

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X	:	Chapter 11
In re	:	
WP Steel Venture LLC, <u>et al.</u> , ¹	:	Case No. 12-11661 (KJC)
	:	
	:	(Jointly Administered)
Debtors.	:	Hearing Date: November 20, 2012 at 2:00 p.m. (ET)
	:	[REQUESTED]
	:	Objections Due: November 13, 2012 at 4:00 p.m. (ET)
-----X	:	[REQUESTED]

**DEBTORS’ MOTION FOR ENTRY OF AN ORDER, PURSUANT
TO SECTIONS 105(a), 363(b), 1113 AND 1114 OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING THE SETTLEMENT
AGREEMENT BY AND BETWEEN THE DEBTORS AND THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS, TRUCK DRIVERS LOCAL NO. 541**

The debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”), by and through their undersigned co-counsel, submit this motion (the “**Motion**”) for entry of an order, pursuant to sections 105(a), 363(b), 1113 and 1114 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “**Bankruptcy Code**”), and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), authorizing and approving the Section 1113/1114 Settlement and Modified Labor Agreement (the “**Settlement Agreement**”)² by and between RG Steel, LLC and the International Brotherhood of Teamsters, Truck Drivers Local No. 541 (the “**Union**” or “**Teamsters**”), a copy of which is annexed as Exhibit 1 to the

¹ If applicable, the last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) WP Steel Venture LLC (7095); (ii) Metal Centers LLC; (iii) RG Steel, LLC (1806); (iv) RG Steel Railroad Holding, LLC (4154); (v) RG Steel Sparrows Point, LLC (3633); (vi) RG Steel Warren, LLC (0253); (vii) RG Steel Wheeling, LLC (3273); and (viii) RG Steel Wheeling Steel Group, LLC (9927). The Debtors’ executive headquarters are located at 1430 Sparrows Point Boulevard, Sparrows Point, MD 21219.

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Settlement Agreement.



proposed form of order attached hereto as Exhibit A. In support of this Motion, the Debtors, by and through their undersigned co-counsel, respectfully represent as follows:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these cases and this Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are sections 105(a), 363(b), 1113 and 1114 of the Bankruptcy Code and Bankruptcy Rule 9019.

BACKGROUND

A. General

2. On May 31, 2012 (the “**Petition Date**”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

3. The Debtors are continuing in the possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. By order dated June 1, 2012, these chapter 11 cases were consolidated for procedural purposes.

4. On June 12, 2012, the Office of the United States Trustee for the District of Delaware (the “**U.S. Trustee**”) appointed an official committee of unsecured creditors (the “**Committee**”).

5. The Union represents approximately 18 individuals formerly employed by Wheeling Corrugating Company, a division of Debtor RG Steel Wheeling, LLC (the “**Company**”) pursuant to that certain collective bargaining agreement effective May 1, 2010 between the Company and the Union (the “**CBA**”).

6. On August 17, 2012, the Debtors filed the *Debtors' Motion for Entry of an Order, Pursuant to Sections 105(a), 363(b), 1113 and 1114 of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Settlement Agreement By and Among the Debtors and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union* [Docket No. 925] (the “**USW Settlement Motion**”).

7. On August 23, 2012, the Court entered an order granting the relief requested by the USW Settlement Motion [Docket No. 977].

8. On August 30, 2012, the Debtors filed the *Debtors' Motion for Entry of an Order, Pursuant to Sections 105(a), 363(b), 1113 and 1114 of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Settlement Agreement by and Among the Debtors and the International Union of Bricklayers and Allied Craftworkers, Local 8* [Docket No. 1066] (the “**Bricklayers Settlement Motion**”).

9. On September 18, 2012, the Court entered an order granting the relief requested by the Bricklayers Settlement Motion [Docket No. 1179].

10. On August 30, 2012, the Debtors filed the *Debtors' Motion for Entry of an Order, Pursuant to Sections 105(a), 363(b), 1113 and 1114 of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Settlement Agreement By and Between the Debtors and the International Brotherhood of Teamsters, General Drivers Local No. 89* [Docket No. 1361] (the “**Local No. 89 Settlement Motion**”). The Local 89 Settlement Motion is scheduled to be heard by the Court on November 20, 2012.

