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Esmark outlines plan for Wheeling-Pitt in SEC filing

By PAUL GIANNAMORE, business editor

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WHEELING — “Dear Wheeling-Pittsburgh Corp. Stockholder:”

So begins the preliminary proxy statement filed by Esmark, the Chicago area steel firm, seeking a merger with Wheeling-Pitt through a proxy fight during a yet-to-be scheduled annual meeting.

“Esmark does not believe that the board and management of Wheeling-Pitt are acting in the best interests of all stockholders. Esmark is therefore seeking your support at the 2006 Annual Meeting for the following purposes,” the statement continues.

The list of proposals being put before shareholders by Esmark includes:

- Election of its own nine members to the Wheeling-Pitt board, including Craig T. Bouchard and James P. Bouchard, founders of Esmark in 2003 to serve on the Wheeling-Pitt board for a year.
- Adoption of a resolution restricting board membership for Wheeling-Pitt to 11.
- Removal of any directors other than the nominees and designees of the United Steelworkers of America (which currently include Jim Bowen and Lynn Williams).
- To repeal any provisions or amendments to the company’s bylaws unilaterally adopted by the board of directors after Aug. 8, 2002, and before any of the new nominees join the board, if elected.
- To vote and represent shareholders on any other business that may come before the 2006 annual meeting.

The Esmark offer is listed in detail, including \$473 million valuation of Esmark including an anticipated cash infusion of \$200 million from the firm’s largest stockholders as well as an offer by Wheeling-Pitt to repurchase, at \$20 per share, up to 7.3 million shares of outstanding common stock.

Any proposed merger with Esmark approved by the Wheeling-Pitt board would still

require stockholder approval at a subsequent meeting.

The documents urge shareholders to sign and date and return the Esmark proxy cards and note the shareholders have a right to change their vote from any previously issued proxy statements from the company.

The proxy information notes that only the latest filed proxy vote is considered valid.

The company notes a vote for its slate of officers is not a guarantee of a merger with Esmark, which would have to be considered by future board action and another shareholder's vote.

The proxy notes a change of control of the company would trigger provisions in the retention agreements of a number of executives, including Wheeling-Pitt President James G. Bradley; Paul J. Mooney, executive vice president and chief financial officer; John W. Testa, vice president, secretary and treasurer; Donald E. Keaton, vice president of steel manufacturing; Harry L. Page, president and chief operating officer; Steven W. Sorvold, vice president-commercial; and Daniel C. Keaton, human resources vice president. Similar severance agreements are in place with James E. Muldoon, vice president of business development, and Michael P. DiClemente, treasurer of Wheeling-Pittsburgh Steel Corp.

Under the agreements, under certain change of control conditions, Bradley is eligible to three times the highest annual salary rate paid during the year prior to his departure. The other executives have similar provisions for being paid twice the highest annual salary rate.

Agreements with Daniel C. Keaton, Donald E. Keaton, Mooney, Page, Sorvold and Testa were reconfigured in a filing with the SEC Feb. 22. The agreements with the executives are slated to expire Aug. 31.

Esmark officials noted in news stories that Wheeling-Pitt is required to have an annual meeting within 13 months of its previous meeting, last held Aug. 4, 2005. It has not notified the SEC of a date for this year's annual meeting.

Esmark has made comments that it would streamline the 600 Wheeling-Pitt management jobs and would not cut USWA jobs, despite its intention to consider closure of the No. 5 blast furnace at Mingo Junction to rely on the electric arc furnace at the plant for steelmaking.

The proxy statements on file with the SEC are available for viewing on the Internet at www.sec.gov

They are preliminary and have not been mailed to shareholders yet.