

US STEEL CHALLENGES SEVERSTAL BID FOR ROUGE

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■ **PITTSBURGH** — US Steel Corp has filed an objection to a proposal to speed up the completion of the bankruptcy court sale of Rouge Industries Inc, the US strip products maker. USS claimed it had made a bid to purchase the steelmaker just before Rouge filed for Chapter 11 bankruptcy protection, when Rouge accepted a bid by Russian steel producer Severstal.

USS lawyers last week submitted documents to the bankruptcy court in Wilmington, Delaware, contradicting claims by Detroit-based Rouge that Severstal's bid had been the only one it had received. USS "has for several months expressed an interest in acquiring [Rouge's] assets", the filing said.

A spokesman for Rouge said he had not been aware of the USS filing and was unable to comment immediately on USS's contentions. A USS spokesman noted its objection came about because of its involvement in a downstream joint venture with Rouge.

"We filed our objection to protect our interest in our very valuable joint venture with Rouge in Desco," the USS spokesman said, referring to its Double Eagle Steel Coating Co partnership with Rouge. Desco operates what it claims to be the world's largest electro-galvanizing facility.

Another Rouge joint venture's fate rests on the outcome of the bankruptcy proceedings. Spartan

Steel Coating is owned 52 percent by Columbus, Ohio-based Worthington Industries Inc, which, like USS in Desco, has "first right of refusal" to buy out Rouge's stake in the event of a sale.

But for Worthington the issue of increasing its joint venture stake may not arise, despite its purchase-option rights for the remaining 48 percent of Spartan Steel Coatings now owned by Rouge. "We are not in a position to take it over," a Worthington spokeswoman said.