

**SETTLEMENT AGREEMENT**

This Settlement Agreement (this “Agreement”) is dated as of the 3<sup>rd</sup> day of September, 2015, and is by and among: (a) RG Steel, LLC (“RG Steel”) and its affiliated debtors and debtors in possession (collectively with RG Steel, the “Debtors”); (b) the Official Committee of Unsecured Creditors (the “Committee”) appointed in the Debtors’ chapter 11 cases (the “Cases”); (c) Cerberus Business Finance, LLC, as agent (the “Second Lien Agent”) under that certain Credit Agreement dated January 17, 2012 (as amended, modified and supplemented, the “Second Lien Credit Agreement”),<sup>1</sup> and a Lender (as defined in the Second Lien Credit Agreement) under the Second Lien Credit Agreement; (d) Ableco, L.L.C. (“Ableco”), a Lender under the Second Lien Credit Agreement; (e) Cerberus Levered Loan Opportunities Fund I, L.P. (“Cerberus LLOF I”), a Lender under the Second Lien Credit Agreement; (f) Cerberus RG Term Lender B LLC (“Cerberus Lender B”), a Lender under the Second Lien Credit Agreement; (g) Cerberus RG Investor LLC, an equity holder in RG Steel Holdings, LLC (“RG Holdings”), the ultimate parent of the Debtors (“Cerberus Investor”);<sup>2</sup> (h) The Renco Group, Inc. (“Renco,” and collectively with the Cerberus Lender Parties, the “Prepetition Secured Parties”), among other things, a participant in loans under the Second Lien Credit Agreement, secured noteholder and equity holder in RG Holdings; (i) United Steel, Paper and Forestry, Rubber Manufacturing, Energy, Allied Industries and Service Workers International Union, AFL-CIO-CLC (the “USW”); (j) the Steelworkers Health & Welfare Fund (“SHWF”), the VEBA for Retirees of WCI Steel (“WCI VEBA”), and the Wheeling-Pittsburgh Steel Corporation Retiree Benefits Plan

<sup>1</sup> For further information regarding the Debtors’ prepetition capital structure refer to *Declaration of Richard D. Caruso in Support of Chapter 11 Petitions and First Day Pleadings*, dated May 31, 2012 [D.I. 11].

<sup>2</sup> The Second Lien Agent, Ableco, Cerberus LLOF I, and Cerberus Lender B are collectively referred to herein as the “Cerberus Lender Parties.” The Cerberus Lender Parties and Cerberus Investor are collectively referred to herein as the “Cerberus Parties.”



Trust (“W-P VEBA”) (collectively with the USW, the “USW Parties”); (k) The Steelworkers Pension Trust (the “SPT”); (l) Westchester Fire Insurance Company (the “Insurer”); (m) Mr. Ira Rennert; and (n) Mr. V. John Goodwin (together with Mr. Rennert, the “Managers” and, collectively with the Debtors, the Committee, the Prepetition Secured Parties, the Cerberus Investor, the USW Parties, the SPT, and the Insurer, the “Parties”).

### **RECITALS**

A. Petition Date. The Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) on May 31, 2012 (the “Petition Date”) with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”). Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors retained possession of their assets and are authorized, as debtors and debtors in possession, to continue the operation and management of their businesses. By order dated June 1, 2012, the Debtors’ cases are jointly administered for procedural purposes only [D.I. 59].

B. Committee Formation. On June 13, 2012, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed the Committee.

C. Sales. On each of August 10, 2012, August 15, 2012, August 23, 2012 and November 19, 2012, the Bankruptcy Court entered orders approving the Debtors’ sale of their main operating facilities and related assets [D.I. 849, 850, 903, 909, 976 and 1553] (the “Sale Orders”).

D. DIP Financing Order and Tolling Agreement. On June 21, 2012, the Bankruptcy Court entered the Final Order (A) Authorizing Debtors to Obtain Postpetition Financing and Grant Security Interests and Superpriority Administrative Expense Status Pursuant to 11 U.S.C. Sections 105 and 364(c); (B) Modifying the Automatic Stay Pursuant to

11 U.S.C. Section 362; and (C) Authorizing Debtors to Enter into Agreements with Wells Fargo Capital Finance LLC, as Agent (as amended, from time to time, the “DIP Order”) [D.I. 353]. Pursuant to Section 4 of the DIP Order, the Committee was given up to 120 days to investigate and challenge certain prepetition obligations of the Debtors (subject to extension on consent or for cause shown). This authorization included the right to assert equitable challenges, such as recharacterization or equitable subordination of the Prepetition Secured Parties’ liens and claims. On September 6, 2012, certain parties entered into a Tolling Agreement extending the time for the Committee to investigate and bring challenges (the “Tolling Agreement”). The Tolling Agreement is still in effect. The DIP Order also authorized the Debtors to use Cash Collateral (as defined in the DIP Order) pursuant to section 363 of the Bankruptcy Code in accordance with a budget.

E. Debtors’ Use of Cash Collateral. By order dated October 16, 2012 (the “Cash Collateral Order”) [D.I. 1376], the Bankruptcy Court authorized the Debtors to, among other things, continue to use Cash Collateral (as defined in the Cash Collateral Order) pursuant to section 363 of the Bankruptcy Code in accordance with the budget annexed to the Cash Collateral Order. On March 12, 2014, the Debtors filed a motion seeking entry of an order amending the Cash Collateral Order (the “Amended Cash Collateral Motion”) [D.I. 3592], to which the Committee objected. On March 31, 2014, the Debtors withdrew their Amended Cash Collateral Motion [D.I. 3637], without the consent of the Committee. On April 14, 2014, the Committee filed a motion seeking to amend the Cash Collateral Order [D.I. 3659] (the “Committee Cash Collateral Motion”) to which the Debtors and the Prepetition Secured Parties objected. The Committee requested and was granted a hearing on the Committee Cash Collateral Motion. To date, such hearing has not occurred.