B. Matters Resolved by the Settlement Agreement

11. Following Court approval of the settlements with the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (the “USW”) and the International Union of Bricklayers and Allied Craftworkers, Local 8 (the “Bricklayers”), both of which provided for the termination of those unions’ respective collective bargaining agreements as of August, 31, 2012, the International Brotherhood of Teamsters is the last remaining union party to collective bargaining agreements with the Debtors that are still in effect. The Local No. 89 Settlement Motion asks the Court to authorize the Debtors’ entry into a settlement agreement that provides for the termination of the collective bargaining agreement covering workers at the Louisville, Kentucky facility as of August 31, 2012. Entry into the Settlement Agreement that is the subject of this Motion provides that the CBA covering the workers at the Lenexa, Kansas facility will be terminated effective as of the same date as the termination of the Debtors’ other collective bargaining agreements and halts the accrual of any further postpetition obligations under the CBA.

12. As described in the USW Settlement Motion and the Bricklayers Settlement Motion, the Debtors recognize the contributions of their unionized workforce prior to, and during the pendency of, these cases. However, the Debtors have closed the sales of nearly all of their main operating facilities and have also sold substantially all of Wheeling Corrugating Company’s equipment. Moreover, as of the date of this Motion, the Debtors have idled all operations at the Lenexa, Kansas facility, and the Debtors have laid off all Union employees. It is not feasible for the CBA to remain effective while there is no active workforce.

13. Pursuant to the terms of the CBA, the Debtors were required to make pension contributions on behalf of eligible employees to the Central States, Southeast and

Southwest Area Pension Fund (the “**Pension Contributions**”). Typically, the Pension Contributions cost the Debtors approximately \$9,000 per month.³ The Debtors are not in a position to bear the fixed costs in respect of the Union employees mandated by the CBA when Wheeling Corrugating Company has ceased operations, all Union employees have been laid off, and the operation’s equipment has been sold to a buyer that has not agreed to assume the Union obligations.

14. After the Court approved the settlements with the USW and the Bricklayers, and the Debtors filed the Local No. 89 Settlement Motion, the Debtors revisited negotiations with the Union concerning the termination of the Debtors’ last remaining collective bargaining agreement. The Union and the Debtors then negotiated the Settlement Agreement in good faith to avoid a formal proceeding under sections 1113 and 1114 of the Bankruptcy Code.

SUMMARY OF THE SETTLEMENT AGREEMENT⁴

15. The Union and the Debtors have agreed that, pursuant to the Settlement Agreement, the CBA will be terminated, upon Court approval of the Settlement Agreement, as of August 31, 2012. It is further understood that the Settlement Agreement shall apply to all retirees, surviving spouses and dependents eligible to receive benefits under the CBA or any retiree benefit program thereunder. The other material terms of the Settlement Agreement are described below:

- (a) The Settlement Agreement shall be effective immediately upon entry of an Order of the Bankruptcy Court approving the

³ In addition, the CBA may require the Debtors to provide retiree benefits to former employees, as well as surviving spouses and dependents of these retirees. For this reason, the terms of the Settlement Agreement contemplate that any such benefits are likewise terminated. The Debtors submit that the Union is the authorized representative for purposes of section 1114 of the Bankruptcy Code for these retirees, surviving spouses, and dependents.

⁴ In the event of a conflict between any term addressed in this summary with any term in the Settlement Agreement, the Settlement Agreement will govern in all respects.

Settlement Agreement (the “**Effective Date**”). Except as otherwise provided below, the Settlement Agreement shall remain effective until the earlier of (i) the conversion of the Debtors’ Chapter 11 cases to Chapter 7 proceedings or (ii) such time at which the sale of the Lenexa, Kansas facility closes (the “**Termination Date**”). Notwithstanding the termination of the Settlement Agreement, the Debtors agree to fully satisfy their obligations with respect to the escrowed monies described in subparagraph (d), below, if such obligations have not already been fully satisfied.

