

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

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In re	:	Chapter 11
	:	
WP Steel Venture LLC, <u>et al.</u> , ¹	:	Case No. 12-11661 (KJC)
	:	
Debtors.	:	(Jointly Administered)
	:	
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**STIPULATION RESOLVING OBJECTIONS OF FRITZ ENTERPRISES, INC.
TO DEBTORS' SALE OF SPARROWS POINT ASSETS**

RECITALS:

A. On May 31, 2012, each of the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) with the United States Bankruptcy Court for the District of Delaware (the “**Court**”).

B. On June 4, 2012, the Debtors filed the *Debtors' Motion for Orders: (A)(I) Approving Bidding Procedures in Connection with Sale(s) of Substantially All of the Debtors' Assets; (II) Scheduling Hearing to Consider Sale; (III) Approving Form and Manner of Notice Thereof; and (IV) Authorizing Entry Into Stalking Horse Agreements Subject to Further Hearing; (B)(I) Authorizing and Approving Sale of Assets Free and Clear of Liens, Claims, Encumbrances, and Interests; and (II) Approving Assumption and Assignment of Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* [D.I. 93] (the “**Sale Motion**”).

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' address is 1430 Sparrows Point Boulevard, Sparrows Point, MD 21219.

C. On June 20, 2012, Fritz Enterprises, Inc. ("**Fritz**") filed a notice of ownership and reservation of rights regarding the Sale Motion [D.I. 330] (as supplemented by D.I. 857, the "**Fritz Notice of Ownership**").

D. On June 21, 2012, the Court approved the portion of the Sale Motion requesting approval of bidding procedures and related relief [D.I. 354].

E. On July 10, 2012, Fritz filed an objection to a notice of assumption filed by the Debtors [D.I. 525].

F. On August 10, 2012, Fritz filed a supplement [D.I. 857] to its June 20, 2012 notice of ownership and reservation of rights.

G. On August 14, 2012, the Debtors filed an omnibus reply in support of the Sale Motion [D.I. 894] (the "**Reply In Support of Sale**").

H. On August 15, 2012, the Court held a hearing (the "**Sale Hearing**") on the portion of the Sale Motion related to the sale (the "**Sale**") of certain of the Debtors' assets located at Sparrows Point, Maryland, pursuant to and as described in the Asset Purchase Agreement, dated as of August 7, 2012, by and among (i) RG Steel Sparrows Point, LLC and RG Steel Railroad Holding, LLC and (ii) Environmental Liability Transfer, Inc., Commercial Development Company, Inc. and Sparrows Point LLC (collectively, the "**Purchaser**"). During the Sale Hearing, Fritz raised various objections to the Sale (the "**Fritz Sale Objections**").

I. On August 15, 2012, the Court entered the *Order Authorizing and Approving (I) Sale of Sparrows Point Assets Free and Clear of Liens, Claims, Encumbrances, and Interests; and (II) Granting Related Relief* (the "**Sale Order**") [D.I. 909]. The Sale Order includes a paragraph preserving the Fritz Sale Objections. See Sale Order, ¶ 39.

J. On August 17, 2012, the Debtors filed the *Notice of Rejection of Executory Contracts and/or Unexpired Leases of Nonresidential Real Property* (the “Rejection Notice”) [D.I. 930] regarding the Fritz Enterprises – Sparrows Point Multi-Year Operating Service Contract (the “Fritz OSC”). Fritz filed its limited objection to the Rejection Notice on August 30, 2012 [D.I. 1065].

K. After the Sale Hearing, the parties submitted further briefing regarding the Fritz Sale Objections [D.I. 988 and 1025] (the “Lease/License Briefs”).

L. On August 31, 2012, the hearing on the Fritz Sale Objections was adjourned to allow Fritz, the Debtors and Environmental Liability Transfer, Inc. to conduct discovery regarding the Fritz Sale Objections.

M. On September 14, 2012, the Sale closed in accordance with the Sale Order.

N. As a result of the Sale, Sparrows Point, LLC (“ELT”) became the owner of the real estate and certain personal property located at the Sparrows Point, Maryland site (the “Site”) as more fully described in a Quit Claim Deed from RG Steel Sparrows Point, LLC (“RG”) and a Bill of Sale and Assignment Agreement dated September 14, 2012 between RG and ELT.

O. As a result of the Sale, and pursuant to an agreement between ELT and HRE Sparrows Point LLC (“HRE”), HRE became the owner of certain improvements, buildings, structures and other real and personal property located at the Site, as more fully described in a Quit Claim Deed dated September 14, 2012 from RG to HRE, a Bill of Sale and Assignment Agreement between RG and HRE dated September 14, 2012 and in other agreements between HRE and ELT. ELT has also granted HRE a license for HRE’s exclusive

use and occupancy of the Site for a stated term, as may be extended by the parties thereto from time to time.

P. The Fritz Sale Objections included, among other things, Fritz's assertion of holdover tenancy rights to certain areas of the Site pursuant to section 365(h)(1)(A)(ii) of the Bankruptcy Code.

Q. In an effort to avoid the costs associated with litigating the Fritz Sale Objections and the responses thereto, Fritz, ELT, HRE and the Debtors (collectively, the "Parties") have worked to resolve the Fritz Sale Objections.

NOW, THEREFORE, for and in consideration of the recitals set forth above, the additional promises and consideration stated herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties stipulate and agree as follows:

1. Fritz and ELT have entered into a new lease (the "New Lease") regarding certain premises (as identified by the map attached as Exhibit A to the New Lease and attached hereto and incorporated herein as Exhibit 1, the "Designated Area") located at the Site that ELT purchased from the Debtors pursuant to the Sale. The terms of the New Lease are confidential.

