

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----X  
PENSION BENEFIT GUARANTY CORPORATION,  
Plaintiff,  
- against -  
THE RENCO GROUP, INC., *et al.*,  
Defendants.  
-----X

13 Civ. 621 (RJS)  
EFC Case

**THE PENSION BENEFIT GUARANTY CORPORATION'S  
NOTICE OF MOTION FOR SUMMARY JUDGMENT**

PLEASE TAKE NOTICE that upon the accompanying Memorandum of Law in Support of Plaintiff Pension Benefit Guaranty Corporation's Motion for Summary Judgment, Local Rule 56.1 Statement of Material Facts as to Which There is No Genuine Dispute, and the accompanying Declaration of John A. Menke and the exhibits thereto, and all of the pleadings and proceedings had herein, the undersigned attorneys for Plaintiff move this Court before the Honorable Richard J. Sullivan, 40 Centre Street, New York, New York 10007, for an order in the above captioned action granting Plaintiff's claims on summary judgment pursuant to Federal Rule of Civil Procedure 56.

Dated: June 6, 2014  
New York, NY

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

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**PENSION BENEFIT GUARANTY  
CORPORATION**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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THE RENCO GROUP, INC., <i>et al.</i> ,	:	
	:	
Defendants.	:	
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**THE PENSION BENEFIT GUARANTY CORPORATION’S MEMORANDUM  
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## PRELIMINARY STATEMENT

The Pension Benefit Guaranty Corporation (“PBGC”) and Defendant The Renco Group, Inc. (“Renco”) began a dialogue in 2011, when Renco created RG Steel, LLC (“RG Steel”) to acquire certain steel mills from Severstal, an international steel conglomerate. Concerned that Severstal’s two pension plans would lose the financial protection afforded by Severstal’s immense controlled group, PBGC intervened and outlined its concerns to Renco. Based on assurances from Renco provided during PBGC’s due diligence examination, including that the pensions would be “in better hands” as part of Renco’s controlled group, that Renco “honored its obligations,” and that Renco had “significant equity and liquid assets” to stand behind the pension liabilities it was assuming, PBGC concluded that the Severstal-Renco transaction did not increase PBGC’s risk sufficiently to justify terminating the Severstal pension plans.

Renco’s steel-mill acquisition proved disastrous as, almost immediately, RG Steel floundered and required significant capital from Renco. Despite several loans, RG Steel continued to hemorrhage cash. By the end of 2011, Renco faced the prospect of losing its investment and of Defendants incurring tens of millions of dollars in pension liabilities.

Desperate to stem the losses, Renco sought financing for RG Steel through a third-party loan for \$200 million. Because the proposed transaction could result in removing RG Steel from the much larger Renco controlled group if equity were part of the transaction, this proposed financing triggered a reporting obligation to PBGC. PBGC immediately recognized RG Steel’s dire financial condition, and the increased risk to PBGC’s insurance fund if RG Steel’s pension plans lost the backstop provided by the Renco controlled group. PBGC sought additional information about the contours of the proposed financing and began laying the groundwork for the possible termination of RG Steel’s pension plans before the transaction closed. Termination

would have fixed the liability for the then-\$70 million pension underfunding with Defendants.

In early January 2012, Renco and Cerberus Capital Management, L.P. (“Cerberus”) began negotiations for Cerberus to loan RG Steel \$125 million in exchange for warrants giving Cerberus the option to buy 49% of RG Steel’s equity. Cerberus’s reluctance to make this investment, given RG Steel’s precarious financial condition (even with the additional capital infusion), eventually was overcome through Renco’s agreement to backstop a large portion of the loan with its own assets and to provide an additional \$60 million capital infusion in the months after the loan. However, instead of Cerberus taking warrants for 49% of RG Steel’s equity, Renco insisted that Cerberus accept 24.5% in direct equity and 24.5% in warrants. A warrants-only transaction would have left RG Steel in Renco’s controlled group, because Renco would have continued to own all of RG Steel’s equity until Cerberus actually exercised the warrants. The injection of direct equity into the transaction, at Renco’s insistence, allowed Renco to escape responsibility for the pensions by dropping its ownership of RG Steel to below the 80% controlled-group threshold.

Renco’s plan to avoid liability for the RG Steel pension plans would have been defeated if PBGC terminated the plans before the transaction closed. To ensure that it won the race by severing its responsibility to the pension plans ahead of PBGC’s termination action, Renco misled PBGC about the status of the negotiations, including by failing even to disclose Cerberus’s name. In response to PBGC’s repeated inquiries in early January 2012, Renco consistently told PBGC that no transaction was imminent. Renco’s false assurances continued through the last business day before the transaction closed. Renco never revealed that it had reached a deal in principle with Cerberus or that during the entire week before closing, teams of lawyers were working day-and-night to prepare the deal documents.

Renco's false assurances worked. On the last business day before the closing, PBGC believed that time was still available to reach a settlement that would not require the termination of RG Steel's pension plans, only to learn, on the afternoon of January 17, that the transaction with Cerberus closed that morning, resulting in Renco's ownership in RG Steel falling below 80%, thus removing RG Steel from Renco's controlled group.

A mere five months later, RG Steel filed for bankruptcy and was liquidated. Without any solvent sponsor or controlled-group members, PBGC was required to terminate RG Steel's pension plans and pay benefits to retirees.

This sequence of events compels the conclusion that Renco engaged in the Cerberus transaction to evade RG Steel's pension liabilities, in violation of 29 U.S.C. § 1369, by removing its weak, financially teetering subsidiary from its controlled group and leaving PBGC to assume the underfunded pension obligations with minimal chance of recovery. The record confirms that Renco carefully structured the transaction to ensure that RG Steel left the Renco controlled group. When PBGC informed Renco that it was terminating RG Steel's pension plans and maturing Renco's liability before any transaction closed, the record confirms the depth of Renco's deception to PBGC about the transaction status to prevent PBGC from taking action.

### **FACTUAL BACKGROUND**

Plaintiff PBGC administers the pension insurance program created under Title IV of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").<sup>1</sup> Defendant Renco is a privately-held New York corporation, with its principal place of business is New York, New York. PBGC's Local Rule 56.1 Statement of Material Facts ("56.1 Statement") ¶ 2. Renco,

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<sup>1</sup> 29 U.S.C. § 1302(a) (2012).

through its subsidiaries and operating companies, employs approximately 14,000 people and generates revenues of about \$3.5 billion annually. *Id.* ¶ 3. Each of Ilshar Capital LLC; Blue Turtles, Inc.; Unarco Material Handling, Inc.; Inteva Products LLC; The Doe Run Resources Corporation; and US Magnesium LLC are members of Renco's controlled group. *Id.* ¶ 4.

**Renco Purchases the RG Steel Mills.**

Prior to March 2011, Renco formed RG Steel, a wholly-owned subsidiary. On or around March 1, 2011, RG Steel entered into a stock purchase agreement with Severstal US Holdings II, LLC, Severstal US Holdings, LLC, and Severstal Sparrows Point, LLC (collectively, "Severstal") to purchase the steel mill company Severstal Sparrows Point, LLC ("Sparrows"). *Id.* ¶ 9. Sparrows, in turn, owned the steel mill companies Severstal Warren, LLC and Severstal Wheeling, LLC. *Id.* RG Steel assumed responsibility for two defined-benefit pension plans sponsored by Severstal Wheeling, LLC and Severstal Warren, LLC (the "Pension Plans").<sup>2</sup> *Id.* ¶ 10. Each of the Pension Plans is covered by Title IV of ERISA. *Id.* ¶ 8.

Upon learning of the pending sale, PBGC promptly contacted Severstal and Renco and expressed PBGC's concerns about the sale's effect on the Pension Plans. *See id.* ¶ 11. Renco responded to PBGC's concerns with a letter assuring PBGC that it faced no additional risk, discussing the advantages of the transaction, noting that the Pension Plans were safely in Renco's controlled group, referencing the Renco controlled group's significant financial resources, and touting Renco's long-standing and good working relationship with PBGC. *Id.* ¶ 12. Based on Renco's assurances in this comfort letter and PBGC's due diligence, PBGC concluded that Renco could easily support the Pension Plans. *Id.* ¶¶ 12-13.

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<sup>2</sup> After the Severstal-Renco transaction closed, these plans were renamed the RG Steel Wheeling, LLC Pension Plan and the RG Steel Warren, LLC Hourly Employees Pension Plan.

**RG Steel Experiences Financial Distress.**

Almost immediately after the Renco-Severstal transaction closed, RG Steel encountered financial difficulty, requiring Renco to loan RG Steel approximately \$109.8 million between July 2011 and December 2011. *Id.* ¶ 15. Despite Renco’s loans, RG Steel’s financial distress increased, and Renco began exploring alternative sources of financing. *Id.* ¶ 16.

Because Renco did not want to invest any more of its own cash, Renco, RG Steel, and their advisors contacted at least twenty potential investors, including Cerberus, between November and December 2012, to discuss financing for RG Steel. *Id.* ¶¶ 16, 17. Renco initially solicited a \$200 million loan for RG Steel, secured by RG Steel’s assets only, a transaction that would not include the transfer of any RG Steel equity. *Id.* ¶ 16. Upon reviewing the proposed loan transaction, Cerberus, and all the other investors, declined to pursue any transaction with RG Steel. *Id.* ¶¶ 18, 21. Around the time that the investors passed on this initial proposal, RG Steel prepared for a bankruptcy filing. *Id.* ¶ 22.

**Renco Notifies PBGC of a Potential Transaction.**

In certain cases, ERISA requires a plan’s contributing sponsor to notify PBGC of a “reportable event” at least 30 days before the effective date of the event.<sup>3</sup> This includes notice of a transaction that will result in one or more persons ceasing to be members of the plan sponsor’s controlled group.<sup>4</sup> The advance notice is intended to give PBGC time to take appropriate actions to protect the plan participants and the Title IV insurance program.<sup>5</sup>

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<sup>3</sup> *See* 29 U.S.C. § 1343(b); 29 C.F.R. § 4043.61.

<sup>4</sup> 29 C.F.R. § 4043.62; *see also* 29 C.F.R. § 4043.29.

<sup>5</sup> *See* PBGC Form 10-Advance Instructions at 1, *available at* [http://www.pbgc.gov/documents/10\\_a\\_instructions.pdf](http://www.pbgc.gov/documents/10_a_instructions.pdf) (last visited June 5, 2014).

