

Prospect of AK Steel bid for Sparrows Point questioned

Chicago—As the US Justice Department effort to orchestrate the sale of ArcelorMittal's Sparrows Point, Maryland, steel mill moves toward a mid-month deadline for submission of bids, at least one observer is downplaying the likelihood of a new domestic bidder in the long-running saga.

Charles Bradford, president of Bradford Research in New York, said he is convinced that AK Steel will not join a list of bidders that could still include Wheeling, West Virginia-based Esmark and most of the European, South American and Asian bidders that have previously expressed interest.

Sources at the United Steelworkers union local at the plant said this week that representatives of AK Steel were touring the Maryland plant, but Bradford said that top executives of the West Chester, Ohio-based company were not among the participants in the tour.

"I have talked to the management folks at AK and they were obviously pretty non-committal, but I know where they were earlier this week and they weren't in Baltimore," Bradford said. He added that he believed lower-level representatives may have been sent to the plant.

"If anybody makes a lot of information available to somebody it behooves you to go look," Bradford said. "It's the kind of thing that whenever people make their — I wouldn't want to call them secrets but something akin to that — available, why not look? It doesn't cost you anything."

The analyst added: "Frankly, I don't know who would want it. Certainly not at \$1.35 billion, which was the earlier bid." Esmark was the bidder that led the previ-

ous attempt to buy the mill and has "a different agenda than everybody else," Bradford said. That effort collapsed late last year amid recriminations between the union, Esmark and two strategic partners—Ukrainian steelmaker Donbass and Brazil's iron ore producer Vale.

"The names that have come up have been the same names that came up the last time, with one exception. I understand that Ahmsa might be involved," Bradford said, noting that Sparrows Point workers had originated a report of the Mexican mill's interest in the Maryland plant late last year.

Bradford added that he had also heard that top executives of Esmark had been involved in extensive talks with Ahmsa representatives recently. But he also questioned whether financing would be available for any group that might seek to make a bid for Sparrows Point. "That could be the difficulty, but there is money available for the right people," he said. "There's money available for someone who is credit worthy."

Among other companies that have been named as being interested in the Maryland plant are Brazil's Vale and CSN; Russia's Severstal, Magnitogorsk, Novolipetsk and Evraz Group; and India's Essar.

USW Local 4977 officials at Sparrows Point have told workers that after the mid-February deadline for submission of bids to Morgan Stanley, the investment bank hired by the Justice Department trustee last month to review the bids, the sale could be completed within three months.

Attorney Joseph G. Krauss, a partner in Washington law firm Hogan & Harson LLP, who is the trustee overseeing the sale, said confidentiality agreements kept him from confirming details of the bidding schedule. The plant's sale was originally mandated by the Justice Department because of tinplate market antitrust concerns created by the merger of Arcelor and Mittal. "The only thing I can say is that the sales process is continuing and we are working to complete it as quickly as we can," he said, also declining to comment on bids so far received or expected.

Spokesmen for AK Steel, ArcelorMittal and Esmark did not immediately return calls seeking comment.

—Philip Burgert