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**W-Pitt Battle Hard To Call**

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WHEELING — Since May, the fight over who gets control of Wheeling-Pittsburgh Steel Corp. has been building, with management criticism, legal claims and spin flying among the parties involved.

Esmark, a Chicago company, has been trying to get its hands on Wheeling-Pitt's means of production for slab and hot strip to turn its steel servicing operation into a start-to-finish steel manufacturer and wholesaler.

When Wheeling-Pitt's board turned down the Esmark proposal after listening to the plan in private, Esmark started courting the United Steelworkers and engaging in a public relations campaign to gain shareholder support for its hostile takeover attempt.

Meanwhile, Wheeling-Pitt's board quietly hammered out an agreement with Brazilian steel giant CSN, guarding all but the most general details from both the USW and the general public until about two months ago. Union leaders have complained about Wheeling-Pitt's refusal to let the union in on the tentative CSN deal, and just three weeks ago, the USW officially announced its support for Esmark's plan for a hostile takeover.

This move by Esmark, a private company, to take over a publicly traded company like Wheeling-Pitt is something analysts say they seldom see in this country. Esmark owners Jim and Craig Bouchard hope to get Wheeling-Pitt's shareholders to vote in favor of the brothers' hand-picked slate of directors at the Friday, Nov. 17, shareholders meeting. The new board would, in turn, approve a merger.

Steel industry analysts say CSN wants a piece of Wheeling-Pitt because of industry conditions created by Mittal Steel. When Mittal, the world's largest steelmaker, announced plans to purchase Arcelor, the world's second-largest steelmaker, other companies moved to increase their capacity and geographic footprint — especially in the U.S. — in order to compete. Furthermore, CSN has problems getting raw product to its processing mill in Terre Haute, Ind., because it's beholden to purchasing hot coil from its U.S. competitors. With a long-term supply agreement with Wheeling-Pitt, CSN could run its rolling mill in Indiana at capacity, while Wheeling-Pitt could run its Mingo Junction hot strip mill at capacity.

Last week, CSN executive Marcos Lutz held the first formal meeting between his company and union leadership. After that meeting, USW District 1 President Dave McCall said he didn't hear anything that would change his mind about supporting Esmark's takeover bid. Lutz, however, said he has no plans to give up negotiations with the steelworkers, noting he believes the union will ultimately come to favor CSN's plan for the company. The steelworkers have remained more or less quiet since that first CSN meeting.

There are pros and cons to each plan. For example, though CSN is the largest steel company in Brazil, it has a lot of debt, as the Bouchard brothers have pointed out.

Esmark has little long-term debt on its books, but then again, Wheeling-Pitt Chief Executive Officer James G. Bradley would say Esmark has only been around three years and has no experience with raw steel production, aside from whatever management experience Jim Bouchard got working for European steelmakers.

Still, plans from both companies provide for taking on Wheeling-Pitt's debt and providing cash for capital improvements at several facilities. As analysts have said, the fight for control of Wheeling-Pittsburgh Steel — whatever the outcome — is suggestive of the local steelmaker's long-term viability and the continuing strength of its economic contribution to the Ohio Valley.

Wheeling-Pitt spokesman Jim Kosowski has pointed out even the significant percentage of Wheeling-Pitt stock the USW holds is under the trusteeship of large investment firms. Despite the posturing in the media, those who have the most say in where Wheeling-Pitt ends up a year from now are Wall Street's big institutional investors.