On December 16, 2011, Renco filed an Advance Notice of Reportable Events with PBGC (the “Notice”), notifying PBGC that RG Steel was in the market to raise capital, and that any such transaction could include Renco’s transfer of part of its equity interest in RG Steel to a private institutional investor. 56.1 Statement ¶ 19. According to the Notice, the proposed transaction could result in the removal of RG Steel from Defendants’ controlled group. Upon receiving the Notice, PBGC immediately became concerned. The Pension Plans were significantly underfunded and, if the Pension Plans were separated from the Renco controlled group and RG Steel’s business failed, PBGC would have no available source from which to recover the Pension Plans’ unfunded liabilities. Therefore, PBGC sent Renco a request for information necessary to evaluate the proposed transaction. *Id.* ¶ 20.

**Cerberus and Elliott Commence Due Diligence.**

Following the submission of the Notice to PBGC, Ira Rennert, the Chairman of Renco, contacted Steven Feinberg, the Chief Executive Officer of Cerberus, to propose a revised transaction. *Id.* ¶ 23. Renco proposed that Cerberus loan \$125 million to RG Steel in exchange for 50% of RG Steel’s equity. *Id.* Importantly, and in contrast to Renco’s earlier proposal, the new proposal provided significant collateral and other guarantees and credit support from Renco. *Id.* ¶ 43; *see id.* ¶ 18. On January 4, 2012, Cerberus and Renco met to discuss the proposed transaction. Thereafter, Cerberus resumed its diligence on an expedited basis. *Id.* ¶ 24.

While Renco resumed discussions with Cerberus, Renco also pursued discussions with another party – Elliott Capital Management (“Elliott”). *Id.* ¶ 25. On January 4, 2012, Elliott issued a term sheet to Renco for a proposed transaction. Elliott proposed loaning RG Steel \$125 million in exchange for security interests and warrants to purchase 39% of RG Steel’s equity. *Id.*

Also on January 4, representatives of PBGC and Renco held a conference call to discuss the status of the potential transaction. *Id.* ¶ 26. Renco indicated that it was negotiating with two unnamed potential investors and that a transaction could be agreed upon during the week ending January 13, 2012, with the financial close during the following week or two. *Id.* ¶ 27. PBGC again expressed to Renco its concern that any such transaction exposed PBGC to a significantly increased risk of loss if the Pension Plans exited the Renco controlled group. *Id.* ¶ 28.

The next day, January 5, 2012, PBGC sent Renco an email reiterating PBGC's concerns about the potential transaction. *Id.* ¶ 29. Because PBGC was concerned about RG Steel leaving Defendants' controlled group, PBGC proposed that Renco guarantee the Pension Plan liabilities. Under the guarantee, the Defendants would remain jointly and severally liable for the Pension Plans' termination liabilities even after a transaction that removed RG Steel from Renco's controlled group. The economic effect of PBGC's proposed guarantee would be to keep the Pension Plans within the Renco controlled group. PBGC concluded by requesting additional information, including RG Steel's financial projections. *Id.*

On January 6, 2012, Dana Cann, the senior financial analyst on the case for PBGC, asked Renco for an update on the status of the potential transaction. *Id.* ¶ 30. Renco responded that there was nothing new to report, and that negotiations were continuing. *Id.* That afternoon, Mr. Cann emailed Renco a follow-up letter, once again discussing PBGC's concerns about the proposed transaction and restating PBGC's desire that Renco guarantee the pension liabilities. *Id.* ¶ 31. In that letter, PBGC noted that the Pension Plans were underfunded by about \$70 million. *Id.* PBGC also issued an administrative subpoena to Renco, requesting additional information about the potential transaction and its impact on the Pension Plans. *Id.* ¶ 32.

### **PBGC Prepares to Terminate the Pension Plans.**

Title IV of ERISA provides the exclusive means of terminating a covered, defined-benefit pension plan.<sup>6</sup> PBGC may initiate termination of an underfunded plan if it determines that one of the four criteria set forth in 29 U.S.C. § 1342(a) is met. Importantly, PBGC can initiate termination where PBGC's possible long-run loss with respect to a plan may reasonably be expected to increase unreasonably absent plan termination.<sup>7</sup>

PBGC follows an established administrative process to determine whether PBGC should initiate termination of a plan.<sup>8</sup> PBGC staff collects and examines relevant information and prepares a written recommendation that PBGC should initiate termination of the plan. Typically, the staff presents its recommendation to the Trusteeship Working Group ("TWG") – an interdisciplinary body comprised of representatives from PBGC's financial, actuarial, policy, and legal offices – which considers the recommendation, and then makes its own recommendation.<sup>9</sup> The TWG then transmits its recommendation and supporting documents to the "deciding official."<sup>10</sup> In situations of exigency, the staff can seek approval to bypass the TWG process.<sup>11</sup>

After the TWG transmits its recommendation, or the TWG process is bypassed pursuant

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<sup>6</sup> 29 U.S.C. § 1341(a)(1); *see also Hughes Aircraft Co. v. Jacobson*, 525 U.S. 432, 446 (1999).

<sup>7</sup> 29 U.S.C. § 1342(a)(4).

<sup>8</sup> PBGC Directive TR-00-2, Termination and Trusteeship of Single-Employer Pension Plans, issued August 30, 2011 ("PBGC Directive TR-00-2"), attached as Exhibit 42 to the Decl. of John A. Menke in Support of PBGC's Motion for Summary Judgment (hereinafter "Menke Decl.").

<sup>9</sup> *Id.* §§ 6(k), 7.

<sup>10</sup> *Id.* § 8(a).

<sup>11</sup> *Id.* § 10(a).

to the exigency procedures, the deciding PBGC official – in this case, PBGC’s Director – will review the recommendation and supporting documents, and determine whether the plan should be terminated. The deciding official also determines the appropriate plan termination date that should be proposed to the plan administrator. The decision is documented in a Termination and Trusteeship Decision Record (“TDR”) and a Notice of Determination (“NOD”).<sup>12</sup> PBGC notifies the plan administrator of its determination by issuing the NOD.<sup>13</sup>

From the time PBGC received the Notice, it was concerned about the impact of any transaction on the Pension Plans. These concerns only increased as PBGC collected additional information from Renco and learned of RG Steel’s dire financial condition and the risks that separating the Pension Plans from the Renco controlled group meant for PBGC’s bottom line. *Id.* ¶ 33. Of course, PBGC is well aware of the powerful negative impacts that pension plan termination can have on the target company, particularly weak companies like RG Steel. Because of these impacts, which in extreme cases can include the disruption of efforts to obtain new financing, and even the collapse of the business and the loss of jobs, PBGC seeks every option available to it to protect its interests short of plan termination.

In this case, in an attempt to avoid the “nuclear option” of plan termination, PBGC diligently pursued a settlement with Renco, which would have obviated the need to terminate the Pension Plans. Due to concerns about when the transaction might close, however, PBGC commenced the termination process so that it was ready, if necessary, to initiate termination of the Pension Plans before any transaction could occur. Termination of the Pension Plans would

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<sup>12</sup> *Id.* at §§ 6(f), (h).

<sup>13</sup> *See* 29 U.S.C. § 1342(c).

have made Renco liable for the Pension Plans' underfunding, even if RG Steel were to later leave Renco's controlled group, thereby protecting against PBGC's long-run loss. *See id.* ¶ 34.

On January 6, 2012, the PBGC case team notified PBGC's public affairs department about the potential termination – allowing time to arrange for publishing notice of PBGC's decision. *Id.* ¶ 35. Over the weekend of January 7 and 8, the case team drafted the memorandum recommending that PBGC initiate termination of the Pension Plans. *Id.* ¶ 36. Because of the uncertainty surrounding the timing of the transaction close, the case team obtained approval to bypass the TWG using exigency procedures. *Id.* ¶ 37.

**Events during the Week of January 9 to 13, 2012.**

During the conference call on January 4, 2012, Renco had told PBGC that it might reach agreement on a RG Steel transaction during the week of January 13, 2012, with the closing to occur a week or two thereafter. On January 6, Renco sent PBGC a presentation listing the potential transaction closing date as January 10, with a notation that the date was a “placeholder.” *Id.* ¶ 38. Therefore, on January 9, PBGC again contacted Renco to determine the status of the potential transaction. Ari Rennert, Renco's President, responded:

Nothing is imminent . . . . One of the two parties is scheduled to go down to meet with the management team for further diligence Wednesday or Thursday this week. They have indicated to us that they need approximately two more weeks to complete their diligence process. The other party who is further along from a diligence perspective has not sent us documentation and has not indicated when we should receive it. I thought we received a term sheet from this group but we in fact have not. Considering the discussions with this group last week the status of this transaction is unclear. Rest assured we will work with you and keep you apprised as soon as we learn anything.

*Id.* ¶ 39. Later that morning, PBGC had a conference call with Renco and its advisors. During the call, Renco relayed the same message about the status of the potential transaction. *Id.* ¶ 40. PBGC again asked Renco to consider a guarantee, which would mitigate PBGC's concerns. *Id.*

Unbeknownst to PBGC, immediately following the e-mail exchange and phone conversation on Monday, January 9, a great deal of activity occurred between Renco and Cerberus:

- **Monday, January 9:** Renco and Cerberus both formed legal teams and instructed them to begin working around the clock to prepare documentation so that the financing transaction could close as soon as possible. *Id.* ¶ 41.
- **Tuesday morning, January 10:** Renco and Cerberus reached an agreement in principal on the significant terms of the transaction. *Id.* ¶ 42. Cerberus prepared a term sheet reflecting the major terms – Cerberus would loan \$125 million to RG Steel in exchange for, *inter alia*, a second lien on all of RG Steel's assets and "penny" warrants for 49% of Renco's equity interest in RG Steel. *Id.* ¶ 43. Renco agreed to subordinate a \$100 million loan it had already made to RG Steel to the new loan from Cerberus, to provide security and guarantees for \$62.5 million of the new loan, and either to directly provide \$60 million of additional liquidity to RG Steel, or to provide security for an additional loan of \$60 million from Cerberus to RG Steel. *Id.*
- **Tuesday afternoon, January 10:** Renco contacted Wells Fargo, the co-agent for RG Steel's senior lending group. Renco informed Wells Fargo that it had reached a deal with Cerberus for additional, second lien financing for RG Steel and provided a detailed list of items that would be required from RG Steel's first-lien bank lenders to accommodate the Cerberus transaction. Renco asked that "Lender[] approval be obtained immediately." *Id.* ¶ 44.
- **Wednesday, January 11:** RG Steel's restructuring advisor Conway Mackenzie asked whether there would be a public announcement of the contemplated Cerberus transaction, and indicated that RG Steel could not "string" Elliott along any further without "incurring damage." In response, James Reitzig of Renco told Conway Mackenzie that he had notified Elliott that it "should not spend significant time or money on this opportunity." *Id.* ¶ 45.

