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DEPARTMENT C
NATURAL RESOUR

day's Outdoors section features the eight
ries explaining athletic events that will
ise the 2002 Winter Games.

SEE OUTOORS / C-1

Geneva Steel Files Chapter 11

Mountain of debt and cheaper foreign imports batter 'Miracle Mill'

BY STEVEN OBERBECK
THE SALT LAKE TRIBUNE

Geneva Steel, resurrected in 1987 from USX's scrap heap, but now battered by foreign imports and low prices for its products, filed for Chapter 11 bankruptcy protection Monday.

The steel producer along the shores of Utah Lake raised industry eyebrows by posting a profit just a year after its new owners took over. It became known as the "Miracle Mill."

But the company, which employs 1,600, has stumbled in recent months from a sharp drop in orders for its plate and hot-rolled steel.

Declining sales, Geneva Chairman Joe Cannon said Monday, made it impossible for the company to service its debt and fund ongoing operations, necessitating the Chapter 11 filing.

"Geneva is not going out of business," Cannon said. "We will still be producing steel tomorrow, the next day and for years to come. What this [Chapter 11] does is give us some breathing distance."

Under Chapter 11, companies get court protection from creditor lawsuits while they draft a plan to restructure finances and pay back debts.

And while that is exactly what Cannon hopes will happen, the company will have to reorganize without the company's longtime president, Robert Grow, at the helm.

Grow submitted his resignation as president last week for personal reasons, Cannon said. He remains a member of the company's board of directors. His replacement is not expected to be named anytime soon.

Geneva Steel, a major employer in Utah County, will seek U.S. Bankruptcy

■ More business news B-8

See GENEVA STEEL, Page A-8

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OME, COSTLY HOME

al Estate Prices
ep Climbing,
Do Utah Sales

Grading the States

A national report card on how well Utah is managed

A panel of academics and journalists from Syracuse University's Maxwell School of Citizenship & Public Affairs and *Governing* magazine spent the past two years studying how all 50 state governments are managed. The results, broken down into five categories and graded A to F, show that state finances usually are well-managed, but that most of the states' computer systems need to be upgraded. Here's a breakdown of how states scored:

How the states were rated

Financial management: Are the books cooked

training of staff, procurement policies, method

Management category grades

	Finances	People	Info tech.	Capital	Planning
Ala.	D+	C-	D	D-	F
Alaska	C	C-	C-	C+	C-
Ariz.	B-	C+	D+	D+	B-
Ark.	B-	C+	D	C	D
Calif.	C-	C-	C+	C-	C-
Colo.	C	B	C	C	C
Conn.	C-	C-	D+	C+	D+
Del.	A-	B	B	B	B

Fi
Se
Fo

President Clinton.

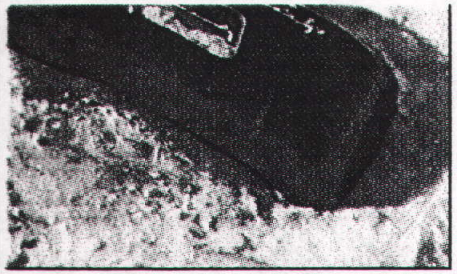
A new *USA TODAY*/CNN/Gallup Poll finds that Clinton is a mixed blessing for Gore. Asked if his close association with Clinton

Election Day might as well be just around the corner.

Gore has made significant headway in one of his main goals for this year: scaring off the com-

testing the waters. Most significantly, House Democratic Leader Richard Gephardt of Missouri is expected to announce soon that he'll stay in the House in 2000 in

bility — particularly against abeth] Dole and [Texas George W.] Bush — that, if is a misstep, it leaves poor someone else."



Robert Galbraith/The Associated Press

e Parking

or perch Sunday on Lake Cham- Bay, while the tail end of a sub- n ice. The car sank through the ice r this week. Nobody was injured.

nancial management and capital management. Auston Johnson, the state auditor, said the rankings are the result of hard work by state employees.