- (b) The Company’s obligations with respect to the Central States, Southeast and Southwest Areas Pension Fund (“**Central States Pension Fund**”), including but not limited to its obligation to contribute to the Central States Pension Fund for all bargaining unit employees, terminated as of August 10, 2012.
- (c) Any and all benefit programs described in the CBA not otherwise addressed by the Settlement Agreement are terminated effective August 31, 2012.
- (d) In consideration for the Union’s agreement to enter into the Settlement Agreement, the Debtors will deposit \$32,000 into escrow (the “**Miscellaneous Claim Escrow**”), which the Debtors will use to pay severance or other termination benefits that may otherwise be payable under the CBA and/or address other employment claims according to the direction of the Union (the “**Miscellaneous Employment Claims**”). Such monies shall be paid from the escrow account to individual claimants as directed by the Teamsters. Upon the payment of any amount from the Miscellaneous Claim Escrow on account of a Miscellaneous Employment Claim, the Debtors will have no further obligation with respect to such Miscellaneous Employment Claim, including without limitation, to make any further distribution on account of any such claim. Such payments shall not prejudice the ability of the Union or any employee or retiree to file a claim for any obligation that is not identified by the Teamsters as a Miscellaneous Employment Claim.
- (e) Except as otherwise specifically provided in the Settlement Agreement, neither the Settlement Agreement, its termination nor the termination of the CBA shall be construed as a waiver of claims by the Union or otherwise prejudice the Union’s right to file a claim in the bankruptcy cases, nor a waiver of any defense of the Debtors or right to object on the part of any other party in the bankruptcy cases with respect to such claims.

- (f) The settlement and the termination of the Settlement Agreement in no way limits any right the Union may have under the National Labor Relations Act to assert itself as the designated collective bargaining representative of the employees at the operation in question.

16. The Debtors have provided the Settlement Agreement to counsel for the Committee, counsel for the agent for the second-lien lenders, counsel to the Renco Group, and the U.S. Trustee in advance of making this Motion.

RELIEF REQUESTED

17. By this Motion, the Debtors request the entry of an order, pursuant to sections 105(a), 363(b), 1113 and 1114 of the Bankruptcy Code and Bankruptcy Rule 9019, authorizing and approving the Settlement Agreement.

BASIS FOR RELIEF

I. THE SETTLEMENT AGREEMENT SHOULD BE APPROVED PURSUANT TO SECTIONS 105(a) AND 363(b) OF THE BANKRUPTCY CODE.

18. The Debtors have determined, in an exercise of their sound business judgment, that the Settlement Agreement is fair and reasonable and in the best interest of their estates and creditors. The Settlement Agreement provides for the prompt termination of the CBA and certainty regarding ongoing postpetition administrative obligations owed to Union members. Absent the Settlement Agreement, the Debtors would have been forced to pursue rejection of the CBA under section 1113 of the Bankruptcy Code, which may have been costly, and, even if ultimately successful, may have extended the viability of the CBA beyond the date contemplated by the Settlement Agreement. To secure the prompt termination of the CBA, the Debtors have agreed to deposit \$32,000 into an escrow account to be used by the Debtors to satisfy Union members' miscellaneous claims as directed by the Teamsters, the majority of which are either postpetition administrative claims, or entitled to priority as claims for

outstanding contributions to employee benefit plans under section 507(a)(5) of the Bankruptcy Code.

19. Pursuant to section 363(b)(1) of the Bankruptcy Code, a debtor, “after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). To obtain court approval of a use of property under section 363(b), a debtor need only show a legitimate business justification for the proposed action. See, e.g., Myers v. Martin (In re Martin), 91 F.3d 389, 395 (3d Cir. 1996) (noting that under normal circumstances, courts defer to a trustee’s judgment concerning use of property under section 363(b) when there is a legitimate business justification) (internal citation omitted); Computer Sales Int’l, Inc. v. Fed. Mogul Global, Inc. (In re Fed. Mogul Global, Inc.), 293 B.R. 124, 126 (D. Del. 2003) (“As applied in the Third Circuit, a court should approve a debtor’s use of assets outside the ordinary course of business if the debtor can demonstrate a sound business justification for the proposed transaction.”); In re Delaware and Hudson Ry. Co., 124 B.R. 169 (D. Del. 1991) (noting that the Third Circuit has adopted the “sound business judgment” test for use of property under section 363(b) of the Bankruptcy Code).