F. Approval of Modified Labor Agreement. By order dated August 23, 2012 [D.I. 925], the Bankruptcy Court approved the Section 1113/1114 Settlement and Modified Labor Agreement (the “MLA”) between RG Steel and the USW. The MLA provided for, *inter alia*: (i) the termination of the Basic Labor Agreement (as defined in the MLA); (ii) the preservation and possible resolution of grievances; (iii) termination of active and retiree benefit programs as of August 31, 2012; (iv) a reserve to pay accrued medical and prescription drug claims, along with the preservation of a USW claim for any unpaid medical and prescription drug claims; (v) the recognition of claims on behalf of the SPT and the SHWF, subject to payment in full of the obligations outstanding under the Second Lien Credit Agreement, to be treated with administrative expense status and not to exceed \$8 million in the aggregate; (vi) the preservation of the USW’s right to file claims for priority, prepetition obligations asserted to be due and owing in excess of \$8 million, the allowability and priority of which the parties to the MLA agreed would be subject to further proceedings in the Cases; and (vii) the Debtors’ agreement that they would provide reasonable assistance to the USW in gathering information reasonably necessary to file any proof of claim or request for payment of administrative expenses.

G. Claims Filed by the USW Parties and the SPT. The USW Parties and the SPT have filed proofs of claim in the Cases (which proofs of claim have been amended from time to time), in the following amounts: (i) USW— administrative expense and priority claims totaling \$114,175,504.72 and general unsecured claims totaling \$663,336,999.64 (collectively, the “USW Claim”); (ii) WCI VEBA — administrative expense and priority claims totaling \$3,647,200.00 and general unsecured claims totaling \$43,989,910.00; (iii) W-P VEBA — general unsecured claims totaling \$10,484,477.97; (iv) SHWF — administrative expense and

priority claims totaling \$6,600,000.00; and (v) the SPT — administrative expense and priority claims totaling \$5,549,046.76 and general unsecured claims totaling \$88,723,061.02. Under this Agreement, the SPT shall not receive any distribution on account of its withdrawal liability claims so that the SPT can pursue such claims outside of the Cases against Renco and other members of Renco’s “controlled group” (within the meaning of 26 U.S.C. §414 and 29 U.S.C. §1301). Accordingly, after subtracting the SPT’s claims for withdrawal liability, the SPT’s administrative expense and priority claims total \$4,711,174.76 and its general unsecured claims total \$2,541,085.02.

H. Committee Litigation.

(i) Asserted Breach of Fiduciary Duties Litigation. After appointment of the Committee, the Committee began exploring potential sources of recoveries for the unsecured creditors. On February 22, 2013, the Committee filed a motion seeking standing from the Bankruptcy Court to prosecute and settle certain claims on behalf of the Debtors’ estates (the “Standing Motion”) [D.I. 2582]. The Standing Motion attached a draft complaint against the Managers and Renco alleging, *inter alia*, that Mr. Rennert and Renco aided and abetted Mr. Goodwin’s breaches of his fiduciary duties and that the Managers breached their fiduciary duties to the Debtors.

(ii) Preference Claims Declaratory Judgment Complaint. On March 29, 2013, the Committee filed a complaint against both the Second Lien Agent and Renco (the “Committee’s Complaint”), commencing an adversary proceeding (the “Adversary Proceeding”) in the Bankruptcy Court (Case No. 13-50918). The Committee’s Complaint seeks a judgment declaring that, under the terms of the DIP Order and the Cash Collateral Order, the Second Lien Agent and Renco do not have any interest in the Debtors’ claims, rights and causes of action

arising under chapter 5 (the “Preference Claims”) of the Bankruptcy Code. On June 24, 2013, both the Second Lien Agent and Renco filed Motions to Dismiss the Committee’s Complaint (the “Motions to Dismiss”). To date, the Bankruptcy Court has not ruled on the Motions to Dismiss. The Committee’s Complaint, the Committee Cash Collateral Motion, the Standing Motion, all claims that were or could have been investigated by the Committee pursuant to Section 4 of the DIP Order, and any other claims or causes of action are collectively referred to herein as the “Committee’s Claims”.

I. Mediation. On June 16, 2014, the Bankruptcy Court entered an order granting the mediation stipulation between the Debtors, the Committee, the Second Lien Agent, Renco, and the Managers (the “Mediation Parties”). The Mediation Parties selected Mr. Robert J. Rosenberg, Esq. to serve as the mediator (the “Mediator”). The Mediator, Mediation Parties and, at times, the USW (on behalf of itself and the other USW Parties), the SPT and the Insurer, have held seven mediation sessions during which they negotiated the terms of the global settlement embodied herein. As a result of the mediation, the Parties have determined to enter into this Agreement to: (i) settle any and all of the allegations and prayers for relief asserted in the Committee’s Claims, including those claims asserted or assertable by or on behalf of the Debtors’ estates, as well as certain claims or defenses asserted or assertable by the USW Parties and the SPT as more explicitly set forth herein; (ii) except as specifically set forth herein, release each other with respect to certain claims, including without limitation, the Committee’s Claims; and (iii) provide a distribution to the Debtors’ creditors. The Parties determined that entering into this Agreement is desirable in light of the expenses, delays and risks associated with the prosecution of the claims that will be released pursuant to this Agreement for the consideration set forth herein.