Despite its promise to keep PBGC informed, Renco never called PBGC about any of these developments.

**Renco Insists that Cerberus Take Direct Equity in RG Steel.**

After reaching the agreement in principle, Cerberus prepared a draft term sheet reflecting its receipt of penny warrants for 49% of RG Steel's equity. *Id.* ¶ 43. Thereafter Cerberus's counsel prepared transaction documents consistent with Cerberus's receipt of two tranches of warrants, each for 24.5% of the RG Steel equity. *Id.* ¶ 46. After reviewing and editing the transaction documents on Wednesday evening, January 11, Michael Ryan, Renco's lead counsel, contacted counsel for Cerberus and insisted that Cerberus take 24.5% in RG Steel membership units (actual equity) and 24.5% in warrants. *Id.* Mr. Ryan viewed the warrants that Cerberus wanted as being equivalent to direct equity because the warrants participated in distributions and carried consent rights.<sup>14</sup> *Id.* ¶ 47. Mr. Ryan knew that the transfer of 24.5% of RG Steel's direct equity would break Renco from the RG Steel controlled group, but that Cerberus's receipt of warrants for 49% of RG Steel may not break the controlled group. *Id.* Mr. Ryan wanted to avoid giving PBGC any argument that Renco remained in RG Steel's controlled group after the financing transaction was closed. *Id.*

Nevertheless, Cerberus resisted accepting any direct equity in RG Steel. On Thursday, January 12, 2012, Daniel Wolf, the President of Cerberus's financing affiliate, protested that "[w]e have always discussed warrants. We are a lender and should [not] be forced to hold direct equity. That was always the discussion." *Id.* ¶ 48. Indeed, this dispute about equity and warrants continued to be actively discussed as of the morning of January 13. *Id.* ¶ 49.

PBGC knew nothing of these developments between Renco and Cerberus, and, despite Renco's promise on Monday, January 9, to keep PBGC informed, Renco did not contact PBGC

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<sup>14</sup> Tellingly, Mr. Ryan did not insist that Cerberus take all 49% as direct equity, but only 24.5% of the warrants, just enough to break the controlled group, even though Cerberus's remaining warrants similarly participated in distributions and carried consent rights. *Id.* ¶¶ 81-82.

or comment on the guarantee that PBGC had proposed. *Id.* ¶ 50. Despite silence from Renco, PBGC continued on its dual track of seeking a settlement from Renco and preparing to terminate the Pension Plans in the event Renco refused to continue to back the plans. *Id.* Between January 11 and 13, the PBGC case team circulated its termination recommendation (and accompanying exigency memos) for the necessary review and approval. *Id.* ¶ 51. This process culminated in PBGC's Director signing the TDR and his decision to "Approve [the] Request to Terminate" the Pension Plans on the morning of January 13, 2012. *Id.* ¶ 52. At that point, the only remaining steps required to effect termination were for PBGC's Director to sign the NODs,<sup>15</sup> and for PBGC to issue the NODs to the plan administrators and notify the plan participants and beneficiaries of the termination.<sup>16</sup> *Id.* ¶ 53.

#### **The January 13, 2012 Calls between PBGC and Renco.**

On the morning of Friday, January 13, 2012, after PBGC's Director approved termination of the Pension Plans, PBGC decided to make one final attempt to talk to Renco about guaranteeing the Pension Plans' liabilities. *Id.* ¶ 54. PBGC's senior financial analyst, Dana Cann, called Renco to discuss the situation. *Id.*

Mr. Cann first spoke with John Grimaldi, a Vice President at Renco and the contact person Renco identified for PBGC in the Notice. *Id.* ¶ 55. Mr. Cann informed Mr. Grimaldi that PBGC was moving to terminate the Pension Plans before any RG Steel transaction breaking the Renco controlled group could occur. *Id.* Mr. Cann explained that PBGC would stop its

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<sup>15</sup> The First Amended Complaint erroneously states that PBGC's Director signed the NODs. PBGC's Director actually signed his approval to terminate the Pension Plans, but not the NODs.

<sup>16</sup> PBGC typically notifies participants through newspaper publication. Here, the case team worked with PBGC's press department to arrange such publication. By January 13, the team had approved the draft notice, leaving the final step of arranging space once the NODs were signed.

termination action if Renco provided a guarantee of the Pension Plans' liabilities, or, short of a guarantee, entered into a stand-still agreement to maintain the status quo and allow time for a negotiated resolution. *Id.* ¶ 56. Mr. Grimaldi relayed this information to Ari Rennert, Renco's President, and Ira Rennert, Renco's Chairman. *Id.* ¶ 57.

Almost immediately thereafter, around 10:00 am, Ari Rennert and Ira Rennert called Mr. Cann. *Id.* ¶ 58. During this call, Mr. Cann reiterated to the Rennerts that PBGC was prepared to terminate the Pension Plans unless Renco provided a guarantee or entered into a standstill agreement. *Id.* ¶ 59. Ari Rennert responded that "no transaction was about to happen, that a transaction was dead." *Id.* ¶ 60. The Rennerts asked PBGC not to proceed with termination, explained the grave consequences of any termination action, and asked Mr. Cann to send a draft standstill agreement for their review. *Id.* ¶ 61. Contemporaneous writings memorializing the phone call reflect that the Rennerts also stated that equity was no longer part of the transaction, and that Renco would consider the standstill agreement. *Id.* ¶ 62.

Based on the Rennerts' statements that no transaction was imminent and that Renco would consider a standstill agreement with PBGC, PBGC's counsel prepared a draft standstill agreement, which Mr. Cann sent, as requested, to Ari Rennert in the afternoon of January 13. *Id.* ¶ 63. In response, Mr. Rennert acknowledged receipt of the agreement, and stated that he would forward it to Renco's attorneys for review and then "revert back" to PBGC. *Id.* ¶ 64. Because PBGC believed the Rennerts' statements that the transaction was not imminent and that Renco was amenable to discussing the standstill agreement, PBGC decided to suspend the termination process for the Pension Plans. *Id.* ¶ 65.

But what the Rennerts did not tell Mr. Cann, despite having assured him and PBGC only days before that they would "keep [PBGC] apprised as soon as [they] learn anything," was the

truth about how the transaction status had changed during that week. *Id.* ¶ 66. The Rennerts did not tell PBGC that Renco and Cerberus had been documenting the financing transaction since at least January 10. *See id.* ¶¶ 41, 67. They did not tell PBGC that the Elliott deal was “dead” because Renco was sufficiently assured that it had a deal with Cerberus and did not want to “string [Elliott] along further,” for fear of “incurring damage.” *Id.* ¶ 68. The Rennerts did not tell PBGC that Renco had asked RG Steel’s lending group to modify their credit facility to accommodate the transaction. *Id.* ¶ 69. And the Rennerts did not tell PBGC that Renco’s counsel had insisted that Cerberus should receive equity rather than warrants to ensure that RG Steel was severed from Renco’s controlled group. *Id.* ¶¶ 70, 46-47. Had the Rennerts conveyed to PBGC even a fraction of these developments reflecting the true status of the transaction, PBGC would have terminated the Pension Plans immediately. *Id.* ¶ 65.

#### **Renco Completes the Transaction with Cerberus.**

At the same time Ari Rennert told Mr. Cann during the Friday morning call that no transaction “was about to happen,” Renco’s counsel was working with Cerberus’s counsel to resolve the remaining deal issues. *Id.* ¶ 71. About an hour after the PBGC call, Cerberus’s counsel emailed Renco’s counsel a summary of certain open issues and proposed resolutions, including a statement that “[i]f the initial funding and Closing Date is Tuesday, Cerberus expects that funding on Term Loan A will occur two Business Days later (Thursday).” *Id.* ¶ 72.

While Renco and Cerberus did reach a temporary impasse in negotiations later on Friday afternoon and Cerberus instructed its counsel to stop work, Renco’s counsel never stopped working on the deal and continued to send revised documents to Cerberus and its counsel. *Id.* ¶ 73. As Mr. Ryan later explained, he “was comfortable that Renco wanted to continue to get a deal done.” *Id.* ¶ 74. A mere five minutes after the impasse began, Daniel Wolf of Cerberus

called Ari Rennert to open “back channel” discussions to revive the deal. *Id.* ¶ 75. They swiftly arranged a meeting of the principals to resolve their disputes at the next available opportunity, the evening of Saturday, January 14, 2012. *Id.* ¶ 76.

At the January 14 meeting, Renco and Cerberus resolved their open issues in less than one hour. *Id.* ¶ 77. Thereafter, Renco and Cerberus instructed their counsel to continue working around the clock toward a closing as soon as possible. *Id.* ¶ 78. On Tuesday, January 17, the first business day after PBGC sent the standstill agreement to Renco, Renco closed a deal with Cerberus, resulting in Renco’s ownership of RG Steel being reduced to 75.5%, with 24.5% of the ownership going to Cerberus (the “Transaction”). *Id.* ¶ 81.

Though Renco and Cerberus were busily working on closing the Transaction, Renco still never updated PBGC.<sup>17</sup> Even as Mr. Cann and Ari Rennert exchanged emails on the morning of January 17, to schedule a time to discuss the standstill, Ari Rennert did not mention the imminent closing. *Id.* ¶¶ 83-84. Only after the Transaction closed, and RG Steel was severed from Renco’s controlled group, did Ari Rennert inform Mr. Cann of the Transaction. *Id.* ¶ 85.

#### **RG Steel’s Bankruptcy and Termination of the Pension Plans.**

Less than five months after the close of the Transaction, RG Steel declared bankruptcy and its assets were subsequently liquidated. *Id.* ¶¶ 90-91. In November 2012, PBGC took responsibility for each Pension Plan pursuant to 29 U.S.C. § 1342(c) and established August 31, 2012, as each Pension Plan’s termination date. *Id.* ¶ 92.

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<sup>17</sup> Before the Transaction closed, Renco never identified Cerberus to PBGC as a potential investor. Similarly, Renco did not inform Cerberus that PBGC was reviewing the potential transaction, or that PBGC had stated its intention to terminate the Pension Plans. *Id.* at ¶ 86.