20. The Settlement Agreement is reasonable and fair and the Debtors’ entry into the Settlement Agreement is supported by sound business judgment and provides important benefits to the Debtors, their employees, the Union and other parties in interest. Filing a motion to terminate the CBA under section 1113 of the Bankruptcy Code without the Union’s consent would have been an expensive, litigious process. Moreover, due to the risk of potentially not receiving the full extent of the relief requested, the Debtors determined that upon filing a motion for relief under section 1113 of the Bankruptcy Code, there was a cognizable risk that the Debtors could not have terminated the CBA effective as of August 31st, as is provided for under

the Settlement Agreement. The Debtors submit that the economic benefits of terminating the CBA retroactively, far outweigh the payment of the Miscellaneous Claim Escrow to satisfy administrative and priority prepetition claims for employee benefits. The cost of an 1113 litigation (even if not vigorously contested) would likely have a greater negative impact on the distributions to unsecured creditors, than the payment of the Miscellaneous Claim Escrow alone will have (if any).

21. This Court may also authorize the Debtors' entry into the Settlement Agreement and the payment of certain administrative or prepetition priority claims under the "necessity of payment" doctrine. Section 105(a) of the Bankruptcy Code provides in pertinent part: "[t]he court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). "The United States Supreme Court first articulated the 'necessity of payment doctrine' over a century ago in . . . Miltenberger v. Logansport, 106 U.S. 286, 1 (1882). While this doctrine was not codified in the Bankruptcy Code, courts have used their equitable power under section 105(a) of the Code to authorize the payment of pre-petition claims when such payment is deemed necessary to the survival of a debtor in a chapter 11 reorganization." In re Just for Feet, Inc., 242 B.R. 821, 824 (Bankr. D. Del. 1999); see also In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the Debtors is not a novel concept."). The Debtors submit that the application of the "necessity of payment" doctrine is warranted in these cases where payment of a small amount on account of administrative or priority prepetition claims on account of employee benefit obligations is a necessary component of the Settlement

Agreement, which provides for the retroactive termination of the CBA and cessation of accrual of postpetition administrative expenses.

22. In addition, the Debtors submit that the payment of the Miscellaneous Claim Escrow, to the extent not used to pay administrative claims, is intended to fund prepetition claims for contributions to employee benefit plans entitled to priority under section 507(a)(5) of the Bankruptcy Code. Therefore, general unsecured creditors are not adversely affected by the prompt payment of these priority prepetition claims under the terms of the Settlement Agreement.

II. THE SETTLEMENT AGREEMENT SHOULD BE APPROVED PURSUANT TO SECTIONS 1113 AND 1114 OF THE BANKRUPTCY CODE.

23. The Debtors submit that this Court may also grant the relief requested herein pursuant to sections 1113(e) and 1114(h) of the Bankruptcy Code. Section 1113(e) provides a means to avoid irreparable harm to the debtor's estate. See, e.g., Beckley Coal Mining Co. v. United Mine Workers, 98 B.R. 690, 694 (D. Del. 1988) (stating that section 1113(e) seeks "to preserve the business, if possible, for the benefit of all"). Section 1113(e) further provides that while a collective bargaining agreement continues in effect, a court may authorize the implementation of interim changes to the terms, conditions, wages, benefits or work rules provided by such agreement if such changes are "essential to the continuation of the debtor's business, or in order to avoid irreparable damage to the estate." See 11 U.S.C. § 1113(e). Similarly, pursuant to section 1114(h) of the Bankruptcy Code, a bankruptcy court may authorize interim modifications to retiree insurance benefits, to the extent such modifications are "essential to the continuation of the debtor's business, or in order to avoid irreparable damage to the estate." See 11 U.S.C. § 1114(h). As the language of section 1114(h) is identical to that of 1113(e), the substantive standard granting interim relief under both of those sections of the