2. Fritz and HRE have entered into an Access Agreement (the "Access Agreement"), providing Fritz with, among other things, ingress and egress to the Designated Area.

3. Pursuant to the New Lease concerning the Designated Area: (a) Fritz shall have the exclusive right to mine, reclaim and process metallic bearing material, metallic units, slag and slag fines and rock/aggregate material situated both above and below the surface of the Designated Area (as provided in paragraph 2(a) of the New Lease), and (b) Fritz shall have title

to all metallic bearing material, metallic units, slag and slag fines and rock/aggregate material situated both above and below the surface of the Designated Area (as provided in paragraph 2(a) of the New Lease) (as delineated in Exhibit 2 attached hereto and incorporated herein, "Access Party Property") which Fritz determines in its sole discretion it may use, sell or otherwise deliver from the Site, and which Fritz removes from the Site prior to the date of termination of the New Lease, free and clear of any liens, claims, security interests and encumbrances. Any such Access Party Property which is not removed by Fritz from the Site prior to the date of termination of the New Lease shall automatically revert to ELT and ELT shall automatically acquire title to such material on the termination date without further action of Fritz (as provided in paragraph 2(c) of the New Lease). The Debtors acknowledge that they have no rights, title or interest in the Access Party Property.

4. The Parties acknowledge that the New Lease (with all attachments) and the Access Agreement (with all attachments), along with this stipulation ("Stipulation"), constitute and contain the entire agreement between the Parties with respect to the subject matter hereof, and all prior agreements, stipulations, negotiations and understandings with respect to the subject matter hereof are canceled and superseded by this Stipulation, the New Lease and the Access Agreement. To the extent of any inconsistencies between the terms of the New Lease, or the Access Agreement and this Stipulation, the terms of the New Lease or the Access Agreement shall control. Notwithstanding the foregoing and for the avoidance of doubt, nothing herein (including, without limitation, the description of Access Party Property set forth in (a) and (b) of Paragraph 3 above) or in the New Lease is intended to supersede, modify or amend the terms of the Access Agreement, the terms of which Access Agreement, including the definition of Access Party Property, shall govern and control between the parties thereto.

5. This Stipulation may not be changed, amended, modified, or altered, except by written agreement signed by all Parties.

6. Each person signing this Stipulation represents and warrants that s/he has been duly authorized and has the requisite authority to execute and deliver this Stipulation on behalf of such Party and to bind her/his respective Party to the terms and conditions of the Stipulation.

7. Upon execution of this Stipulation by all of the Parties, this Stipulation shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns, and representatives. Further, upon entry of an order of the Court approving this Stipulation, the Fritz Sale Objections shall be deemed withdrawn without any further action of Fritz and the rejection of the Fritz OSC shall be deemed effective as of September 14, 2012.

8. Nothing herein is intended to nor shall it limit any claims Fritz may have against the Debtors in connection with the rejection of the Fritz OSC and nothing herein is intended to nor shall it limit any defenses the Debtors may have against such claims or any claims or causes of action the Debtors may have against Fritz or any defenses Fritz may have with respect thereto.

9. The Court shall retain jurisdiction over the Parties to resolve all issues arising from or relating to the Debtors' acknowledgements in this Stipulation.

10. This Stipulation may be executed in counterparts and a facsimile, scanned or photocopy signature shall have the same force and effect as an original signature.

11. The Parties have executed this Stipulation on the latest date written below.

Dated: February 15, 2013

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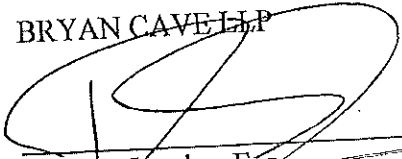
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Exhibit 1

Designated Area



Exhibit B

Exhibit 2

Access Party Property

EXHIBIT A

Access Party Property

Metallic bearing material and metallic units, either harvested by Access Party from the ground or generated by the processing of Piles of Excluded Material by any person, which are one half inch or more in size, slag, slag fines rock/aggregate material situated both above and below the surface of the Designated Area, all of the foregoing of which during the Lease term Access Party elects to remove from the Designated Area. Access Party agrees that the following property whether located above or below the surface of the Designated Area is not subject to its rights of Reclamation and does not constitute Access Party Property: (i) all buildings on the Designated Area as of the date hereof, (ii) real property improvements and permanent structures located on the Designated Area as of the date hereof (other than the Hammer Mill location), (iii) rail which lies above or below the surface of the Designated Area as of the date hereof, (iv) individual pieces of metals lying entirely on the surface of the Designated Area as of the date hereof which had not been unearthed or mined by Access Party, (v) iron ore, iron ore fines, and iron ore pellets, both above and below the surface, of the locations set forth on the map attached as Exhibit A-1, (vi) sinter and sinter fines, both above and below the surface, of the locations set forth on the map attached as Exhibit A-1, (vii) any carbon or coke fines or solids, both above and below the surface, of the locations set forth on the map attached as Exhibit A-1, (viii) metallic slag, iron and steel fines one half inch or less in size, whether resulting from Access Party's operations or not on the Designated Area, and (ix) Excluded Material and Piles. Access Party further agrees not to load and transport to the Designated Area any such material located outside of the Designated Area at the Site.

EXHIBIT A-1

Map of Certain Property That Does Not Constitute Access Party Property



Exhibit A-1