## ARGUMENT

Summary judgment is appropriate where, as here, “the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law.”<sup>18</sup> The movant may show its entitlement to judgment as a matter of law by identifying the pleadings, depositions, interrogatory answers, and admissions that, together with any affidavits, “demonstrate the absence of a genuine issue of material fact.”<sup>19</sup> To defeat summary judgment, the non-moving party must “come forward with specific evidence demonstrating the existence of a genuine dispute of material fact.”<sup>20</sup> Affidavits or declarations in opposition must be made on personal knowledge and properly supported.<sup>21</sup> No dispute is “genuine” unless “the evidence is such that a reasonable [fact-finder] could return a verdict for the non-moving party,” and no fact is “material” unless its existence “might affect the outcome of the suit under [] governing law.”<sup>22</sup>

### **I. PBGC IS ENTITLED TO SUMMARY JUDGMENT ON ITS CLAIM AGAINST DEFENDANTS FOR LIABILITY UNDER 29 U.S.C. § 1369.**

#### **A. The Standard for Liability under 29 U.S.C. § 1369.**

Under Title IV of ERISA, when a covered pension plan terminates, the plan sponsor and each controlled-group member become jointly and severally liable to PBGC for, *inter alia*, the

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<sup>18</sup> FED. R. CIV. P. 56(a).

<sup>19</sup> *Celotex Corp. v. Catrett*, 477 U.S. 317, 323 (1986); *see FDIC v. Great Am. Ins. Co.*, 607 F.3d 288, 292 (2d Cir. 2010).

<sup>20</sup> *Great Am. Ins. Co.*, 607 F.3d at 292 (citing *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249 (1986)).

<sup>21</sup> FED. R. CIV. P. 56(c)(4).

<sup>22</sup> *Anderson*, 477 U.S. at 248; *see also Scott v. Harris*, 550 U.S. 372, 378 (2007) (a court must view the facts and draw reasonable inferences in the light most favorable to the non-movant).

plan's unfunded benefit liabilities.<sup>23</sup> Under 29 U.S.C. § 1369, a plan sponsor will have the same liability to PBGC if it enters into a transaction with a principle purpose of evading pension liability and the pension plan terminates within five years.<sup>24</sup>

The seminal case analyzing liability under section 1369 is *PBGC v. White Consolidated Industries*,<sup>25</sup> where the Third Circuit addressed whether a company's sale of its unprofitable and pension-burdened subsidiary to an undercapitalized buyer violated section 1369.<sup>26</sup> In affirming the liability, the Third Circuit referenced numerous notes and memoranda in the record, revealing the seller's awareness of the possibility of plan termination before the transaction took place, and found that the seller's lawyers structured the deal to "minimize [the seller's] unfunded pension liability exposure" and "maximize[e] protection from being held responsible for the unfunded pension liabilities."<sup>27</sup> As the Third Circuit noted, the transaction was "clearly structured . . . to shift as much of the unfunded pension responsibility as possible to [the buyer] in the event of termination" and the seller "was aware of the ways in which it might be held liable for its past unfunded pension liabilities and took steps to transfer those liabilities and prevent the plans from terminating while it still might be held partially or fully responsible."<sup>28</sup>

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<sup>23</sup> 29 U.S.C. § 1362(a), (b); *see also* 29 U.S.C. § 1307 (providing joint and several liability for statutory premiums).

<sup>24</sup> 29 U.S.C. § 1369(a) (applicable to both plan sponsors and members of their controlled group).

<sup>25</sup> *PBGC v. White Consol. Indus.*, 215 F.3d 407 (3d Cir. 2000) ("WCI I") (affirming liability under 29 U.S.C. § 1369); *PBGC v. White Consol. Indus.*, 998 F.2d 1192 (3d Cir. 1993) ("WCI I") (reversing order granting defendants' motion to dismiss).

<sup>26</sup> *WCI II*, 215 F.3d at 413-14.

<sup>27</sup> *Id.* at 415-16.

<sup>28</sup> *Id.* at 417-18.

Taken together, this evidence established that the seller sought “the transfer of a group of failing businesses as a means of evading pension liabilities associated with those businesses.”<sup>29</sup>

It is also instructive to review case law interpreting section 1369’s analog in the context of multiemployer pension plans, 29 U.S.C. § 1392. Section 1392 imposes withdrawal liability on any party who enters a transaction with “a principal purpose . . . to evade or avoid [that withdrawal] liability.”<sup>30</sup> “The imposition of withdrawal liability in a sale of business situation requires only that *a* principal purpose of the sale be to escape withdrawal liability.”<sup>31</sup> As a result, courts have recognized that a transaction may have several principal purposes: “one purpose may motivate an employer’s decision to conduct a transaction, while another purpose may motivate the decision about how to structure this transaction.”<sup>32</sup> So long as one of those principal purposes is to evade pension liability, an ERISA violation has occurred.

#### **B. The Renco-Cerberus Transaction Satisfies the Section 1369 Criteria.**

This case represents the paradigm situation Congress sought to prevent by enacting section 1369 – a strong company engaging in a transaction with a principal purpose of evading

<sup>29</sup> *Id.* at 418.

<sup>30</sup> 29 U.S.C. § 1392(c).

<sup>31</sup> *Santa Fe Pac. Corp. v. Cent. States, Se. & Sw. Areas Pension Fund*, 22 F.3d 725, 727 (7th Cir. 1994) (“[W]e would be doing violence to the language and the purpose of the statute if we read ‘a principal’ as ‘the principal.’”); *see also SUPERVALU, Inc. v. Bd. of Trs. of the Sw. Pa. and W. Md. Area Teamsters & Emp’rs Pension Fund*, 500 F.3d 334, 343 (3d Cir. 2007) (“The ‘statutory criterion is not whether the transaction is a sham, having no purpose other than to defeat the goals of [ERISA] . . . . It is whether the avoidance of withdrawal liability . . . is one of the principal purposes of the transaction.’”) (quoting *Santa Fe Pac. Corp.*, 22 F.3d at 729-30).

<sup>32</sup> *Lopresti v. Pace Press, Inc.*, 868 F. Supp. 2d 188, 201 (S.D.N.Y. 2012); *see also Santa Fe Pac. Corp.*, 22 F.3d at 728-29 (noting that after defendant decided to dispose of its subsidiary, it structured the transaction to evade pension liability).

its legal responsibilities for a weak subsidiary's pension plans.<sup>33</sup> In the Transaction, the financially-strong Renco, with annual revenues of about \$3.5 billion, transferred just enough equity to remove RG Steel from Renco's controlled-group. 56.1 Statement ¶¶ 3, 81-82. RG Steel, which had been undercapitalized since its formation, was left as the sole source of financial support for the Pension Plans.<sup>34</sup> Although this backdrop alone supports an inference of liability under section 1369, PBGC need not rely upon inference – the undisputed record reflects Renco's deliberate intent to evade liability for the Pension Plans.<sup>35</sup>

To prevail on its motion, PBGC must establish that the Transaction satisfies a two-part test. First, the Court will make an objective determination of whether the Pension Plans terminated within five years of the Transaction.<sup>36</sup> Second, the Court will make a subjective determination of whether Renco had a principal purpose to evade or avoid the Pension Plan liabilities.<sup>37</sup> In making this subjective determination, the Court will look to Renco's "intent at

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<sup>33</sup> See H.R. REP. NO. 99-241, pt. 2, at 32-33 (1985), *reprinted in* 1986 U.S.C.C.A.N. 685, 690-91. PBGC should "carefully scrutinize" transactions, "especially where a financial connection exists or has existed between the companies." *Id.* at 55-56, 1986 U.S.C.C.A.N. at 713-14.

<sup>34</sup> Congress targeted companies that dumped underfunded pensions on "thinly-capitalized" companies that had "little chance . . . to successfully continue in business." H.R. REP. NO. 99-241, pt. 2, at 33, 1986 U.S.C.C.A.N. at 691; *see also* H.R. REP. NO. 99-300, at 279 (1985), *reprinted in* 1986 U.S.C.C.A.N. 756, 930 ("Legislation is also needed to provide an explicit prophylactic rule to protect the [PBGC's] insurance program from companies that transfer large amounts of unfunded benefits to a weaker company or that otherwise attempt to evade [pension] liability . . .").

<sup>35</sup> Renco's actions also frustrate a broader objective of ERISA – "that solvent employers pay for the benefits promised to their employees . . ." See H.R. REP. NO. 99-241, pt. 2, at 32, *reprinted in* 1986 U.S.C.C.A.N. at 690.

<sup>36</sup> See *WCI II*, 215 F.3d at 413-14 (noting that section 1369 provides an objective five-year test).

<sup>37</sup> See *id.*

the time the parties ‘enter[] into’ the challenged transaction.”<sup>38</sup>

**1. The Pension Plans Terminated Within Five Years of the Transaction.**

It is undisputed that the Pension Plans terminated within five years after the Transaction. The Pension Plans terminated effective August 31, 2012, less than one year after the January 17, 2012 closing date. 56.1 Statement ¶ 92. And RG Steel failed even sooner. On May 31, 2012, *less than five months* after the Transaction, RG Steel filed bankruptcy and commenced its liquidation. *Id.* ¶¶ 90-91.

**2. Renco Entered Into the Transaction with A Principal Purpose of Evading RG Steel’s Pension Liability.**

The record establishes that Renco entered into the Transaction with a principal purpose of evading liability for the Pension Plans. Since Renco formed RG Steel, it had been a financial drain on Renco. *Id.* ¶¶ 14-15. By December 2011, RG Steel’s financial situation was dire – it could not pay its bills and was preparing for bankruptcy. *See id.* ¶ 22. Facing the prospect of losing its investment, but unwilling to directly invest more of its own money, Renco sought a third-party to finance RG Steel. *See id.* ¶¶ 16, 19. Its efforts were initially unsuccessful – no financing party wanted to risk a significant amount of its own money through a loan to RG Steel. Only after Renco designed a transaction that would remove RG Steel from Renco’s controlled group, thereby freeing up tens of millions of dollars that would have been earmarked for pension liabilities, and then agreed to indirectly invest those savings into RG Steel, did a transaction become possible. The evidence shows that Renco embarked on a course of action with a principal purpose of removing RG Steel from Renco’s controlled group and avoiding RG Steel’s pension liabilities.

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<sup>38</sup> *WCI I*, 998 F.2d at 1198 (alteration in original).

***a. Renco Informed PBGC of Its Intention to Break the Controlled Group.***

As an initial matter, Renco was keenly aware that the transaction could result in breaking RG Steel away from Renco’s controlled group (and keenly aware of what that meant for Renco – an escape from financial responsibility for the Pension Plans). *Id.* ¶¶ 19, 47. Renco filed the Notice with PBGC to that effect on December 16, 2011. *Id.* ¶ 19. The Notice announced that RG Steel was seeking additional financing from investors, and that any transaction could result in Renco and the other Defendants leaving RG Steel’s controlled group. *Id.* Moreover, PBGC expressly informed Renco of the Pension Plans’ \$70 million in unfunded benefit liabilities well before the Transaction closed. *Id.* ¶ 31. Renco was further aware of the prospect of withdrawal liability due to RG Steel’s participation in the multiemployer Steelworkers Pension Trust.<sup>39</sup> *Id.* ¶ 87.