**AGREEMENT**

Intending to be legally bound hereby, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Definitions.

a. “Administrative Expense Claim” means any right to payment constituting a cost or expense of administration of the Debtors’ chapter 11 cases entitled to priority pursuant to sections 503(b) or 507(a)(2) of the Bankruptcy Code (other than Professional Fees and U.S. Trustee Fees) incurred during the period from the Petition Date to the Effective Date, including, without limitation, any actual and necessary costs and expenses of preserving the Debtors’ estates or operating the Debtors’ businesses, and any indebtedness or obligations incurred or assumed by any of the Debtors during the Cases, and claims with administrative expense priority arising under section 503(b)(9); provided, however, that in consideration of the distributions to be made pursuant to paragraph 6(b) of this Agreement, Administrative Expense Claims shall not include any claim of the USW Parties or the SPT, or any claim of any former bargaining unit employee of the Debtors who was represented for purposes of collective bargaining by the USW for an obligation that was the subject of the USW Claim and that the USW possesses the authority under applicable law to compromise, even if such claim has been filed as an administrative expense priority claim.

b. “Allowed Claim” means: (i) any claim against any Debtor evidenced by a proof of claim (or a portion thereof) as to which no action to dispute, deny, equitably subordinate or otherwise limit recovery with respect thereto, or alter priority thereof, has been sought within the applicable period of limitation fixed by applicable law or this Agreement; (ii) any claim that was listed on the Debtors’ Schedules of Assets and Liabilities, as

amended, as other than disputed, contingent or unliquidated; or (iii) any claim or portion thereof that is allowed by Final Order of the Bankruptcy Court.

c. “Effective Date” means the date by which each of the following has occurred: (i) an order has been entered by the Bankruptcy Court approving this Agreement (the “Approval Order”) and such order has become a Final Order; (ii) the Funding Condition has been met; and (iii) the Insurer Contribution has been contributed to the Debtors’ estates.

d. “Final Order” means a docketed order, ruling or judgment of the Bankruptcy Court (or other court of competent jurisdiction): (i) for which the period to timely file an appeal has expired; (ii) as to which no appeal is pending; and (iii) that is in full force and effect.

e. “Funding Condition” means the written certification of Richard D. Caruso or another authorized officer of the Debtors, which will be provided to counsel for each of the Parties, that the Debtors have received \$14 million in cash in accordance with paragraph 2 of this Agreement, plus all amounts sufficient to pay the expenses provided for in the Budget (as defined below), including without limitation the Professional Fees and U.S. Trustee Fees, solely to the extent set forth therein.<sup>3</sup>

f. “Funding Condition Date” means the date that written certification of Richard D. Caruso or another authorized officer of the Debtors that the Funding Condition has been met is provided to counsel for each of the Parties.

g. “Other Claim” means any claim against any of the Debtors that does not constitute an Administrative Expense Claim, Professional Fees, or U.S. Trustee Fees. For the avoidance of doubt, Other Claims include claims that may be entitled to priority under section 507 of the Bankruptcy Code, and claims that were filed or scheduled as secured, whether

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<sup>3</sup> In the Budget, covered expenses are referred to as “uses”.



by collateral or statute; provided, however, that, in consideration of the distributions to be made pursuant to paragraph 6(b) of this Agreement, Other Claims shall not include any claims of the USW Parties, the SPT, or any former bargaining unit employee of the Debtors who was represented for purposes of collective bargaining by the USW who filed a claim for an obligation that was the subject of the USW claim and that the USW possesses the authority under applicable laws to compromise.

h. “Professionals” means all parties retained by the Debtors or the Committee (including the professionals referenced in paragraph 10(a) herein and the claims agents of such parties) in the Cases pursuant to section 327, 363, or 1103 of the Bankruptcy Code.

i. “Professional Fees” means, collectively, fees and expenses incurred by the Professionals in connection with the Cases on and after the Petition Date.

j. “Representative” means any Party’s predecessors, successors, subsidiaries, parent companies, divisions, partners, joint ventures and affiliates, together with each of the foregoing parties’ respective past, present and future principals, officers, directors, managers, employees, shareholders, members, partners, stockholders, controlling persons or entities, heirs, administrators, executors, trustees, attorneys, agents, advisors, representatives, and assigns.

k. “U.S. Trustee Fees” means fees arising under 28 U.S.C. § 1930(a)(6) or accrued interest thereon arising under 31 U.S.C. § 3717.

2. Cerberus Parties/Renco Settlement Contribution. In consideration of the terms, conditions and releases set forth herein, the Cerberus Parties and Renco hereby agree, subject to the occurrence of the Effective Date, to allow the Debtors to use \$14 million of Cash

Collateral (as defined in the Cash Collateral Order), including proceeds of any Preference Claims received on or after the date on which the Parties have executed this Agreement, to fund the Distribution Pool (as defined below) to make the distributions to creditors set forth herein. An additional \$7.8 million of Cash Collateral will be used to pay the expenses set forth in the Budget (as defined below). Notwithstanding anything to the contrary in the DIP Order or the Cash Collateral Order, the Debtors are authorized to use any funds in the Non-Professional Fee Carve Out Account (as defined in the DIP Order) to make distributions on account of Administrative Expense Claims and fund the Debtors' other expenses set forth in the Budget solely to the extent set forth therein. The Debtors, the Cerberus Parties and Renco hereby agree that no further adequate protection payments will be made by or on behalf of the Debtors on and after the date that the Parties execute this Agreement through the Effective Date. For the avoidance of doubt, to the extent there are inconsistencies between the DIP Order, the Cash Collateral Order and this Agreement, this Agreement shall control.

