinta

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NEW YORK (Dow Jones)--The United Steelworkers will oppose the proposed merger of Wheeling-Pittsburgh Corp. (WPSC) with the North American operations of Brazilian steelmaker Companhia Siderurgica Nacional (SID).

USW District 1 director David McCall sent a letter to Wheeling-Pitt management Monday saying Wheeling-Pitt's decision to accept an offer from the Brazilian company, known widely as CSN, violated terms of the union's contract.

The union has thrown its support behind a hostile offer from privately-held steel service center operator Esmark Inc. to merge with Wheeling-Pitt.

Wheeling-Pitt representatives weren't immediately available for comment late Monday.

When it announced the deal with CSN earlier this month Wheeling-Pitt said it would file documentation on the deal upon expiration of a "right to bid" provision of the union's contract - which allows the union to designate a competing bidder for the company. However, Wheeling-Pitt didn't say when that period would expire.

Wheeling-Pitt "breached our contract when it accepted CSN's offer," USW's McCall said in a statement Monday

The USW claims the contract doesn't allow Wheeling-Pitt to enter into a strategic transaction like the one with CSN before Feb. 5, 2007.

Under Wheeling-Pitt's deal with CSN, the Brazilian company would get a 49.5% stake in the merged company in exchange for: contributing its 900,000-ton steel-processing facility in Terre Haute, Ind.; \$225 million in financing potentially convertible into 11.8 million shares of the new company; exclusive distribution rights for CSN's flat-rolled steel in the U.S. and Canada; and a 10-year contract to provide steel slabs.

Esmark has offered a merger of its operations with Wheeling-Pittsburgh's, plus an infusion of \$200 million in cash from backer Franklin Mutual Advisers, which Wheeling-Pittsburgh has rejected. Esmark currently is proposing its own slate of directors for election to Wheeling-Pittsburgh's board who, if elected, will push for a merger of the two companies followed by a major share buyback.

Wheeling-Pittsburgh's annual meeting is scheduled for Nov. 17.

About 20% of Wheeling-Pitt's stock is held in a trust to fund benefit costs for USW workers, but the company says the union doesn't directly control the trust.