***b. Renco Insisted on Structuring the Transaction to Break the Controlled Group.***

Despite RG Steel’s need for liquidity, Renco declined to directly loan any additional money to RG Steel or to make an additional capital investment in RG Steel. Instead, Renco sought a financing transaction that could be structured to remove RG Steel from Renco’s controlled group, thereby freeing Defendants from RG Steel’s pension albatross.<sup>40</sup> The record amply and indisputably reflects Renco’s insistence on structuring the transaction with Cerberus in a specific way to remove RG Steel from Renco’s controlled group.

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<sup>39</sup> Following RG Steel’s bankruptcy filing, the Steelworkers Pension Trust demanded payment from Renco for \$85 million in withdrawal liability.

<sup>40</sup> *See WCI II*, 215 F.3d at 414 (noting that evasion of pension liabilities “played a major role in shaping the terms of that transaction”).

After initially rejecting any transaction with RG Steel, Cerberus later agreed to loan RG Steel \$125 million in exchange for a second-position lien on RG Steel's assets, various collateral and protection from Renco, and penny warrants for 49% of RG Steel's equity.<sup>41</sup> *Id.* ¶¶ 42-43. But after agreeing to these terms, Renco discovered a problem. *See id.* ¶¶ 46-47.

The rules governing ERISA controlled-group relationships are complex. Before the Transaction, Renco indirectly owned 100% of the membership interests in RG Steel. Generally, to remove RG Steel from Renco's controlled group, Renco would need to transfer more than 20% of its ownership interest in RG Steel to Cerberus.<sup>42</sup> But the warrants that Cerberus wanted were simply options to buy stock; the company granting warrants does not part with the actual ownership of the stock covered by the warrants until they are exercised.<sup>43</sup> Renco's transfer of warrants to Cerberus, therefore, would not reduce Renco's 100% ownership of RG Steel unless and until Cerberus actually exercised the warrants.<sup>44</sup>

Early in the drafting process, Renco's counsel recognized that Cerberus's receipt of warrants would not remove RG Steel from Renco's controlled group. *Id.* ¶ 47. Therefore, Renco's counsel insisted that Cerberus take 24.5% of RG Steel's direct equity. *Id.* ¶¶ 46-47, 70.

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<sup>41</sup> Cerberus initially rejected any transaction with RG Steel, even for significant equity; the important characteristic of the Transaction for Cerberus appears to be that Renco provided collateral and other protection directly to Cerberus. Indeed, Cerberus valued all of RG Steel's equity at a mere \$200,000. 56.1 Statement ¶ 88.

<sup>42</sup> *See, e.g.*, 29 U.S.C. § 1301(a)(14); 29 C.F.R. § 4001.3 (defining "controlled group" through reference to 26 U.S.C. § 414 and the regulations thereunder); *see also* 26 C.F.R. § 1.414(c)-2 (test for determining trades or businesses under common control).

<sup>43</sup> *See* 26 C.F.R. § 1.414(c)-4(b)(1).

<sup>44</sup> *See id.* Given RG Steel's continuing deterioration after the Transaction, it is unlikely that Cerberus would have exercised any of the warrants. Indeed, Cerberus never exercised the tranche of warrants for 24.5% of RG Steel's equity that it did receive.

Cerberus initially rejected this request, explaining that Cerberus had always discussed warrants and that, as a lender, Cerberus should not “be forced to hold direct equity.” *Id.* ¶ 48. Despite Cerberus’s firm rejection, Renco’s counsel repeatedly returned to the warrants/equity issue, and sought to reintroduce direct equity into the deal terms. *See id.* ¶ 49. Renco’s counsel later noted that it was “important to demonstrate that Renco has less than 80% of [RG Steel’s] capital,” and that such demonstration was “relevant to control group analysis.”<sup>45</sup>

This evidence shows that Renco insisted on direct equity for the express purpose of removing RG Steel from Renco’s controlled group. During his deposition, Mr. Ryan, Renco’s lead counsel in negotiating the Transaction,<sup>46</sup> forthrightly explained why Renco insisted that Cerberus receive 24.5% of RG Steel’s direct equity:

I also said in that conversation [with Cerberus’s counsel] that I was mindful of the fact that my client was giving up 49 percent of the ownership interest in RG Steel, and that my understanding of ERISA was that giving up 49 percent ownership interest would break Renco out of the RG Steel control group. And that I believed that the documents should reflect the fact that what were labeled as warrants were actually LLC interests both because that's what they were and because I wanted to protect my client from the possibility that someone can make an argument later on or the PBGC can make an argument later on that something that was permanent capital would have one result for control group purposes merely because it was mislabeled as a warrant.

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[W]e were aware that Renco was entering into a transaction where it was giving up 49 percent of the ownership interest in RG Steel, and that, as I understood the law, when they gave up 49 percent of the ownership interest, that would remove Renco from

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<sup>45</sup> Menke Decl. Ex. 17, Deposition of Michael Ryan at 146-47; Menke Decl. Ex. 41 at CWT 007795; Menke Decl. Ex. 43 at RENCO0001186.

<sup>46</sup> Mr. Ryan currently is Renco’s General Counsel, but, at the time of the Transaction, he was Renco’s lead counsel at the firm Cadwalader Wickersham & Taft LLP. Ira Rennert testified that he always considered Mr. Ryan to be Renco’s “outside general counsel.” 56.1 Statement ¶ 46.

RG Steel's control group. And that although I did not believe it would make any sense that because something was labeled a warrant as opposed to equity, it would affect a different outcome for purposes of control group analysis, for the sake of clarity and to avoid any crazy argument sometime down the road, we would prefer to label the permanent capital as LLC and not warrants.<sup>47</sup>

This testimony reflects that Renco was intent on structuring the Transaction to break the controlled group.<sup>48</sup> And while Mr. Ryan expressed his view that Cerberus's warrants had the same economic effect as owning direct equity due to their participation in distributions and consent rights, the warrants were not the same as direct equity for controlled-group purposes. Moreover, Renco did not insist that Cerberus re-label **all** of its warrants as direct equity, only the 24.5% necessary to break the controlled group.<sup>49</sup> *Id.* ¶¶ 46, 81-82.

The equity/warrant disagreement continued until January 15, 2012, when Renco and Cerberus instructed their counsel to resolve the issue. *Id.* ¶ 79. After Cerberus became comfortable that it would not incur liability for RG Steel's pension plans as a result of the direct-equity transfer, it agreed to Renco's request. *Id.* ¶ 80. In the end, the **only** thing that actually changed as a result of Renco's insistence on relabeling Cerberus's warrants as equity was that Renco evaded about \$155 million<sup>50</sup> in pension liability. Renco's claim that breaking the

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<sup>47</sup> Menke Decl. Ex. 17, Deposition of Michael Ryan at 102, 146-47. Cerberus's Associate General Counsel Alex Benjamin corroborated Renco's position, stating that Mr. Ryan told Cerberus's counsel that Renco "was insistent that they needed equity versus warrants." Menke Decl. Ex. 18, Deposition of Alexander Benjamin at 95-96.

<sup>48</sup> *See WCI II*, 215 F.3d at 418 (explaining WCI's awareness of the pension liability and its steps to transfer that liability before the plans terminated).

<sup>49</sup> Cerberus still received warrants for 24.5% of RG Steel's equity that participated in distributions and carried consent rights. 56.1 Statement ¶ 82.

<sup>50</sup> This includes unfunded benefit liabilities of about \$70 million and separate withdrawal liability of about \$85 million to the Steelworkers Pension Trust. *See* 56.1 Statement ¶ 87.

controlled group was merely an incidental effect of the transaction that Cerberus required for its participation is false. Cerberus was willing to do the financing transaction without acquiring any direct equity. It was Renco that insisted otherwise, to ensure a controlled-group break up.

***c. Renco Misled PBGC about the Status of the Transaction.***

Renco's efforts to structure the Transaction to ensure RG Steel's exit from Renco's controlled group would have been in vain if PBGC terminated the Pension Plans before the Transaction closed. Given this very real concern, Renco misrepresented the status of the Transaction to PBGC. Its misrepresentations enabled Renco to "win the race" and close on the Transaction before PBGC could terminate the plans and fix that liability with Renco.<sup>51</sup>

After receiving the Notice, PBGC repeatedly told Renco that it was concerned about the effect of any transaction that removed RG Steel from Renco's controlled group. *Id.* ¶¶ 28-29, 31, 40, 54. PBGC's concerns reflected loss of the financial benefits of Renco's controlled group that Renco outlined in its March 2011 letter to PBGC. *See, e.g., id.* ¶ 31. In response to PBGC's stated concerns and related inquiries, Renco provided false, evasive, or unresponsive answers, and omitted highly relevant information.

On the morning of January 13, 2012, PBGC told Renco that it was moving to terminate the Pension Plans before any transaction could close. *Id.* ¶¶ 55, 59. Renco responded that "no transaction was about to happen," that "equity was off the table" with respect to any transaction, and that Renco was amenable to entering a standstill agreement with PBGC. *Id.* ¶¶ 60-62. The record reflects that the actual status of the Transaction was much different:

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<sup>51</sup> Although Defendants' liability under section 1369 is directly supported by Renco's insistence on the Transaction structure that broke RG Steel from Renco's controlled group, Renco's interactions with PBGC before closing the Transaction provide further support that Renco had a principal purpose of evading RG Steel's pension liabilities. *See WCI II*, 215 F.3d at 418.

- On January 9, 2012, Renco’s counsel told Cerberus’s counsel that “[t]iming is ASAP” for the draft documentation (56.1 Statement ¶ 41; Menke Decl. Ex. 16 at CWT 000329);
- On January 10, 2012, Renco and Cerberus reached an agreement in principle on the Transaction (56.1 Statement ¶ 42);
- On or before January 10, 2012, Renco requested that RG Steel’s senior lending group modify their credit facility to accommodate the Transaction (*Id.* ¶ 44, 69);
- As early as January 11, 2012, Renco and Cerberus exchanged draft documentation for the Transaction (*Id.* ¶ 67);
- On January 11, 2012, Renco told Elliott, the other potential lender for RG Steel, to stop its diligence (*Id.* ¶ 68);
- On the morning of January 13, 2012, Renco’s counsel informed Cerberus’s counsel that “we take the position that Cerberus should be receiving equity rather than warrants” (*Id.* ¶ 70);
- On the morning of January 13, 2012, Renco and Cerberus contemplated a Transaction “closing date of Tuesday,” January 17 (*Id.* ¶ 72); and
- On the afternoon of January 13, 2012, Renco and Cerberus scheduled a dinner meeting for January 14, to resolve the outstanding Transaction issues (*Id.* ¶ 76).