3. Insurer Settlement Contribution. In consideration of the terms, conditions and releases set forth herein, the Insurer hereby agrees that it shall contribute to the Debtors' estates \$3,400,000 (three million four hundred thousand dollars) (the "Insurer Contribution"), which shall be contributed to the Distribution Pool and otherwise distributed in accordance with this Agreement. The Insurer Contribution will be paid within ten (10) business days of the Approval Order becoming a Final Order, written notice of which shall be provided to Insurer's counsel, by check made payable to RG Steel Wheeling, LLC, which will provide a W-9 form simultaneously with the submission of a signed copy of this Agreement to Westchester.

4. Funding of the Distribution Pool. On the Effective Date, the Debtors shall cause to be deposited into a segregated account of the Debtors cash in the amount of \$15.6 million (the “Distribution Pool”). The Distribution Pool shall be distributed on a *pro-rata* basis on account of Allowed Claims as set forth in Section 6(b) below and, prior to distributions, the Debtors will deposit the USW Allocation and the Other Claim Allocation in separate accounts that will only be used for purposes of making the USW Distributions and distributions to holders of Allowed Other Claims, respectively.

5. Claims Allowance Process.

a. The Debtors shall have until forty-five (45) days after occurrence of the Effective Date (the “Claims Objection Deadline”, which deadline may be extended upon mutual written agreement of the Parties hereto and without the need to seek further approval of the Court) to object (a “Claims Objection”) to any claim that is not an Allowed Claim (except to claims of the USW Parties and the non-withdrawal liability claims of the SPT, which claims are resolved by the distributions provided for herein and shall be withdrawn without prejudice to the distributions to be made pursuant to this Agreement). Except as explicitly set forth herein, the Debtors shall be the sole party authorized to pursue Claims Objections; provided, that, the Debtors shall consult with the Committee on which Other Claims shall be the subject of a Claims Objection and the settlement of any such Claim Objection; provided, further, that with respect to Other Claims filed in excess of \$500,000, the Committee shall have until 15 days after the expiration of the Claims Objection Deadline to file its own Claims Objections to Other Claims to the extent that the Debtors decline to file such Claims Objections. For the avoidance of doubt, none of the Debtors, the Committee, nor their Representatives shall have any liability for determining not to file or pursue a Claims Objection after consultation with the Committee to the

extent provided for herein. A party listed on the Claims Objection that disputes the treatment of such potential claimant's claim (a "Responding Claimant") will be encouraged to contact Debtors' counsel informally and attempt to resolve its claim or dispute amicably.

b. The Debtors' motion seeking entry of the Approval Order will seek approval of the following claims reconciliation process, which shall govern if the Responding Claimant determines to file a formal response to the Claims Objection in lieu of pursuing the informal resolution process outlined in the preceding paragraph. For the avoidance of doubt, the below procedures will control regardless of whether a Claims Objection is filed by the Debtors or the Committee:

- (i) The Responding Claimant must file its response to the Claims Objection, together with documentation supporting its asserted claim or response with the Bankruptcy Court (each, a "Response") on or before the applicable deadline set forth in the Claims Objection (the "Claims Response Deadline") and serve a copy of such Response on counsel for the Debtors and counsel to the Committee so that it is actually received on or before the Claims Response Deadline. The Response must clearly and specifically state the grounds for the Response to the Claims Objection and must include documentation to support such Response.
- (ii) The Debtors or the Committee (as applicable depending on which party filed the Claims Objection) shall review all Responses and supporting documentation timely submitted by a Responding Claimant and shall consult with the Responding Claimant and the Debtors or the Committee (as applicable) in order to attempt to resolve any disputes regarding the Claim Objection. If the Debtors or the Committee (as applicable) and the Responding Claimant cannot agree on a resolution, then a hearing to resolve any Response shall take place before the Bankruptcy Court as set forth in the Claims Objection.
- (iii) The Debtors, in consultation with the Committee with respect to Other Claims, shall be authorized to resolve any Claim Objection by agreement with the Responding Claimant or withdraw the Claim Objection without further order of the Bankruptcy Court.
- (iv) The requirements of Bankruptcy Rule 3007 and Rule 3007-1 of the Local Rules of Bankruptcy Practice and Procedure of the United

States Bankruptcy Court for the District of Delaware, with regard to substantive claims objections and omnibus claims objections shall be inapplicable to the extent inconsistent with the Claims Resolution Process provided for herein.

- (v) Distributions shall be made as set forth in Section 6(b) below on account of Allowed Claims. For purposes of such distributions, the Debtors shall be treated as a single entity, and claims filed by a creditor against multiple Debtors asserting liability on the same basis shall be deemed a single claim for purposes of distributions. For the avoidance of doubt, the Debtors shall not be required to file a Claims Objection to expunge duplicate claims filed against multiple Debtors.