Bankruptcy Code is effectively the same. See In re Cedar Rapids Meats, Inc., 117 B.R. 448, 451 (Bankr. N.D. Iowa 1990) (“To obtain interim relief under sections 1113(e) and 1114(h), the Debtor must demonstrate that the requested relief is ‘essential to the continuation of the debtor’s business, or in order to avoid irreparable damage to the estate.’”). Here, granting authorization to the Debtors to enter into the Settlement Agreement is necessary to avoid irreparable damage to the estates.

24. If unable to enter into the Settlement Agreement, the Debtors may continue to incur administrative expenses under the CBA after the agreed August 31, 2012 termination date. Curtailing ongoing administrative costs was, and remains, essential to securing lender approval of the Debtors’ budget and ensuring continued access to cash collateral. Moreover, following the settlements with the USW and the Bricklayers, and the closing of the sales of the Debtors’ main facilities, the Debtors no longer have the requisite personnel to efficiently administer the Union obligations. Absent the Settlement Agreement with the Teamsters, and the companion settlements with the other unions previously approved by the Court, the Debtors could have been forced to convert their cases to cases under chapter 7 of the Bankruptcy Code. Immediate liquidation is the ultimate “irreparable damage” to the estate. See In re Almac’s, Inc., 169 B.R. 279 (Bankr. D.R.I. 1994) (“[T]he Debtor has established that some continued modification of the collective bargaining agreement is essential in order to prevent irreparable damage to the Estate (i.e., immediate liquidation)”). Accordingly, the Debtors’ entry into the Settlement Agreement is essential to best position the Debtors to avoid irreparable harm and should be approved.

III. THE SETTLEMENT AGREEMENT SHOULD BE APPROVED PURSUANT TO BANKRUPTCY RULE 9019(A).

25. The Court has the authority to approve a settlement if it is fair and equitable and in the best interests of the estate under Bankruptcy Rule 9019(a). See In re Louise's Inc., 211 B.R. 798 (D. Del. 1997); Fischer v. Pereira (In re 47-49 Charles St., Inc.), 209 B.R. 618, 620 (S.D.N.Y. 1997). In considering whether to approve a compromise or settlement, a court must assess and balance the value of the claim that is being compromised against the value to the estate of accepting the compromise. In re Martin, 91 F.3d 389, 393 (3d Cir. 1996). Among other things, a bankruptcy court should consider: “(1) the probability of success in litigation; (2) the likely difficulties in collection; (3) the complexity of the litigation involved, and the expense, inconvenience and delay necessarily attending it; and (4) the paramount interests of the creditors.” Id.; see also Fischer v. Pereira, 209 B.R. at 620 (quoting Nellis v. Shugrue, 165 B.R. 115, 122 (S.D.N.Y. 1994)).

26. The Debtors believe that the compromises embodied in the terms of the Settlement Agreement are in the best interests of the Debtors, their creditors and their estates, as set forth above. The Settlement Agreement is the product of arm's length negotiations among represented parties, and constitutes a fair and reasonable result for all parties involved.

27. The Settlement Agreement also satisfies the factors enumerated in Martin. As detailed above, even if the Debtors were assured of prevailing on a contested motion to authorize rejection of the CBA pursuant to section 1113 of the Bankruptcy Code, there would be no guarantee that the Debtors could obtain retroactive relief from the Court such that they could terminate the CBA as of August 31st, as is provided under the Settlement Agreement. Moreover, a primary benefit of the Settlement Agreement is the avoidance of any protracted section 1113 litigation, which itself would have been costly to the Debtors' estates. Based on the foregoing,

each of the applicable Martin factors weighs in favor of approving the Settlement Agreement.

Accordingly, pursuant to Bankruptcy Rule 9019, the Settlement Agreement should be approved.

