



***Metal Producing & Processing***  
**Service Center Still Fighting for Merger with Wheeling-Pitt**

*Esmark says it offers better value than CSN*

Friday, September 1, 2006

Upstart service-center chain Esmark Inc. continues to fight for its proposed merger with Wheeling-Pittsburgh Steel, even as Wheeling-Pitt moves forward on a merger plan of its own, with Brazilian steelmaker Companhia Siderurgica Nacional (CSN.) Esmark president and CFO Craig T. Bouchard released a statement blasting Wheeling-Pitt's management, in particular chairman and CEO James G. Bradley, and the suitability of CSN as a business partner.

Esmark was formed in 2003 and has consolidated nine processing and distributor companies since then. Its operations process and distribute hot-rolled, cold-rolled, and coated steel to approximately 2,000 customers in the Midwest. It made a friendly takeover offer for the West Virginia-based integrated steelmaker in April, without response. In July, Esmark launched a bid to replace Wheeling-Pitt's board of directors, hoping to gain attention for its takeover offer.

A slate of new directors that Esmark proposes have been nominated for election at a shareholders meeting in November.

All along, Wheeling-Pitt was finalizing plans to consolidate its holdings with the North American operations of CSN. That effort is moving forward, though Esmark appears to have gained the support of the United Steelworkers union for its alternative plan.

"We are pleased that the United Steelworkers have announced their strong support for the proposed Esmark transaction and their plans to defend the rights of the United Steelworkers from Wheeling-Pitt management and its proposed merger with CSN," Esmark president and CFO Craig T. Bouchard stated this week.

Bouchard also took aim at Wheeling-Pitt's management for its unwillingness to consider Esmark's offer, and criticized its determination to align itself with CSN which has had difficulty managing its Heartland Steel hot-mill complex profitably.

"This is the key asset in Mr. Bradley's Plan A that CSN is contributing for its initial 49.5% stake in the new company," Bouchard stated. "The 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.

"In contrast to the Heartland facility, Esmark is a well-run and profitable company. Our company is on track to record pre-tax income of over \$32 million in 2006. By an independent analysis, the replacement value of Esmark's property, plant, and equipment has been estimated to be well over \$400 million."

Finally, Bouchard criticized Wheeling-Pitt's "Plan B." Bradley was reported earlier this week to be considering bankruptcy reorganization if the CSN merger does not succeed. Bouchard emphasized that Esmark offers "superior value to the shareholders, employees and other stakeholders of Wheeling-Pitt."

*Northwest Indiana Times (Munster)*  
**Esmark wants information**

Friday, September 1, 2006

Esmark Inc., the Chicago Heights-based steel service center, is asking the head of Wheeling-Pittsburgh Steel Corp. to reveal all the company's plans if its proposed merger with Companhia Siderurgica Nacional is either successful or a failure.

Esmark, which wants to acquire the West Virginia company, is opposed to its merger with CSN and contends Wheeling-Pitt hasn't revealed its plans to shareholders. It also claims CSN hasn't revealed the extent of the losses at its Heartland facility in Terre Haute, although the facility is a key asset to its merger plan.

"The 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," said Craig Bouchard, Esmark's president and CFO.

Esmark has nominated its own slate of directors to be elected at the Nov. 17 annual meeting of Wheeling Pitt shareholders.

# HeraldStar

*The Herald Star (Steubenville, Ohio)*

## **Esmark seeks more info**

By PAUL GIANNAMORE, Business editor

Friday, September 1, 2006

STEUBENVILLE — The leaders of the Esmark takeover bid for Wheeling-Pittsburgh Steel Corp. say they want to know more about the company's plans if a proposal for an alliance with Brazil's Companhia Siderurgica Nacional falls through.

Esmark issued a press release Thursday afternoon accusing James G. Bradley, Wheeling-Pitt chairman, president and chief executive of ducking the issue of backup plans if the proposed CSN deal falls through.

Esmark is offering as much as \$1.8 billion, including a post-takeover stock buyback, to take over Wheeling-Pitt through nominating its own slate of directors who would replace current directors and kick out company management to affect a merger.