6. Distributions to Holders of Allowed Claims.

a. Upon the completion of the claims resolution process set forth in the Approval Order or another order of this Court, except as explicitly set forth herein, the Debtors shall make a single distribution to the holders of Allowed Claims. Distributions will be made to holders of Administrative Claims and Other Claims by the Debtors' claims agent, and the USW Distributions shall be made by a third party on behalf of the Debtors. In each case, costs of the distributions will be covered by the Debtors' estates solely to the extent set forth in the Budget; provided, that, to the extent that employer taxes with respect to the USW Distributions on account of any payments to former bargaining unit employees for which withholding is required exceed \$700,000, the excess amount of those taxes shall be paid from the USW Residual Amount allocated to the USW under paragraph 6(b), which USW Residual Amount shall be retained by the Debtors until the Debtors' remittance of such employer taxes. Remaining funds in the USW Residual Amount after payment of such employer taxes shall be distributed by the Debtors as directed by the USW for a purpose that will not obligate the Debtors to withhold additional employment taxes, such as a further allocation on the claims of the USW Parties or the SPT or the payment of employee and retiree medical claims (for which the Debtors do not intend to withhold).

b. The Distribution Pool will be used to make *pro rata* distributions in the following allocations: (i) \$600,000 of the Distribution Pool will be distributed to holders of Allowed Administrative Expense Claims on a *pro rata* basis (the “Admin Allocation”); (ii) \$3,000,000 of the Distribution Pool will be distributed to holders of Allowed Other Claims on a *pro rata* basis (the “Other Claim Allocation”); and (iii) \$12,000,000 of the Distribution Pool (the “USW Allocation”) will be distributed by the Debtors on account of claims (whether constituting Administrative Expense Claims or Other Claims) of the USW Parties (or members of the USW’s collective bargaining unit) and the SPT against the Debtors pursuant to written instructions provided to the Debtors and agreed upon by all of the USW Parties and the SPT (the “USW Distributions”) subject to the following overall, consolidated allocations: SPT — \$814,676.87; WCI VEBA — \$2,416,651.18; SHWF— \$990,790.00; W-P VEBA — \$445,590.31; vacation pay and severance pay owing to former bargaining unit employees who were covered by the Basic Labor Agreement and employed on or around the Petition Date — \$6,341,678.04; medical claims to former active and retired bargaining unit employees — \$480,000; severance pay to former bargaining unit employees at the Allenport, Pennsylvania facility — \$53,786.84; which leaves a remaining balance of the USW Allocation of \$446,826.76 (the “USW Residual Amount”).

c. Any distribution check that has not been cashed within sixty (60) days after having been sent via first class mail to a holder of an Allowed Claim at the address identified in the Debtors’ schedules of assets and liabilities, filed proof of claim, the Debtors’ former payroll records or such other address provided by such creditor to the Debtors in writing (the “Check Cashing Period”) shall be deemed forfeited. A Notice setting forth the Check Cashing Period and the consequences for failure to comply shall accompany distribution

check(s) and shall also be published by the Debtors prior to the commencement of distributions in either USA Today (National Edition) or The New York Times (National Edition).

d. Any funds remaining after the expiration of the Check Cashing Period in the USW Allocation shall be released by the Debtors to counsel for the USW for further distributions to creditors. The USW shall, after a reasonable period and after undertaking reasonable efforts to locate and identify former active and retired bargaining unit employees whose distributions were released to the union, and after providing appropriate notice to the Court and the parties in interest in the instant proceeding (if the USW acts to re-allocate funds prior to the dismissal of the Cases), be authorized to: (i) re-allocate the funds among the covered former bargaining unit employees and retirees; (ii) contribute said funds to plans providing benefits to former bargaining unit employees and/or retirees; or (iii) contribute said amount to a charity or charities of the USW's choice that provide services to persons similarly situated to the Debtors' former employees in the areas where the Debtors operated.

e. If, following the expiration of the Check Cashing Period, the funds remaining in any of the Other Claim Allocation exceed \$200,000 (the "Remaining Other Claim Allocation"), such funds shall be redistributed by the Debtors' claims agent to the holders of the Allowed Other Claims (on a *pro rata* basis, excluding the claims on account of which distribution checks have been returned or have not been cashed prior to the expiration of the Check Cashing Period); provided, however, that the costs of such distribution shall be funded solely from the Remaining Other Claim Allocation. If the funds remaining in any of the Other Claim Allocation are less than \$200,000, such funds shall be distributed to the Professionals on account of their *pro rata* portion (based on total amount of the Fee Concessions, as defined below) of the Fee Concessions.

f. Any funds remaining after the expiration of the Check Cashing Period in the Admin Allocation portion of the Distribution Pool shall be deemed property of the Debtors. Except as explicitly set forth herein, the Debtors shall not be required to make subsequent distributions to holders of Allowed Claims.

7. Withdrawal of Standing Motion and Dismissal of Adversary Proceeding; Termination of Tolling Agreement. Within two (2) business days of the Effective Date, the Committee shall (a) formally withdraw the Standing Motion with prejudice, and (b) dismiss the Adversary Proceeding with prejudice. On the Effective Date, the Tolling Agreement shall be deemed terminated and shall be of no further force or effect.

8. Wind-down Budget. The Debtors have attached hereto as Exhibit A a budget for the winding-down of their estates (the "Budget"), which has been approved by the Prepetition Secured Parties, the Debtors and the Committee, including, among other things, the payment of certain expenses associated with the distributions to be made to the Debtors that are described herein. For the avoidance of doubt, property of the Debtors may be used by the Debtors only for the purposes and to the extent set forth in the Budget. To the extent that the Debtors' estates remain open after the Effective Date and the Debtors incur expenses for the sole benefit of the Prepetition Secured Parties, the Debtors, the Second Lien Agent and Renco shall agree on a budget for such expenses. Any and all fees and expenses related to implementation of this Agreement after the Effective Date, including expenses for distributions and the claim reconciliation process, shall be funded solely in accordance with the Budget.

