

## **Proposed merger for Wheeling Pitt - 05/01**

### **Keri Brown**

**Lead:** Wheeling Pittsburgh Steel may soon be under new ownership. On Wednesday, Esmark, the parent company of Wheeling Pittsburgh Steel announced plans to merge with India's Essar Steel Holdings Limited. Keri Brown reports.

**Brown:** The United Steelworkers of America isn't commenting about Essar's buyout of Wheeling Pitt but many union members say they are shocked and upset by the merger. During a shift change at the plant in nearby Martins Ferry Ohio, Alex Duray says he is confused by the merger announcement.

**Duray:** No one knows what's going on we got it off of the Internet today people found out about it and soon as it got done one of the officials said they wanted Russia in do I don't know.

**Brown:** The Russian company that Duray is talking about is Severstal, which already has ownership in Wheeling Pitt's coke plant in Follansbee. The union has been in talks with Severstal about a new partnership over the past few months. Severstal is currently in the process of buying a steel plant owned by Arcelor-Mittal Steel in Sparrow's Point Maryland. Esmark tried to buy that same plant but failed. The plant was key to Esmark's plan for providing more steel slabs and increasing production at Wheeling Pitt. Esmark says it's now entering a 52-day "right to bid" period required in the collective bargaining agreement with the United Steelworkers. The deal must be approved by the Justice Department. The merger also needs support from the steelworkers union. India based Essar is a global company that also specializes in other products including oil, power and communication systems. Besides India, the company owns steel operations in the Asia, the Middle East, Canada, and in the US Minnesota. Bouchard says the diversity will be an asset to Wheeling Pitt's future.

**Bouchard:** At this point with raw material iron ore coal coke gas electricity larger companies are in better position to combat costs. We talked with many companies and found Essar to be the best to take Wheeling Pitt to next level.

**Brown:** In the -last year, Wheeling Pitt has lost nearly \$160M. On Wednesday, the company also released it's 4<sup>th</sup> quarter earnings, a loss of \$12.3M or 76 cents per share. Bouchard says the merger will help the company pay down its existing loan debt and significantly increase profits. But workers like, Justin Kovalski and Steve Ridings say they are having a hard time believing Esmark's vision for Wheeling Pitt, especially since the company recently announced plans to downsize the plant in Martins Ferry Ohio, cutting more than 100 jobs.

**Kovalski & Ridings:** I think anything right now would be good because situation is so bad. As long as I can continue to feed my family, this mill here has been threatened to be closed down with warn act and need to make it viable, whatever it takes, I hope these guys can help us out.

**Brown:** Meanwhile, USWA leaders will be meeting today to discuss the proposed merger. For West Virginia Public Broadcasting, I'm Keri Brown in Martins Ferry Ohio.