



The Intelligence (Wheeling, W.V.)
USW Opposes CSN Deal

By ADAM TOWNSEND

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The United Steelworkers released a statement Monday evening opposing the proposed merger between Wheeling-Pittsburgh Corp. and Brazilian Steelmaker CSN in favor of the merger plan presented by Chicago steel company Esmark.

According to the statement, the USW was to deliver a letter to Wheeling-Pitt today in which David McCall, director of USW District 1 and the union's chief negotiator with Wheeling-Pitt, informed James Bradley, chairman, president and chief executive of the company, that "the steelworkers union is filing a grievance in order to rectify the company's egregious violations of the Right to Bid provisions of our labor agreement."

James Bouchard, chairman and CEO of Esmark, expressed his satisfaction with the union's first definite show of support for the Chicago company's merger plan.

"I think it's consistent with what we've said all along," Bouchard said in a phone interview Monday. "We think the (Wheeling-Pitt) management is operating in a vacuum. We're ready to infuse cash and start building equity. ... We've already negotiated a contract with the union. It's ready to go today, and CSN hasn't even started."

This move by the USW comes several weeks after Esmark announced its intentions to start a proxy fight to oust Wheeling-Pitt's current board of directors at November's shareholders' meeting and force a merger of the two companies. Esmark presented its plans to Wheeling-Pitt privately before it began publicly criticizing the management and courting the USW in preparation for the takeover attempt.

Wheeling-Pitt's board of directors turned down Esmark's offer in favor of a merger with CSN in which the Brazilian company would enter into an extended slab supply agreement and own 49.5 percent of the company. Both proposals contain provisions to take on Wheeling-Pitt's debt and effect continued capital improvements to the local steelmaker's facilities.

According to the union's release, the USW's agreement with Wheeling-Pitt provides the union with the right to organize a transaction in the event the company decides or is presented with an offer to sell the company. Until the union is given the same period of time given to other parties, the company may enter into no contracts regarding a potential

sale.

Wheeling-Pitt “breached our contract when it accepted CSN’s offer” McCall claimed, adding that the company’s contention that the USW must present a competing transaction by Friday, Sept. 8, is “completely without merit.” Wheeling-Pitt and CSN have reached a verbal agreement that still is subject to shareholders’ approval.

The union letter also asserts, “Even the most conservative reading of the labor agreement requires that the company enter into no contract, including most certainly the definite agreement that you have announced as your next step in the CSN transaction, prior to Feb. 5, 2007.”

Officials at Wheeling-Pitt could not be reached Monday.