9. Acknowledgments and Stipulations in Favor of Prepetition Secured Parties. The Debtors and the Committee each admit, stipulate, acknowledge and agree, which shall be binding on the Debtors' estates and creditors of and parties in interest to



their estates, to the admissions, stipulations, acknowledgements and agreements set forth in Recital D of the Final DIP Order (and Paragraph J of the Cash Collateral Order) regarding the validity and enforceability of the Prepetition Secured Parties' liens and secured claims (the "Stipulations"). The Stipulations shall be and are binding on all creditors, interest holders, parties in interest and their respective heirs, executors, successors, administrators and assigns, including any chapter 7 trustee, in the Cases or any cases or proceedings that follow the Cases ("Successor Case"). In the event and to the extent distributions from the estates are made from proceeds of assets other than Prepetition Collateral (as defined in the Cash Collateral Order), such proceeds will be contributed to the Distribution Pool by the Prepetition Secured Parties on account of the replacement liens and super-priority administrative claims granted to the Prepetition Secured Parties as adequate protection.

10. Releases.

a. Mutual Releases in Favor of Debtors, Managers, the Committee, the Cerberus Parties, Renco, and USW Parties. In consideration of the mutual promises herein, on the Effective Date, except as specifically provided below, each of the Debtors, the Managers, the Committee, the Cerberus Parties, Renco and the USW Parties (collectively, the "Mutual Releasers") hereby covenants not to sue and hereby fully releases and forever discharges the other Mutual Releasers and their respective Representatives (collectively, the "Mutual Releasees") from any and all claims, obligations, suits, judgments, damages, losses, expenses, dues, sums of money, accounts, contracts, controversies, agreements, promises, demands, debts, rights, causes of action and liabilities of any and every character, kind and nature whatsoever, whether direct or derivative, accrued or not accrued, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or

unforeseen, then existing or thereafter arising, in law, equity or otherwise, based in whole or in part on any act, omission, transaction, event or other circumstance taking place on or prior to the Effective Date in any way arising from or relating to the Debtors, their estates, the Cases, or any act or omission in connection with the Cases; provided, however, that nothing herein shall be construed to release any Party from its obligations hereunder; provided, further, that, with respect to parties other than the Debtors, nothing in this Agreement shall be construed or shall constitute a release of or defense against or affect in any way, any claims or defenses based upon, arising out of, directly or indirectly, or in connection with any liability related to pension plans sponsored by the Debtors or multiemployer plans in which the Debtors participated, including but not limited to claims or defenses in the matter entitled: *Pension Benefit Guaranty Corp. v. The Renco Group Inc., et al.*, filed in the U.S. District Court, Southern District of New York, Civil Action No. 13-00621; provided, further, that Renco's release of the Cerberus Parties shall not be effective until the Cerberus Parties have released to Renco any and all of Renco's collateral in the possession or control of such Cerberus Parties; provided, further, however, that nothing contained herein shall constitute or be deemed to constitute a release by any Cerberus Party of any Renco Party or Mr. Rennert.

b. Mutual Releases in Favor of the Debtors, the Managers, and the Insurer. In consideration of the mutual releases herein, on the Effective Date, except as specifically provided below, the Insurer, on behalf of itself and its Representatives, hereby fully, finally and forever releases and discharges the Debtors and the Managers, and their respective Representatives from any and all manner of action or actions, cause or causes of action, in law or in equity for indemnity or otherwise, suits, debts, liens, contracts, agreements, promises, liabilities, claims, demands, damages, losses, costs or expenses of any nature whatsoever, known

or unknown, suspected or unsuspected, fixed or contingent, including claims expenses and defense costs, whether incurred before or after the date of this Agreement, and any claims, demands, notices, litigation proceedings, actions or suits that relate to the Debtors and their predecessors-in-interest, the Committee Litigation, and/or the Directors & Officers and Company Coverage Selection of the Westchester Fire Insurance Company Policy number G25039300 002 (the "Policy"). In consideration of the mutual promises herein, on the Effective Date, except as specifically provided below, each of the Debtors and the Managers, on behalf of themselves and their respective Representatives, hereby fully, finally and forever release and discharge the Insurer and its Representatives from any and all manner of action or actions, cause or causes of action, in law or in equity for indemnity or otherwise, suits, debts, liens, contracts, agreements, promises, liabilities, claims, demands, damages, losses, costs or expenses of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, including claims expenses and defense costs, whether incurred before or after the date of this Agreement, and any claims, demands, notices, litigation proceedings, actions or suits that relate to the Debtors and their predecessors-in-interest; the Committee Litigation, and/or the Directors & Officers and Company Coverage Section of the Policy. Nothing herein shall be construed to release any Party from its obligations hereunder. The Debtors, the Managers, and the Insurers expressly agree and acknowledge that the releases in this section apply to all insurance coverage afforded by the Directors & Officers and Company Coverage Section of the Policy, including unknown or unasserted future claims, whether related or unrelated to the Committee Litigation.

