



Dow Jones Newswires

Esmark Comments On Recent Public Statements By Wheeling-Pittsburgh Corp, CSN And The United Steelworkers Regarding Proposed Merger

By John Seward

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Esmark Inc. fired off another round in its proxy fight with Wheeling-Pittsburgh Corp. (WPSC), calling on Wheeling to disclose the financial condition of its Heartland steel-processing facility in Terre Haute, Ind., which Esmark called a "key asset" in its proposed merger with Brazilian steel maker Cia. Siderurgica Nacional, or CSN.

Closely held Esmark also asked Wheeling to disclose any so called plan B, or contingency plan, if the CSN merger fails to materialize.

A Wheeling representative had no immediate comment.

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

Esmark seeks a reverse merger deal with Wheeling, and has said it would bring equity value of \$273 million as well as a \$200-million investment from Franklin Mutual Advisers LLC to the combined company.

Under the proposed CSN deal, the Brazilian company would get a 49.5% stake in the merged company in exchange for contributing its Terre Haute facility as well as \$225 million in financing.

Wheeling-Pittsburgh's shares recently traded at \$17.87, up 43 cents, or 2.5%.



American Metal Markets

W-P hints at veiled 'Plan B' if tie-up with CSN crashes

By Scott Robertson

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Wheeling-Pittsburgh Steel Corp., Wheeling, W.Va., apparently has a backup plan—a so-called Plan B—in place if its proposed tie-up with Brazil's Cia. Siderurgica Nacional (CSN) falls through.

Just what that plan entails remains in question—a question that Craig Bouchard, president and chief financial officer of Esmark Inc., Chicago, which has challenged CSN for control of Wheeling-Pittsburgh, wants answered.

Bouchard Thursday called on leaders of Wheeling-Pittsburgh and CSN to unveil details of Plan B, saying that shareholders had the right to know. He also asked the companies to provide more information about the financial performance of CSN LLC, the Terre Haute, Ind., rolling mill that the Brazilian steelmaker intends to contribute to its deal with Wheeling-Pittsburgh.

Bouchard said that the financial condition of the Terre Haute mill is shareholders' No. 1 concern. "It's the key thing they want to know about. We (Esmark) are shareholders and it's the No. 1 thing we want to know about."

Bouchard's comments came on the heels of a week of meetings between executives of Wheeling-Pittsburgh and CSN, United Steelworkers union representatives and local media outlets in West Virginia and around Pittsburgh. In one interview, James Bradley, chairman, president and chief executive officer of Wheeling-Pittsburgh, disclosed the existence of Plan B but declined to provide details.

Calls to Wheeling-Pittsburgh seeking comment were not returned Thursday.

In another of those sessions, Marcos Lutz, executive director of infrastructure and energy for Rio de Janeiro-based CSN, acknowledged that the Terre Haute mill (the former Heartland Steel that CSN purchased out of bankruptcy for \$50 million and the assumption of \$19.8 million in debt in 2001) continues to show financial losses.

Bouchard said he believes Wheeling-Pittsburgh shareholders deserve full disclosure before they vote on which offer to accept at the company's annual meeting in Pittsburgh Nov. 17.

"CSN is in effect swapping the Heartland mill for 49-percent ownership of Wheeling-Pitt," he said. "It's the key ingredient in their proposal and we are having a hard time understanding where their valuations on that plant are coming from if they are saying the plant is continuing to lose money."

Bouchard said that in contrast to the Terre Haute mill, Esmark is a well-run and profitable company on track to post pre-tax income of more than \$32 million this year. He said that independent analysis shows the estimated replacement value of Esmark's property, plant and equipment to be more than \$400 million.

He said Esmark believes shareholders, employees and other stakeholders have a right to know "the extent of the losses suffered at Heartland, the true value of this facility and other key performance metrics."

The Plan B disclosure has added another wrinkle to the acquisition fight. "Plan B was a big surprise," Bouchard said. "Not that someone would have a Plan B, but we are in the middle of a (Securities and Exchange Commission) proxy filing and the SEC is very strict in having you divulge any plans or alternate plans you have. I guess Bradley will be filing that information. It's something shareholders need to know so they can take a look at both proposals for Wheeling-Pitt."

Bouchard said it is Esmark's belief that Plan B is not a CSN plan or even a Wheeling-Pittsburgh plan, but "a Jim Bradley plan. It's not in the interest of anyone except the guy that's running the ship."

Bouchard said Esmark was "troubled, as we imagine many of Wheeling-Pitt's shareholders were," to learn that a Plan B had been developed but no details of it provided by Bradley to shareholders, employees, retirees or the Ohio Valley community.

One industry observer scoffed at the notion that a Plan B would be a good one or an acceptable one for Wheeling-Pittsburgh shareholders. "Plan B?" he asked. "What's in it? I don't know any details of it, but I know this about it: If Plan B was any good, it would be Plan A."