IV. BANKRUPTCY RULE 6004(h) SHOULD BE WAIVED.

28. The Debtors respectfully request a waiver of the fourteen (14) day stay of effectiveness imposed by Bankruptcy Rule 6004(h) so that the relief requested herein can take effect immediately upon entry of an order approving this Motion. Such a waiver is necessary, so that the terms of the Settlement Agreement (including those providing for the retroactive termination of the CBA) can be implemented as soon as possible.

NOTICE

29. Notice of this Motion will be given to: (a) the U.S. Trustee ; (b) counsel to the Committee; (c) counsel to the agents for the Debtors' prepetition and postpetition senior secured lenders; (d) counsel to the agent for the Debtors' prepetition junior secured lenders; (e) counsel to The Renco Group, Inc., a secured noteholder; (f) counsel to the Union; and (g) those parties requesting service in these cases pursuant to Bankruptcy Rule 2002. The Debtors submit that, under the circumstances, no other or further notice is required.

30. No previous motion for the relief sought herein has been made to this or any other court.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit A, authorizing and approving the Debtors' entry into the Settlement Agreement and the terms of the Settlement Agreement pursuant to sections 363(b), 1113 and 1114 of the Bankruptcy Code and Bankruptcy Rule 9019 and granting such other and further relief as is just and proper.

Dated: Wilmington, Delaware
November 2, 2012

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Erin R. Fay

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**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

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In re : Chapter 11
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WP Steel Venture LLC, et al.,¹ : Case No. 12-11661 (KJC)
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Debtors. : (Jointly Administered)
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Hearing Date: November 20, 2012 at 2:00 p.m. (ET)
[Requested]
Objections Due: November 13, 2012 at 4:00 p.m. (ET)
[Requested]

**NOTICE OF DEBTORS' MOTION FOR ENTRY OF AN ORDER, PURSUANT
TO SECTIONS 105(a), 363(b), 1113 AND 1114 OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING THE SETTLEMENT
AGREEMENT BY AND BETWEEN THE DEBTORS AND THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS, TRUCK DRIVERS LOCAL NO. 541**

PLEASE TAKE NOTICE that the debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned cases, have today filed the attached **Debtors’ Motion for Entry of an Order, Pursuant to Sections 105(a), 363(b), 1113 and 1114 of the Bankruptcy Code and Bankruptcy Rule 9019, Authorizing and Approving the Settlement Agreement by and Between the Debtors and the International Brotherhood of Teamsters, Truck Drivers Local No. 541** (“Motion”).

PLEASE TAKE FURTHER NOTICE that any party wishing to oppose the entry of an order approving the Motion must file a response or objection (“Objection”) if any, to the Motion with the Clerk of the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801 on or before **November 13, 2012 at 4:00 p.m. (Eastern Time) [Requested]** (the “Objection Deadline”).

At the same time, you must serve such Objection on counsel for the Debtors so as to be received by the Objection Deadline.

PLEASE TAKE FURTHER NOTICE THAT A HEARING ON THE MOTION WILL BE HELD ON **NOVEMBER 20, 2012 AT 2:00 P.M. (EASTERN TIME) [REQUESTED]** BEFORE THE HONORABLE KEVIN J. CAREY AT THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE, 824 MARKET STREET, 5TH FLOOR, COURTROOM #5, WILMINGTON, DELAWARE 19801. ONLY

¹ If applicable, the last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) WP Steel Venture LLC (7095); (ii) Metal Centers LLC; (iii) RG Steel, LLC (1806); (iv) RG Steel Railroad Holding, LLC (4154); (v) RG Steel Sparrows Point, LLC (3633); (vi) RG Steel Warren, LLC (0253); (vii) RG Steel Wheeling, LLC (3273); and (viii) RG Steel Wheeling Steel Group, LLC (9927). The Debtors’ executive headquarters are located at 1430 Sparrows Point Boulevard, Sparrows Point, MD 21219.

PARTIES WHO HAVE FILED A TIMELY OBJECTION WILL BE HEARD AT THE HEARING.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE OR HEARING.