Notwithstanding anything else in this Agreement, neither the Insurer Settlement Contribution nor anything herein shall be construed to release any and all manner of action or actions, cause or causes of action, in law or in equity for indemnity or otherwise, suits, debts, liens, contracts,

agreements, promises, liabilities, claims, demands, damages, losses, costs or expenses of any nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, including claims expenses and defense costs, whether incurred before or after the date of this Agreement or any claims, demands, notices, litigation proceedings, actions or suits in any way relating to insurance coverage under the Fiduciary Liability Section of the Policy for the following matters:

(i) *Thomas E. Perez Secretary of Labor, United States Department of Labor v. WPN Corporation, et al.*, filed in the United States District Court for the Western District of Pennsylvania, Civil Action No. 2:14-cv-014940NBF; (ii) any claim by the United States Department of Labor against fiduciaries of the Wheeling Corrugating Company Retirement Security Plan or the Salaried Employees Pension Plan of RG Steel Wheeling LLC; or (iii) any claims arising from, based upon, or in connection with facts, circumstances or allegations underlying (i) or (ii) above. The Insurer, the Debtors and the Managers agree and acknowledge that this Agreement is the result of a compromise and shall not be construed as an admission by the Insurer, the Managers, or any of the Debtors of any liability, coverage, wrongdoing, or responsibility on its part or on the part of its respective affiliated and subsidiary companies, or officers, directors, employees, servants, agents, attorneys, successors, insurers, reinsurers or assigns. Indeed, the Insurer, the Managers, and the Debtors expressly deny any such liability, wrongdoing, or responsibility.

c. Mutual Releases in Favor of the Debtors and the SPT. On the Effective Date, except as specifically provided below, each of the Debtors and the SPT hereby covenants not to sue and hereby fully releases and forever discharges the other Party and its Representatives from any and all claims, obligations, suits, judgments, damages, losses, expenses, dues, sums of money, accounts, contracts, controversies, agreements, promises,

demands, debts, rights, causes of action and liabilities of any and every character, kind and nature whatsoever, whether direct or derivative, accrued or not accrued, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, based in whole or in part on any act, omission, transaction, event or other circumstance taking place on or prior to the Effective Date in any way arising from or relating to or in connection with the Debtors, their estates, the Cases, or any act or omission in connection with the Cases; provided, however, nothing in this Agreement shall be construed as a defense or release of any claims relating to withdrawal liability that the SPT may have against Renco or any members of Renco's controlled group within the meaning of 26 U.S.C. §414 and 29 U.S.C. §1301; provided, further, that nothing in this Agreement shall be construed as an acknowledgement that the SPT has any valid claims against Renco or members of its controlled group, or as a waiver of any defense or claim Renco or members of its controlled group may have against the SPT, all of which are expressly preserved.

d. Release from Claims for Actions Taken in Connection with the Agreement. From and after the Effective Date, no Party or any of its Representatives, shall have or incur any liability to any person for any act taken or omitted to be taken in good faith in connection with or related to the negotiation, formation, preparation, dissemination, implementation, confirmation or consummation of this Agreement or the Approval Order (other than an act in contravention of the Agreement or the Approval Order), or any contract, instrument, release or agreement or document created or entered into, or any other act taken or omitted to be taken in good faith in connection with the Agreement or the Approval Order.

11. Professional Fees.

a. Payment of Professional Fees. The Professional Fees shall be provided for in the Budget and all Professional Fees incurred after the date hereof shall be paid in full (solely to the extent set forth in the Budget) in the ordinary course consistent with the orders previously entered by the Bankruptcy Court (to the extent applicable) and pursuant to the final fee request filed by the Professionals (as provided in paragraph 11(b) below), subject to the reductions set forth below. Pursuant to this Agreement, Kramer Levin Naftalis & Frankel LLP, as co-counsel to the Committee will reduce its final fee request by \$200,000; Saul Ewing LLP, as co-counsel to the Committee will reduce its final fee request by \$40,000; Huron Consulting Group, as financial advisor to the Committee will reduce its final fee request by \$100,000; Willkie Farr & Gallagher LLP (“Willkie”), as co-counsel to the Debtors will reduce its final fee request by \$125,000; Morris Nichols Arsht & Tunnell LLP, as co-counsel to the Debtors will reduce its final fee request by \$25,000. Further, Willkie will provide a 10% discount on its hourly rates for service performed for the Debtors on and after May 1, 2015. All of the reductions to the Professional Fees described in this paragraph shall be referred to collectively as the “Fee Concessions”.

b. Requests for Payment of Professional Fees. The Professionals in the Cases shall not be required to file with the Court any further monthly or interim fee requests with respect to the Professional Fees, even with respect to the Professional Fees that were previously incurred that were not covered by any such fee requests. Each Professional shall file, and serve upon appropriate notice parties, its final fee request with the Court for approval of its Professional Fees incurred in the Cases within 120 days of the Effective Date. The Professionals shall be paid by the Debtors no later than 10 business days after the approval of any final fee request.

12. Dismissal. Promptly after the occurrence of the last to occur of each of the following events: (a) distribution (or release) of all of the funds in the Distribution Pool as set forth herein; (b) entry of an order(s) by the Bankruptcy Court regarding all final fee applications; (c) conclusion of all avoidance actions; and (d) payment of any then accrued and unpaid fees to the Office of the U.S. Trustee, the Debtors shall seek dismissal of the Cases pursuant to the form of order attached to the Motion as Exhibit B (the “Dismissal Order”). The Dismissal Order shall provide, among other things, that the Agreement shall survive dismissal.

13. Settlement is a Compromise. The Parties acknowledge that this Agreement is a compromise of disputed claims and that no Party admits, and each expressly denies, any facts or liability on its part.