Renco did not inform PBGC of **any** of these significant developments before the Transaction closed. And when PBGC sent Renco the draft standstill agreement on January 13, Renco responded that it would forward the agreement to its counsel for review and then “revert back” to PBGC. *Id.* ¶¶ 63-64. Renco never “reverted back” about the standstill agreement; it closed the Transaction the very next business day. *Id.* ¶ 81.

Renco’s series of omissions, half-truths, and lies to PBGC are telling. They reflect Renco’s intention to enter the Transaction and evade RG Steel’s pension liabilities. To accomplish this goal, Renco had to ensure that PBGC did not terminate the Pension Plans before the Transaction closed, or take any other actions to jeopardize the Transaction (which likely

would have resulted in RG Steel's immediate bankruptcy filing (*see id.* ¶ 61)),<sup>52</sup> since in both scenarios Renco would remain jointly and severally liable for the Pension Plans.

Under the transaction agreements that Renco and Cerberus ultimately signed, Cerberus loaned about \$50 million to RG Steel (since repaid from the proceeds of RG Steel's liquidation in bankruptcy) and Renco provided about \$150 million in the form of security (used to repay the remainder of Cerberus's \$200 million "financing"). It is no coincidence that the additional money Renco poured into RG Steel is nearly equal to the amount Renco "saved" by escaping RG Steel's pension liability. Renco claims that the controlled-group break up was merely an "incidental" effect of the financing transaction. But the economic reality of the deal, coupled with Renco's actions during the negotiations over the deal structure show that, far from being "incidental," avoiding the RG Steel pension liability was at the very heart of the financing transaction, which would not have occurred without it.

## **II. PBGC IS ENTITLED TO SUMMARY JUDGMENT AGAINST RENCO ON EACH OF THE STATE-LAW FRAUD COUNTS.**

### **A. Renco Fraudulently Induced PBGC to Refrain from Terminating the Pension Plans in January 2012.**

The record also establishes that PBGC is entitled to summary judgment on its common-law fraud claims against Renco. In Count II of the First Amended Complaint, PBGC asserted that Renco is liable for fraudulent inducement. Under New York law, a fraudulent inducement claim requires (1) a material false representation by defendant, (2) the defendant's intent to

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<sup>52</sup> Renco did not inform Cerberus of its discussions with PBGC before the Transaction. *See* 56.1 Statement ¶ 86. Perhaps aware that Cerberus would not close on the Transaction if it knew of these discussions, which Cerberus's counsel later confirmed, Ari Rennert explained to Cerberus, after the fact, that Renco was "operating at the advice of counsel and felt they had handled information appropriately." Menke Decl. Ex. 18, Deposition of Alexander Benjamin at 45.

defraud the plaintiff, (3) the plaintiff's reasonable reliance on that false representation, and (4) resulting damage to the plaintiff.<sup>53</sup>

First, the record is clear that Renco made material false representations to PBGC about the status of the potential transaction and Renco's amenability to entering a standstill agreement. Renco made these false representations to PBGC during the January 13, 2012 call between Mr. Cann, Ari Rennert, and Ira Rennert. Mr. Cann explained that PBGC was prepared to terminate the Pension Plans before any transaction closed that broke RG Steel's controlled group. *Id.* ¶ 59. Mr. Cann then asked the Rennerts about the status of the potential transaction. Mr. Cann's question was not novel; throughout the preceding weeks, PBGC repeatedly asked Renco about the transaction status and the timing of any anticipated closing. *Id.* ¶¶ 27, 30, 38. Renco consistently responded that no transaction was imminent, and Ari Rennert even assured Mr. Cann that Renco would keep PBGC apprised of any developments. *Id.* ¶¶ 30, 39.

During the January 13 call, Ari Rennert stuck to the Renco script. He responded that "no transaction was about to happen, that a transaction was dead." *Id.* ¶ 60. Ari Rennert further stated that "equity was off the table" with respect to any transaction. *Id.* ¶ 62. Finally, the Rennerts expressed their amenability to a standstill agreement, requesting that Mr. Cann send the agreement for Renco's review. *Id.* ¶¶ 61, 62. These representations were false.<sup>54</sup>

At the same time Ari Rennert assured Mr. Cann that no transaction was about to happen and that equity was off the table, Renco was furiously working to close a transaction with

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<sup>53</sup> *Swersky v. Dreyer & Traub*, 219 A.D.2d 321, 326 (N.Y. App. Div. 1st Dept. 1996); *Banque Arabe et Internationale D'Investissement v. Md. Nat'l Bank*, 57 F.3d 146, 153 (2d Cir. 1995).

<sup>54</sup> *See, e.g., Lama Holding Co. v. Smith Barney Inc.*, 88 N.Y.2d 413, 421 (N.Y. 1996) (explaining that "the plaintiff must prove a misrepresentation or a material omission of fact which was false and known to be false by defendant").

Cerberus. On January 10, 2012, Renco and Cerberus reached an agreement in principle. *Id.* ¶ 42. Between January 10, and January 13, Renco’s counsel and Cerberus’s counsel worked around the clock to close that transaction as soon as possible. *See id.* ¶¶ 41, 67. Renco also requested that RG Steel’s senior lenders accommodate the Cerberus transaction as soon as possible, and told the only other potential investor (Elliott) to stop working. *Id.* ¶¶ 68-69. And despite disagreement about certain terms, Renco and Cerberus continued working over the weekend, and closed the Transaction the first business day after January 13. Rather than disclosing any of these developments, the Rennerts said that nothing was about to happen, that a transaction was dead.<sup>55</sup> *Id.* ¶ 60; *see also id.* ¶ 62.

The record similarly reflects that the Rennerts had no intention of entering the standstill agreement. Although Mr. Cann sent the draft standstill agreement on the afternoon of January 13, in response to which Ari Rennert told Mr. Cann that he would “revert back,” the Rennerts did not even review it before the Transaction closed. *Id.* ¶¶ 64, 89. And while Ari Rennert forwarded the agreement to Renco’s counsel, counsel did not review the agreement either. *Id.*

Second, the Rennerts clearly intended for PBGC to rely on their false representations. This intent is reflected by the circumstances surrounding the Rennerts’ statements. At the time of the January 13 call, Renco was working with Cerberus toward closing the Transaction quickly. The Rennerts understood that plan termination would jeopardize, if not end, their efforts to complete the Transaction with Cerberus. *Id.* ¶ 61. Moreover, PBGC had informed

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<sup>55</sup> Renco never informed PBGC that anything changed before the Transaction closed. *See E\*Trade Fin. Corp. v. Deutsche Bank AG*, 631 F. Supp. 2d 313, 382 (S.D.N.Y. 2009) (“The common law has long required that a person who has made a representation must correct that representation if it becomes false and if he knows people are relying on it.”) (quoting *Fischer v. Kletz*, 266 F. Supp. 180, 188 (S.D.N.Y. 1967)).

Renco that the Pension Plans were underfunded by about \$70 million, for which Defendants would be liable upon termination. *Id.* ¶ 31. Thus, the record reflects that Renco had a clear motive and opportunity to convince PBGC that plan termination was not necessary.<sup>56</sup>

Third, PBGC acted reasonably in relying on the Rennerts' false representations. Reasonable reliance is reflected through the recipient's use of "ordinary intelligence," which depends on the circumstances.<sup>57</sup> Here, PBGC exercised ordinary intelligence in relying on the Rennerts' statements about the non-imminence of any transaction. Throughout its review of the potential transaction, Renco was PBGC's main source of information. Indeed, Renco filed the Notice, listing a Renco employee as PBGC's contact for information. *Id.* ¶ 19. And while PBGC sought and reviewed numerous documents about the potential transaction and RG Steel's finances, it remained dependent on Renco for information about status and timing.<sup>58</sup> For example, after reviewing Renco's documentation listing a "placeholder" closing date of January 10, 2012, Mr. Cann promptly contacted Renco for the latest status. *Id.* ¶ 38. Ari Rennert responded that nothing was imminent and that Renco would keep PBGC apprised of any developments. *Id.* ¶ 39. In this context, PBGC's reliance on Renco's statements was reasonable.

Finally, PBGC was damaged after relying on Renco's false representations. For more than a week, the PBGC case team worked diligently to obtain approval of their recommendation

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<sup>56</sup> See *N.Y. Islanders Hockey Club, LLP v. Comerica Bank-Tex.*, 71 F. Supp. 2d 108, 116-17 (S.D.N.Y. 1999) (noting that scienter can be inferred from the circumstances).

<sup>57</sup> See, e.g., *E\*Trade Fin. Corp.*, 631 F. Supp. 2d at 382 (citing *Mallis v. Bankers Trust Co.*, 615 F.2d 68, 80-81 (2d Cir. 1980)).

<sup>58</sup> See *Crigger v. Fahnestock & Co., Inc.*, 443 F.3d 230, 234 (2d Cir. 2006) ("Only '[w]hen matters are held to be peculiarly within defendant's knowledge[ ] [is it] said that plaintiff may rely without prosecuting an investigation, as he ha[d] no independent means of ascertaining the truth.'") (quoting *Mallis*, 615 F.2d at 80) (alterations in original).

that PBGC initiate termination of the Pension Plans before any transaction closed. *Id.* ¶¶ 34-37, 50-53. On the morning of January 13, PBGC’s Director approved that recommendation. *Id.* ¶ 52. The remaining tasks to effectuate PBGC’s termination decision were ministerial – obtaining the Director’s signature on the NODs and finalizing newspaper publication or otherwise arranging notice to the Pension Plans’ participants. *Id.* ¶ 53. After the January 13 call, PBGC ceased its termination efforts and prepared the standstill agreement. *Id.* ¶ 63. Mr. Cann explained that PBGC did not move to terminate the Pension Plans because “we were told that a transaction was not imminent, and . . . the Rennerts seemed amenable to the standstill.”<sup>59</sup> PBGC thereby lost its ability to terminate the Pension Plans and hold Renco liable when Renco closed on the Transaction the very next business day.

**B. Renco Fraudulently Concealed the Status of the Transaction to Induce PBGC Not to Terminate the Pension Plans.**

Similarly, the record establishes that PBGC is entitled to judgment against Renco on Count III of the First Amended Complaint for fraudulent concealment. Under New York law, fraudulent concealment requires the same elements as fraudulent inducement, plus “a duty to disclose material information.”<sup>60</sup> This duty can arise in several situations, including “where one party’s superior knowledge of essential facts renders a transaction without disclosure inherently unfair.”<sup>61</sup> Renco had such a duty to disclose information about the pending transaction.<sup>62</sup>

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<sup>59</sup> Menke Decl. Ex. 11, Deposition of Dana Cann at 229.

