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Local steel company in group buying historic mill

Esmark leads group in successful purchase of Sparrows Point

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E2 Acquisition Corp. has entered into a definitive agreement to buy the assets of ArcelorMittal USA's Sparrows Point mill for an undisclosed amount.

The company is a new entity formed by Chicago Heights-based Esmark Inc., Wheeling-Pittsburgh Corp., Wall Street, plus institutional and international investors. The mill is based in Maryland.

The terms of the agreement will be revealed when the purchase is completed within 60 days, said James Bouchard, Esmark's chairman and chief executive officer, who founded Esmark in 2002 with his brother, Craig, and who also serves as Wheeling Pitt's chairman and CEO.

"Today's one of the biggest days in our careers," James Bouchard said Thursday.

Esmark and Wheeling Pitt, which are in the process of merging, will be minority shareholders in the new company. The merger should be complete by the end of September, he added.

"Esmark is essentially the sponsor that brought the parties together because of its relationship with Mittal as a customer," said Bill Keegan, Esmark spokesman. "Because of the pending merger, they've created a new company. 'Esmark to the second degree' is the acquisition entity. It likely will be renamed as the acquisition moves forward."

Craig Bouchard will serve as chairman and CEO.

Beside the unnamed group of Wall Street and institutional investors, Esmark and Wheeling-Pitt's have two international companies as partners in the acquisition: CVRD, of South America, is the world's largest iron ore producer and will provide Sparrows Point with a high-grade, low-cost supply of iron ore, and the Industrial Union of Donbass, a holding company for the largest steelmaker in the Ukraine, James Bouchard said. .

All of the partners will be minority, equity investors and will have seats on the company's board of directors, he said.

After month of delays, ArcelorMittal and Esmark both announced the sale a day after they signed the acquisition agreement. The sale, which is subject to regulatory review, was ordered by the U.S. Department of Justice as a condition of the Arcelor and Mittal merger to preserve competition in production of tin-plated steel.

Mittal Steel purchased Sparrows Point as part of its 2005 acquisition of International Steel Group. ISG acquired it and the other assets of bankrupt Bethlehem Steel Corp. in 2003.

Sparrows Point makes rolled, galvanized and prepainted steel sheet products, plus steel for construction. It has 3,100 employees, with the majority of its hourly workers represented by the United Steelworkers, which have supported Esmark's bid.

Capable of producing 3.9 million tons of raw steel annually, it is the only U.S. integrated steel mill with direct ocean access.