Wheeling-Pitt's current board is proposing a deal with CSN to offer initially 49.5 percent control in a new holding company with a new board of directors in exchange for \$225 million in financing, a slab supply agreement, a coating facility in Terre Haute, Ind., and the conversion of 11.8 million shares of stock to be turned into an equity position within three years. The new board would include Bradley.

Wheeling-Pitt also said the CSN deal would include capital improvements to its hot strip mill in Mingo Junction, the installation of additional galvanizing capacity at the Terre Haute plant and the exclusive rights for Wheeling-Pitt to market CSN flat-rolled products in the United States and Canada.

If the stock is converted, CSN would have control of Wheeling-Pitt.

Esmark's Craig T. Bouchard, co-founder of the steel service center company with his brother, James P. Bouchard, said Thursday, "We're a shareholder. If there is a Plan B, we want to know what it is. The SEC takes a very strict path for filing information during proxies. They (Wheeling-Pitt) have an obligation to file with the SEC all information, if there's a Plan A or a Plan B. We assume Plan B will be filed with the SEC."

Wheeling-Pittsburgh did not offer an immediate response.

Bouchard, the Esmark chief financial officer and president, said in an interview Thursday investors remain concerned with the details of the CSN plan, let alone plans if the CSN alliance isn't consummated.

"They haven't given any of the details. No. 2, a component is the swap of Heartland for 49.5 percent of Wheeling-Pittsburgh. They haven't told us anything about Heartland," Bouchard said.

He noted Marcos Lutz, the executive vice president of CSN, said in Tuesday's Herald-Star that the company had held onto the Heartland plant in Indiana even though it had lost money.

"Marcos said they incurred losses. We want, all the shareholders want, to know what they are," Lutz said.

He said converting lines such as the Heartland plant, which processes coils into coated steel for sale, are usually valued at about five times their earnings before defined as earnings before net interest expense, income taxes and depreciation, depletion and amortization.

If the Heartland plant is losing money, "it's going to be a very low value assigned to it," Bouchard said.

Esmark officials have said in recent weeks they don't understand how the alliance with CSN can benefit Wheeling-Pitt shareholders, saying the deal amounts to CSN taking 49.5 percent of Wheeling-Pitt for the \$69 million it paid for Heartland several years ago when it bought the mill out of bankruptcy.

"They have talked about replacement value in some of the details they have put out. If the (Heartland) plant is losing money, replacement value doesn't mean anything. You wouldn't replace it," Bouchard said. "It is only worth the discounted present value of future earnings."

In the Esmark press release, Esmark's Bouchard is quoted as saying the replacement value of Esmark's property, plants and equipment is well above \$400 million. Its proposal is to offer \$200 million in cash plus the \$473 million valuation of Esmark as part of its initial offer. The stock buyback at \$20 per share of 7.3 million, or half the outstanding Wheeling-Pitt shares, would occur if a merger occurs.

A report Tuesday in American Metal Market said CSN could end up with 64 percent of a new Wheeling-Pittsburgh if the financing is converted fully.

Lutz was quoted in American Metal Market as saying the financing was not done in equity because it would have crossed the 50 percent threshold in the USW contract. The union would have to approve conversion of the debt to equity to take CSN's stake to 64 percent.

The USW can file a competing bid if a change in control of the company takes place. The union has said it is filing a grievance because it believes the CSN alliance proposal circumvents the right-to-bid clause in the contract by not affording the union the same amount of time CSN had to make a bid.

The union has said it supports the Esmark proposal, but was discussing holding future meetings with CSN after officials met with Lutz Monday.

So far, the USW has said it believes Wheeling-Pitt has to give it until at least February to mount a competing bid. That would place a decision on the CSN alliance after the scheduled Nov. 17 annual shareholders' meeting in Pittsburgh.

Bouchard said any action on forcing Wheeling-Pitt to disclose any plans beyond the proxy vote for a CSN-Wheeling-Pitt alliance and board of directors would be up to the SEC.

"They're very strict on all of this. If they announced there is a Plan B, they have to put it in their proxy," Bouchard said, adding that full details aren't yet available on the CSN-Wheeling-Pitt alliance.

"We're headed into an annual meeting on Nov. 17, and the shareholders need the information to vote on two slates (Esmark's and Wheeling-Pitt's CSN proposal). We haven't seen any of that," Bouchard said Thursday afternoon.

"There's all this talk. Let's see the beef," he said.