<sup>60</sup> *Swersky*, 219 A.D.2d at 326 (citing *Banque Arabe*, 57 F.3d at 153).

<sup>61</sup> *Id.* at 327 (quoting *Beneficial Commer. Corp. v. Murray Glick Datsun, Inc.*, 601 F. Supp. 770, 773 (S.D.N.Y. 1985)); *Manley v. AmBase Corp.*, 126 F. Supp. 2d 743, 757 (S.D.N.Y. 2001).

<sup>62</sup> See *Manley*, 126 F. Supp. 2d at 756.

Throughout its review of the potential transaction, PBGC was dependent on Renco for information about the transaction and its timing. During this period, Renco held itself out as PBGC's source of information about the transaction, listing a Renco employee as PBGC's contact for additional information, *Id.* ¶ 19, and promising to keep PBGC informed of future developments. *Id.* ¶ 39. Moreover, PBGC was entitled to request information from Renco pursuant to Title IV of ERISA.<sup>63</sup>

Although Renco occupied a position of superior knowledge about the pending transaction, the Rennerts actively concealed the transaction's status from Mr. Cann during the January 13 call. As discussed above, the Rennerts did not notify Mr. Cann of any of the significant developments from the preceding days, or disclose that active negotiations and drafting of deal documents by Renco's and Cerberus's counsel were ongoing. *See id.* ¶¶ 41-42, 66-67. Instead, the Rennerts falsely insisted that no transaction was about to happen, that a transaction was dead, and that equity was off the table.<sup>64</sup> *Id.* ¶¶ 60, 62. The Rennerts further expressed their amenability to a standstill agreement. *See id.* ¶¶ 61, 62. Because the Rennerts' concealed the actual status, PBGC suspended its termination efforts and was damaged.

**C. Renco Negligently Misrepresented the Status of the Transaction to Stop PBGC from Terminating the Pension Plans.**

Finally, the record establishes that PBGC is entitled to judgment against Renco on Count IV of the First Amended Complaint for negligent misrepresentation. Under New York law, a negligent misrepresentation claim requires that (1) defendant has a duty to give correct

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<sup>63</sup> 29 U.S.C. § 1303 (providing PBGC with investigatory authority).

<sup>64</sup> *See Brass v. Am. Film Techs., Inc.*, 987 F.2d 142, 150 (2d Cir. 1993) (noting that a duty to disclose exists "where the party has made a partial or ambiguous statement, on the theory that once a party has undertaken to mention a relevant fact to the other party it cannot give only half the truth") (citing *Junius Constr. Corp. v. Cohen*, 257 N.Y. 393, 400 (N.Y. 1931)).

information resulting from a special relationship, (2) defendant made a false representation that it should have known was incorrect, (3) defendant knew the information would be used for a serious purpose, (4) plaintiff intended to rely on the information, and (5) plaintiff reasonably relied to its detriment.<sup>65</sup>

First, Renco had a duty to provide PBGC with correct information about the potential transaction.<sup>66</sup> “[A] duty to speak with care exists when ‘the relationship of the parties, arising out of contract or otherwise, [is] such that in morals and good conscience the one has a right to rely upon the other for information.’”<sup>67</sup> Renco made representations to PBGC about the status of the potential transaction during PBGC’s review of the transaction pursuant to Title IV of ERISA. *See id.* ¶¶ 39, 60, 62. Renco had knowledge about the transaction’s status, and had an obligation to respond truthfully to questions from PBGC.<sup>68</sup> Indeed, Renco was PBGC’s sole source of information about the transaction’s status.

Second, the Rennerts made false statements to Mr. Cann that they should have known

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<sup>65</sup> *HealthNow N.Y. Inc. v. APS Healthcare Bethesda, Inc.*, 1:05CV612, 2006 WL 659518, \*2 (N.D.N.Y. March 10, 2006) (citation omitted).

<sup>66</sup> *See Hydro Investors, Inc. v. Trafalgar Power Inc.*, 227 F.3d 8, 20-21 (2d Cir. 2000) (noting that the representations must be factual).

<sup>67</sup> *Kimmell v. Schaefer*, 675 N.E.2d 450, 454 (N.Y. 1996) (quoting *Int’l Prods. Co. v. Erie R.R. Co.*, 244 N.Y. 331, 338 (N.Y. 1927)) (second alteration in original).

<sup>68</sup> *See id.* at 454-55 (discussing how defendant’s involvement in the cogeneration project justified the plaintiffs’ reliance on his representations about the projected revenue of that project); *HealthNow N.Y. Inc.*, 2006 WL 659518, at \*3 (alleging plaintiff/counter-defendant’s “unique or special expertise” regarding relevant information); *N.Y. Islanders Hockey Club, LLP v. Comerica Bank – Tex.*, 71 F. Supp. 2d 108, 119 (E.D.N.Y. 1999) (discussing elements to establishing a special relationship); *see also LaChance v. Erickson*, 522 U.S. 262, 265 (1998) (“Our legal system provides methods for challenging the Government’s right to ask questions—lying is not one of them.”) (quoting *Bryson v. United States*, 396 U.S. 64, 72 (1969)).

were incorrect. Throughout the preceding weeks, Mr. Cann repeatedly asked Renco about the status of the potential transaction. On January 13, Ari Rennert responded to Mr. Cann that no transaction was about to happen, that a transaction was dead. *Id.* ¶ 60. Mr. Rennert made this statement despite all of the developments that occurred in the preceding four days, including that counsel for Renco and Cerberus continued to prepare documentation for a transaction that was to close as soon as possible. *Id.* ¶¶ 67, 69, 71-72, 78.

Third, Renco was expressly aware of PBGC's purpose in seeking information about the transaction status. Mr. Cann opened the January 13 call by stating that PBGC was moving to terminate the Pension Plans before any transaction could occur. *Id.* ¶ 59. Therefore, the Rennerts must have expected that PBGC would use the information provided during the call to formulate its next action with respect to the Pension Plans.

Fourth, PBGC intended to rely on Renco's statements about the transaction status. The record is clear that PBGC intended to terminate the Pension Plans before any transaction occurred. *Id.* ¶¶ 34-37, 51-54. When the Rennerts informed PBGC that no transaction was about to occur, and that Renco was amenable to entering a standstill agreement, PBGC suspended its efforts to terminate the Pension Plans and sent Renco the draft standstill agreement. *Id.* ¶¶ 63, 65.

Finally, as a result of PBGC's reliance on Renco's statements it was damaged. By not proceeding with termination of the Pension Plans, PBGC lost its ability to terminate the Pension Plans before the Transaction closed and collect the resulting liabilities from Renco.

### **CONCLUSION**

For all of the foregoing reasons, the Court should grant summary judgment in favor of PBGC on all counts of the First Amended Complaint.

Dated: June 6, 2014  
New York, NY

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

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*Attorneys for Plaintiff*  
**PENSION BENEFIT GUARANTY  
CORPORATION**



5. Attached hereto as Exhibit 4 is a true and correct copy of a document bearing the bates numbers RENGRP0002163-64.

6. Attached hereto as Exhibit 5 is a true and correct copy of an email bearing the bates numbers CRG-PBGC0007478-79.

7. Attached hereto as Exhibit 6 is a true and correct copy of an email bearing the bates numbers PBGC-000041242-43.<sup>1</sup>

8. Attached hereto as Exhibit 7 is a true and correct copy of an email bearing the bates number CRG-PBGC0020045.

9. Attached hereto as Exhibit 8 would have been a true and correct copy of the Confidential Indicative Non-Binding Term Sheet (“Term Sheet”), provided by Elliott Management Corporation (“Elliott”) to The Renco Group, Inc. (“Renco”). PBGC and Renco believe that the confidentiality designation no longer needs to be preserved and the parties asked Elliott to remove the “confidential” designation placed on the Term Sheet under paragraph 2 of the Stipulated Protective Order Governing the Use and Disclosure of Confidential Information, so ordered by the Court on August 7, 2013. Elliott has declined to remove the “confidential” designation, but has agreed that the parties may describe and discuss the operative terms of the Term Sheet in their Motions for Summary Judgment. Because PBGC believes the Court can fairly consider and rule upon the Motions for Summary Judgment without reference to the actual Term Sheet, and to obviate the need to seek the Court’s approval to file the Term Sheet under seal, PBGC has filed a blank sheet as Exhibit 8. PBGC reserves the right to seek relief to file the actual Term Sheet under seal, if it becomes necessary in connection with any future filings.

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<sup>1</sup> To correct electronic time-stamping errors in the parties’ document productions, where necessary the correct time is noted in a red box on the face of the otherwise true and correct copy of the documents attached to this Declaration.

10. Attached hereto as Exhibit 9 is a true and correct copy of excerpts from the Deposition of Ari Rennert, dated November 25, 2013.

11. Attached hereto as Exhibit 10 is a true and correct copy of an email chain bearing the bates numbers PBGC-000051768-69.

12. Attached hereto as Exhibit 11 is a true and correct copy of excerpts from the Deposition of Dana Cann, dated November 7, 2013.

13. Attached hereto as Exhibit 12 is a true and correct copy of an email chain, and attachments, bearing the bates numbers PBGC-000037305-17.

14. Attached hereto as Exhibit 13 is a true and correct copy of an email, with attachment, bearing the bates numbers PBGC-000050953 and PBGC-000050959-61. This email and its attachment were not bates stamped in consecutive order.

15. Attached hereto as Exhibit 14 is a true and correct copy of an email chain bearing the bates numbers PBGC-000038836-39.

16. Attached hereto as Exhibit 15 is a true and correct copy of a document bearing the bates numbers PBGC-000051458-61.

17. Attached hereto as Exhibit 16 is a true and correct copy of an email chain bearing the bates numbers CWT 000329-30.

18. Attached hereto as Exhibit 17 is a true and correct copy of excerpts from the Deposition of Michael Ryan, dated November 21, 2013.

19. Attached hereto as Exhibit 18 is a true and correct copy of excerpts from the Deposition of Alexander D. Benjamin, dated December 3, 2013.

20. Attached hereto as Exhibit 19 is a true and correct copy of excerpts from the Deposition of Daniel Wolf, dated November 12, 2013.

