

*American Metal Markets Metal Bulletin*  
**Esmark lashes out at W-P as initial proxy filed**

By Scott Robertson

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Esmark Inc., Chicago, confirmed Monday that it filed a preliminary proxy statement with the U.S. Securities and Exchange Commission regarding its proposed takeover of Wheeling-Pittsburgh Steel Corp.

The proxy filing, which listed the qualifications and interests of Esmark's proposed board of directors for Wheeling-Pittsburgh, was accompanied with some harsh words for the Wheeling, W.Va.,-based steelmaker's management from those attempting to author the takeover.

Craig T. Bouchard, president of Esmark and one of the steel service company's founders, called on Wheeling-Pittsburgh to reveal details of a proposed strategic alliance with Cia. Siderúrgica Nacional (CSN), Rio de Janeiro, Brazil, adding that James G. Bradley, Wheeling Pittsburgh's chairman, president and chief executive officer, and Paul Mooney, a director of the company, have personal interests in a transaction with CSN.

Esmark's proposal makes it clear that Bradley and Mooney will not have management positions in the combined company, Bouchard said. Since they would be out, Esmark believes "these two individuals are personally interested in a CSN transaction. As such, We believe that they should recuse themselves from any negotiations or board decisions on these matters."

Esmark, which is supported by global investment firm Franklin Mutual Advisers LLC, filed its preliminary proxy statement for the next annual meeting of Wheeling-Pittsburgh shareholders. That meeting hasn't yet been scheduled.

The preliminary proxy presents the qualifications of the nine men Esmark proposed last week as its slate of directors for the steelmaker (AMM, July 24). Esmark doesn't object to the re-election of the two United Steelworkers union representatives on Wheeling-Pittsburgh's board, it added.

The proxy also outlines Esmark's belief that Wheeling-Pittsburgh's performance has been plagued by ongoing operational issues, high costs, legal problems and consistently missed earnings expectations under its current leadership. The document also outlines Esmark's previously disclosed proposal to merge Esmark and Wheeling-Pittsburgh in a

combination Esmark believes will provide superior value to the steelmaker's shareholders.

Several amendments to Wheeling-Pittsburgh's by-laws "to ensure that the will of the shareholders expressed at the annual meeting is carried out" have also been proposed as part of the proxy statement.

"We believe Wheeling-Pitt's shareholders are entitled to complete and accurate information about any strategic alliance with CSN and should vote on the strategic alternatives before the company," Bouchard said. "Given the actions of the company to date, we also believe that the executive management team may be attempting to structure an alliance with CSN outside the oversight of the Wheeling-Pitt shareholders and the United Steelworkers."

Calls to Wheeling-Pittsburgh seeking comment weren't returned by late Monday. Last week, CSN confirmed that it was in talks on a strategic alliance with Wheeling-Pittsburgh and said those talks had reached an "advanced" stage.

Wheeling-Pittsburgh has stated that it prefers an alliance with CSN to the Esmark proposal.

Esmark has spent the last six months in discussions with the USW about ways it can invest in Wheeling-Pittsburgh's facilities and in its labor force, Bouchard said.

"We have also discussed increased support for the Wheeling-Pitt retirees. In addition, we have been advised by the USW leadership that it supports Esmark's merger proposal," he said. "Attempts by the Wheeling-Pitt executive management team or its board of directors to negotiate a strategic alliance with CSN that does not take into account the interests and approval of Wheeling-Pitt shareholders or the USW would, in our opinion, be inconsistent with its shareholders' rights, the union's rights under the collective bargaining agreement and the board's fiduciary duties."

Esmark will hold an investor meeting at 10 a.m. Wednesday at New York's Waldorf Astoria Hotel, where it will provide further details of its plans. Esmark and the other participants in its bid-Bouchard Group LLC, Franklin Mutual Advisers LLC and proposed Wheeling-Pittsburgh directors James P. Bouchard, Craig Bouchard, Albert G. Adkins, Clark Burrus, C. Frederick Fetterolf, James V. Koch, George Munoz, Joseph Peduzzi and James A. Todd-intend to file a definitive proxy statement and accompanying proxy card with the SEC in the near future.