"There are simply no weak links to Utah's financial management," said the opening line of the report on the state.

The state received a "B-plus" in the information technology and human resource categories. The report said government workers were underpaid compared to their colleagues in the private sector and the state needs to provide workers with more information technology training.

Geneva Steel Files Chapter 11 Under Giant Debt

■ Continued from A-1

Court approval today to take on a new $125 million line of credit that will allow payment of day-to-day bills, Cannon said.

The Chapter 11 is no surprise.

"The company said last month that it would not make a $9 million interest payment due Jan. 15 on its senior notes, and it did not [make the payment]," said Hope Crifo, a fixed-income analyst at KDP Investment Advisors in Montpelier, Vt.

She suggested the bankruptcy court filing will be a mixed blessing for Geneva.

"It will allow the company to renegotiate their debts and stop paying interest while they reorganize," Crifo said. "And hopefully, they will have access to additional capital so they can continue to operate and possibly invest in the plant."

But Chapter 11 reorganizations can be expensive, she noted. "And management runs the risk they could lose control of the company" to its major creditors.

Cannon acknowledged losing control of the company is a risk. "And it would be hard if that happened. Geneva has been like a child to me," he said.

But he is more interested in seeing the company move forward and the Chapter 11 will allow the Geneva to continue shipping steel without interruption.

Although he termed Chapter 11 "strong medicine," Cannon said he believes the company will emerge from bankruptcy stronger and more financially viable.

But first, Geneva is going to have to renegotiate the terms for the mountain of debt it incurred as part of its decadelong modernization effort.

The debt had become so overwhelming in recent years that even before it could begin to think about posting a profit, Geneva had to generate about $40 million a year just to pay the interest on its notes.

And unfortunately, according to Cannon, just as the company was completing its modernization, the industry was struck by the flood of cheap imports that has battered the bottom line of steel companies nationwide.

"Clearly, Geneva is one of the victims of the illegal dumping of foreign steel that began in July 1997 with the collapse of the Asian economies," said Marco Trbovich, spokesman for the United Steel Workers of America.

Things, however, have looked a lot bleaker for Geneva before. The mill's future looked particularly dim just before Cannon and Grow took over the company in 1987.

The mill was constructed by the U.S. government during World War II. Built in Utah so it would be away from vulnerable costal areas, Geneva opened in 1944 under the management of U.S. Steel, which later became USX.

By the mid-1980s, however, the Geneva plant had grown obsolete. USX planned to shut down t cility when Cannon and stepped forward in 1987 to for about $44 million.

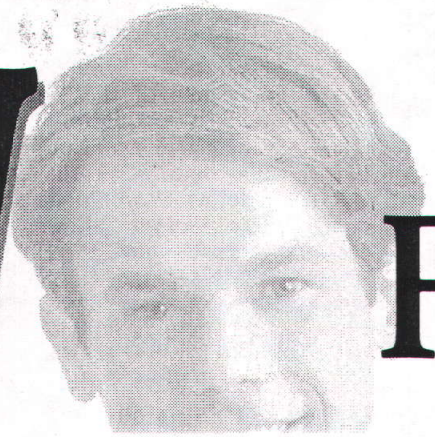
"When we bought Gene was one of the most prin mills in the country. It wa producing steel with open h furnaces and no one was that at that time. When we chased the mill we bas bought the right to bu Cannon said.

But Cannon and Grow qu grabbed the steel industry's tion when Geneva posted a during its first year of opera under their direction. They q ly launched a massive long modernization effort. Hun of millions were borrowed a vested at the plant once do for the scrap heap.

"If we hadn't modernize plant we would not be her day," Cannon said, noting h er that also left the company one huge problem, a mounta debt with which it must now

Geneva's stock has trade high as $20.50 per share in but it closed Monday

NOW



FALL FASHION