Dated: November 2, 2012
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Erin R. Fay

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Debtors in Possession*

6635690.1

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X
In re : Chapter 11
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WP Steel Venture LLC, et al.,¹ : Case No. 12-11661 (KJC)
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Debtors. : (Jointly Administered)
-----X Re: D.I. _____

**ORDER, PURSUANT TO SECTIONS
105(a), 363(b), 1113 AND 1114 OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING THE SETTLEMENT
AGREEMENT BY AND BETWEEN THE DEBTORS AND THE INTERNATIONAL
BROTHERHOOD OF TEAMSTERS, TRUCK DRIVERS LOCAL NO. 541**

Upon the motion (the “**Motion**”)² of the debtors and debtors in possession in the above-captioned cases (collectively, the “**Debtors**”) for entry of an order, pursuant to sections 105(a), 363(b), 1113 and 1114 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “**Bankruptcy Code**”), and Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), authorizing and approving the Section 1113/1114 Settlement and Modified Labor Agreement (the “**Settlement Agreement**”) by and between RG Steel, LLC and the International Brotherhood of Teamsters, Truck Drivers Local No. 541 (the “**Union**” or “**Teamsters**”), a copy of which is attached hereto as Exhibit 1; and due and sufficient notice of the Motion having been given; and it appearing that no other or further notice need be provided; and it appearing that the Settlement Agreement has been negotiated, proposed and has been or will be entered into by the parties without collusion, in good faith and from arm’s length

¹ If applicable, the last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) WP Steel Venture LLC (7095); (ii) Metal Centers LLC; (iii) RG Steel, LLC (1806); (iv) RG Steel Railroad Holding, LLC (4154); (v) RG Steel Sparrows Point, LLC (3633); (vi) RG Steel Warren, LLC (0253); (vii) RG Steel Wheeling, LLC (3273); and (viii) RG Steel Wheeling Steel Group, LLC (9927). The Debtors’ executive headquarters are located at 1430 Sparrows Point Boulevard, Sparrows Point, MD 21219.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Settlement Agreement, as applicable.

bargaining positions; and it appearing that the relief requested by this Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and after due deliberation and sufficient cause appearing therefor, it is hereby;

ORDERED, ADJUDGED AND DECREED that:

1. The Motion is granted.
2. Pursuant to Bankruptcy Rule 9019, the Settlement Agreement is approved, and the terms, conditions and provisions of the Settlement Agreement are incorporated in this Order by reference as if fully set forth herein.
3. The Debtors are authorized and empowered to take all actions necessary to implement the Settlement Agreement and directed to make the payments set forth in the Settlement Agreement, subject to the terms and conditions set forth therein.
4. The Settlement Agreement shall be binding upon the parties and their respective successors and assigns (including any trustee appointed under chapter 7 or chapter 11 of the Bankruptcy Code for the estates of the Debtors) and inure to the benefit of the parties and their respective successors and assigns.
5. The fourteen (14) day stay of effectiveness imposed by Bankruptcy Rule 6004(h) is hereby waived and the relief granted herein shall take effect immediately upon the entry of this Order.
6. This Court shall retain jurisdiction with respect to all matters relating to the interpretation or implementation of the Settlement Agreement and this Order.

Dated: Wilmington, Delaware
_____, 2012

THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

Settlement Agreement

EXECUTION VERSION

Section 1113/1114 Settlement and Modified Labor Agreement

The parties to this Section 1113/1114 Settlement and Modified Labor Agreement (the "MLA" or "Agreement") shall be the same as the Parties as defined in the May 1, 2010 collective bargaining agreement (the "CBA") between Wheeling Corrugating Company, a division of RG Steel – Wheeling, LLC, (the "Company") and the International Brotherhood of Teamsters, Truck Drivers Local No. 541 (the "Union" or "Teamsters"). The status and responsibility of the Company and its wholly-owned subsidiaries (collectively, the "Debtors") under this Agreement shall be the same as that under the CBA, except where expressly modified herein.