14. Certain Warranties of the Parties. Other than the Committee, each Party warrants that it is the sole and current owner of the claims released by this Agreement and that it is authorized to enter into this Agreement. Each individual signing this Agreement on behalf of any Party (and with respect to the Debtors, subject to entry of the Approval Order) represents and warrants that he/she has full authority to do so without the consent or approval of any other entity and to bind his/her respective Party to the terms and conditions of this Agreement. Further, in the event that any Party brings an action to enforce any of the terms of this Agreement, the reasonable fees and expenses of the prevailing Party shall be paid by the non-prevailing Party.

15. No Prior Reliance. The Parties hereto hereby acknowledge and represent that, in entering into this Agreement, they have neither received nor relied upon any representations or promises made by the other, or such others’ Representatives, other than those representations and promises that are expressly set forth in writing in this Agreement.

The Parties further declare that, in making this Agreement, they rely entirely upon their own judgment, beliefs and interest and the advice of their counsel (for whose expense each shall be solely responsible except to the extent set forth herein or orders of this Court) and that they have had a reasonable period of time to consider this Agreement.

16. Settlement Accepted by All Parties. The Parties agree that each Party has reviewed this Agreement and that each fully understands and voluntarily accepts all the provisions contained in this Agreement. The Parties further agree that this Agreement was the product of negotiations between the Parties and that any rule of construction that ambiguities are to be resolved against the drafting party shall not apply in the interpretation of this Agreement.

17. Interpretation. The language of all parts of this Agreement shall in all cases be construed as a whole, according to its fair meaning and not strictly for or against any of the parties.

18. Entire Agreement Among Parties. This Agreement sets forth the entire agreement between the Parties with respect to the subject matter hereof and fully supersedes any and all prior agreements and understandings, written or oral, between the parties pertaining to the subject matter hereof.

19. Modification of this Agreement. No modification of this Agreement shall be binding or enforceable unless in writing and signed by all of the Parties. To the extent necessary, the Parties reserve the right to modify this Agreement so as to effectuate the intent of this Agreement to provide, among other things, that (i) some or all of the Cash Collateral of the Cerberus Parties and Renco referenced in paragraph 2 of this Agreement, and (ii) the Insurer Contribution referenced in paragraph 3 of this Agreement, may be transferred directly



into a non-Debtor account to be administered to and distributed by a non-Debtor distribution agent and/or according to a trust document. For the avoidance of doubt, any such modifications to this Agreement (i) are not intended to alter the beneficiaries and economic terms of this Agreement, and (ii) shall be upon the consent of all Parties, which consent shall not be unreasonably withheld.

20. Successors and Assigns. Upon the Effective Date, this Agreement shall be binding upon and inure to the benefit of the Parties and their Representatives, including without limitation, their respective heirs, executors, successors, administrators and assigns, and, in the case of the Debtors, any chapter 7 trustee.

21. No Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties and no other person or entity shall be a third-party beneficiary hereof or have any rights hereunder.

22. Interpretation of this Agreement. With respect to issues affecting the rights of the Debtors and their creditors, this Agreement shall be interpreted and construed in accordance with the provisions of the Bankruptcy Code and, where not inconsistent, the laws of the State of Delaware, without regard to the conflict of laws of the State of Delaware.

23. Consent to the Jurisdiction. Each of the Parties hereby irrevocably consents to the jurisdiction of the Bankruptcy Court with respect to any action to enforce the terms and provisions of this Agreement and expressly waives any right to commence any such action in any forum other than the United States Bankruptcy Court for the District of Delaware.

24. Execution by Counterparts. This Agreement may be executed in counterparts and a facsimile, scanned or photocopy signature shall have the same force and effect as an original signature.

The Parties have executed this Agreement as of September 3, 2015.

**RG STEEL, LLC AND AFFILIATED DEBTORS**

By: \_\_\_\_\_  
Name:  
Title:

**OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF WP STEEL VENTURE, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**THE RENCO GROUP, INC.**

By: \_\_\_\_\_  
Name:  
Title:

**CERBERUS BUSINESS FINANCE, LLC**

By: \_\_\_\_\_  
Name:  
Title:

**ABLECO, L.L.C.**

By: \_\_\_\_\_  
Name:  
Title:

**CERBERUS LEVERED LOAN OPPORTUNITIES FUND I, L.P.**

By: \_\_\_\_\_  
Name:  
Title:

**CERBERUS RG TERM LENDER B LLC**

By: \_\_\_\_\_  
Name:  
Title:

**UNITED STEELWORKERS**

By: \_\_\_\_\_  
Name:  
Title:

**STEELWORKERS HEALTH & WELFARE FUND**

By: \_\_\_\_\_  
Name:  
Title:

**VEBA FOR RETIREES OF WCI STEEL**

By: \_\_\_\_\_  
Name:  
Title:

**WHEELING-PITTSBURGH STEEL  
CORPORATION RETIREE BENEFIT PLAN TRUST**

By: \_\_\_\_\_  
Name:  
Title:

**THE STEELWORKERS PENSION TRUST**

By: \_\_\_\_\_  
Name:  
Title:

**WESTCHESTER FIRE INSURANCE COMPANY**

By: \_\_\_\_\_

Name:

Title:

**JOHN V. GOODWIN**

By: \_\_\_\_\_

Name:

Title: Manager

**IRA L. RENNERT**

By: \_\_\_\_\_

Name:

Title: Manager