A. Purpose and Intent

Since the Company's filing of its voluntary petition in bankruptcy on May 31, 2012, the Company has been engaged in the process of liquidating all of its assets (including those of the other Debtors). As of the date of this Agreement, the Debtors have idled all operations at the Lenexa, Kansas facility and laid off all members of the Union.

The Union is aware that curtailment of funding for continued administration of the Debtors' bankruptcy estates is imminent. As a consequence of the imminent curtailment of continued funding, the Company has advised the Union of its pressing need to terminate the CBA in all respects. Accordingly, the Company has advised the Union of its intention to seek court approval under Sections 1113 and 1114 of the Bankruptcy Code to terminate the CBA and all benefit programs sponsored by the Debtors provided thereunder.

In an effort to ensure the continued protection of the Debtors' assets, to facilitate the orderly sale of such assets, to recognize the contributions of employees and the value to the Debtors provided by this MLA, and to avoid the expense and disruption of formal proceedings under Sections 1113 and 1114, the parties have agreed to enter into this MLA.

B. Termination of Collective Bargaining Agreement

The parties agree that the CBA is terminated in all respects upon the Effective Date of the MLA, but in any event no later than August 31, 2012. It is understood that the MLA shall apply to all retirees, surviving spouses and dependents eligible to receive benefits under the CBA or any retiree benefit program thereunder.

This settlement and termination of the MLA in no way limits any right the Union may have under the National Labor Relations Act to assert itself as the designated collective bargaining representative of the employees at the operation in question.

C. Term of Modified Labor Agreement

This MLA shall be effective immediately upon entry of an Order of the Bankruptcy Court approving the MLA (the "Effective Date"). Except as otherwise provided below, the MLA shall remain effective until the earlier of (i) the conversion of the Debtors' Chapter 11 cases to Chapter 7 proceedings or (ii) such time at which the sale of the Lenexa, Kansas facility closes (the "Termination Date"). Notwithstanding the termination of the MLA, the Debtors agree to

fully satisfy their obligations with respect to the segregated monies described in Section G, below, if such obligations have not already been fully satisfied.

D. Central States, Southeast and Southwest Areas Pension Fund

The Company's obligations with respect to the Central States, Southeast and Southwest Areas Pension Fund ("Central States Pension Fund"), including but not limited to its obligation to contribute to the Central States Pension Fund for all bargaining unit employees, terminated as of August 10, 2012.

E. Benefit Programs

Any and all benefit programs described in the CBA not otherwise addressed above are terminated effective August 31, 2012.

F. Miscellaneous Claims

In consideration for the Union's agreement to enter into this MLA, the Debtors will keep \$32,000 in a segregated account (the "Miscellaneous Claim Account"), which the Debtors will use to pay severance or other termination benefits that may otherwise be payable under the CBA and/or address other employment claims according to the direction of the Union (the "Miscellaneous Employment Claims"). Such monies shall be paid from the Miscellaneous Claim Account to individual claimants as directed by the Teamsters. Upon the payment of any amount from the Miscellaneous Claim Account on account of a Miscellaneous Employment Claim, the Debtors will have no further obligation with respect to such Miscellaneous Employment Claim, including without limitation, to make any further distribution on account of any such claim. Such payments shall not prejudice the ability of the Union or any employee or retiree to file a claim for any obligation that is not identified by the Teamsters as a Miscellaneous Employment Claim.

G. No Waiver

Except as otherwise specifically provided in this MLA, neither the MLA, its termination nor the termination of the CBA shall be construed as a waiver of claims by the Union or otherwise prejudice the Union's right to file a claim in the bankruptcy cases, nor a waiver of any defense of the Debtors or right to object on the part of any other party in the bankruptcy cases with respect to such claims.

H. Bankruptcy Court Approval

Upon execution of this MLA, the Debtors will immediately seek entry of an order by the Bankruptcy Court (or higher court of competent jurisdiction) approving the MLA. The parties mutually agree to actively support the Debtors' motion seeking court approval.



Richard D. Caruso
Chief Financial Officer
RG Steel, LLC
Dated: 11-1-12



International Brotherhood of Teamsters,
Truck Drivers Local No. 541

Dated: 10-15-12