21. Attached hereto as Exhibit 20 is a true and correct copy of a document bearing the bates number PBGC-000021101.

22. Attached hereto as Exhibit 21 is a true and correct copy of an email bearing the bates number RENGRP0012685.

23. Attached hereto as Exhibit 22 is a true and correct copy of an email chain bearing the bates number RENGRP0005676.

24. Attached hereto as Exhibit 23 is a true and correct copy of an email chain bearing the bates numbers RENGRP0013513-15.

25. Attached hereto as Exhibit 24 is a true and correct copy of excerpts from the Deposition of Michael Rae, dated December 18, 2013.

26. Attached hereto as Exhibit 25 is a true and correct copy of a document bearing the bates numbers PBGC-000055731-33.

27. Attached hereto as Exhibit 26 is a true and correct copy of a document bearing the bates numbers PBGC-000056324-33.

28. Attached hereto as Exhibit 27 is a true and correct copy of a document bearing the bates numbers PBGC-000056294-98; PBGC-000055978-82.

29. Attached hereto as Exhibit 28 is a true and correct copy of a document bearing the bates numbers PBGC-000055728-30.

30. Attached hereto as Exhibit 29 is a true and correct copy of excerpts from the Deposition of John Grimaldi, dated November 14, 2013.

31. Attached hereto as Exhibit 30 is a true and correct copy of a document bearing the bates numbers RENGRP0022124-26.

32. Attached hereto as Exhibit 31 is a true and correct copy of an email chain bearing the bates numbers PBGC-000051415-17.

33. Attached hereto as Exhibit 32 is a true and correct copy of excerpts from the Deposition of Ira Rennert, dated December 12, 2013.

34. Attached hereto as Exhibit 33 is a true and correct copy of a document bearing the bates number PBGC-000051456.

35. Attached hereto as Exhibit 34 is a true and correct copy of an email bearing the bates number PBGC-000051954.

36. Attached hereto as Exhibit 35 is a true and correct copy of an email, without attachments, bearing the bates number RENCO0009258.

37. Attached hereto as Exhibit 36 is a true and correct copy of an email chain bearing the bates numbers RENGRP0020648-50.

38. Attached hereto as Exhibit 37 is a true and correct copy of an email chain bearing the bates numbers RENCO0001196-98.

39. Attached hereto as Exhibit 38 is a true and correct copy of excerpts from a document bearing the bates numbers RENCO0000467-90.

40. Attached hereto as Exhibit 39 is a true and correct copy of an email chain bearing the bates numbers PBGC-0000391995-96.

41. Attached hereto as Exhibit 40 is a true and correct copy of a document bearing the bates number RENGRP0012687.

42. Attached hereto as Exhibit 41 is a true and correct copy of an email bearing the bates number CWT 007795.

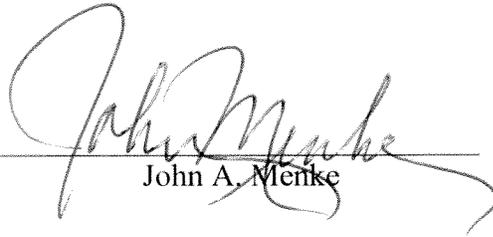
43. Attached hereto as Exhibit 42 is a true and correct copy of a document bearing the bates numbers PBGC-000040497-510.

44. Attached hereto as Exhibit 43 is a true and correct copy of an email chain bearing the bates numbers RENCO0001186-87.

45. Attached hereto as Exhibit 44 is a true and correct copy of a document bearing the bates numbers RENGRP0023477-90.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 19th day of June, 2014.

  
John A. Menke

# **Exhibit 1**

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*Attorneys for The Renco Group, Inc.*

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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	:	
THE PENSION BENEFIT	:	Civil Action No. 1:13-cv-621 (RJS)
GUARANTY CORPORATION,	:	
	:	<b>ECF CASE</b>
Plaintiff,	:	
	:	
-against-	:	<b><u>THE RENCO GROUP, INC.’S ANSWER</u></b>
	:	<b><u>TO THE FIRST AMENDED</u></b>
THE RENCO GROUP, INC., <i>et al.</i>	:	<b><u>COMPLAINT</u></b>
	:	
Defendants.	:	
	:	
-----	X	

Defendant The Renco Group, Inc. (“Renco”) by and through its undersigned counsel, hereby sets forth its Answer to the First Amended Complaint of Plaintiff Pension Benefit Guaranty Corporation (“PBGC”).<sup>1</sup> Renco denies each allegation in PBGC’s First

<sup>1</sup> The parties have agreed that the serving of this Answer while Renco’s and the other defendants’ (collectively, “Defendants”) motion to dismiss is pending before the Court will not prejudice Defendants’

Amended Complaint unless expressly admitted in the following paragraphs. Each of the following responses is based upon information and belief unless otherwise specified therein.

**COMPLAINT**

1. Renco denies the allegations of Paragraph 1 of the First Amended Complaint.

**JURISDICTION AND VENUE**

2. Paragraph 2 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

3. Paragraph 3 of the First Amended Complaint purports to state a legal conclusion as to which no response is required. To the extent Paragraph 3 is deemed to require a response, Renco denies the allegations thereof except admits that Renco conducts business at One Rockefeller Plaza, New York, New York 10020, among other locations in the United States and abroad.

**PARTIES**

4. Paragraph 4 of the First Amended Complaint purports to state a legal conclusion as to which no response is required. To the extent Paragraph 4 is deemed to require a response, Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 4 of the First Amended Complaint and therefore denies them.

5. Renco admits that it is a private holding company, organized under the laws of New York, with its principal place of business located in New York, New York. Renco admits that it was founded in 1975, is involved with investments in companies in various industries, and that Blue Turtles, Inc.; Unarco Material Handling, Inc.; Inteva Products

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motion in any way. By serving this Answer, Defendants do not waive any rights with respect to that motion or otherwise.

LLC; The Doe Run Resources Corporation; and US Magnesium LLC are subsidiaries of Renco. Renco otherwise denies the allegations of Paragraph 5 of the First Amended Complaint.

6. Paragraph 6 of the First Amended Complaint purports to state a legal conclusion as to which no response is required. To the extent Paragraph 6 is deemed to require a response, Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 6 of the First Amended Complaint and therefore denies them.

7. Paragraph 7 of the First Amended Complaint purports to state a legal conclusion as to which no response is required. To the extent Paragraph 7 is deemed to require a response, Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 7 of the First Amended Complaint and therefore denies them.

8. Paragraph 8 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

9. Paragraph 9 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

10. Paragraph 10 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

11. Paragraph 11 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

12. Renco denies the allegations in the first sentence of Paragraph 12 of the First Amended Complaint. The second sentence of Paragraph 12 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

13. Renco admits the allegations of Paragraph 13 of the First Amended Complaint.

14. Renco denies the allegations of Paragraph 14 of the First Amended Complaint and respectfully refers the Court to the agreements referenced in Paragraph 14 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

15. Renco denies the allegations of Paragraph 15 of the First Amended Complaint.

16. Renco denies the allegations of Paragraph 16 of the First Amended Complaint and respectfully refers the Court to the agreements referenced in Paragraph 14 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

17. Renco admits that prior to the transaction Severstal Wheeling, LLC and Severstal Warren, LLC sponsored the Plans and that at or around the time of the transaction PBGC contacted Renco regarding the transaction, but otherwise lacks sufficient knowledge or information regarding the allegations of Paragraph 17 of the First Amended Complaint and therefore denies them.

18. Renco denies the allegations of Paragraph 18 of the First Amended Complaint and respectfully refers the Court to the letter referenced in Paragraph 18 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

19. Renco admits that RG Steel, LLC (“RG Steel”) encountered financial difficulties in 2011, but otherwise denies the allegations of Paragraph 19 of the First Amended Complaint and respectfully refers the Court to the agreements referenced in Paragraph 14 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

20. Paragraph 20 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

21. Paragraph 21 of the First Amended Complaint purports to state a legal conclusion

as to which no response is required.

22. Paragraph 22 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

23. Paragraph 23 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

24. Renco admits that an Advance Notice of Reportable Events (a “Form 10 Notice”) was sent to PBGC on December 16, 2011 and respectfully refers the Court to the Form 10 Notice referenced in Paragraph 24 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

25. Renco denies the allegations of Paragraph 25 of the First Amended Complaint and respectfully refers the Court to the Form 10 Notice referenced in Paragraph 25 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

26. Renco denies the allegations of Paragraph 26 of the First Amended Complaint and respectfully refers the Court to the Form 10 Notice, the Information Request, and the other documents referenced in Paragraph 26 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

27. Renco denies the allegations of Paragraph 27 of the First Amended Complaint.

28. Renco denies the allegations of Paragraph 28 of the First Amended Complaint.

29. Renco denies the allegations of Paragraph 29 of the First Amended Complaint and respectfully refers the Court to the letter referenced in Paragraph 29 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

30. Paragraph 30 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

31. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 31 of the First Amended Complaint and therefore denies them.

32. Renco denies the allegations of Paragraph 32 of the First Amended Complaint.

33. Renco denies the allegations of Paragraph 33 of the First Amended Complaint.

34. Renco lacks sufficient knowledge or information regarding the allegations made in the first sentence of Paragraph 34 of the First Amended Complaint. Renco otherwise denies the allegations of Paragraph 34 of the First Amended Complaint.

35. Renco denies the allegations of Paragraph 35 of the First Amended Complaint.

36. Renco denies the allegations of Paragraph 36 of the First Amended Complaint.

37. Renco denies the allegations of Paragraph 37 of the First Amended Complaint and respectfully refers the Court to the document referenced in Paragraph 37 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

38. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 38 of the First Amended Complaint and therefore denies them.

39. Renco admits that on January 17, 2012 Renco informed PBGC that a transaction had closed with an affiliate of Cerberus Capital Management, L.P. (“Cerberus”), but otherwise denies the allegations of Paragraph 39 of the First Amended Complaint.

40. Renco denies the allegations of Paragraph 40 of the First Amended Complaint and respectfully refers the Court to the agreements underlying the transaction referenced in Paragraph 40 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

41. Renco denies the allegations of Paragraph 41 of the First Amended Complaint and respectfully refers the Court to the agreements underlying the transaction referenced in

Paragraph 41 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

42. Renco denies the allegations of Paragraph 42 of the First Amended Complaint.

43. Renco admits that RG Steel filed a Chapter 11 Bankruptcy Petition in the United States Bankruptcy Court for the District of Delaware on May 31, 2012 and respectfully refers the Court to the filings therein for a complete and accurate statement of the contents thereof. Renco otherwise lacks sufficient knowledge or information regarding the allegations of Paragraph 43 of the First Amended Complaint and therefore denies them.

44. Paragraph 44 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

45. Paragraph 45 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

46. Renco admits that PBGC issued notices of determination on September 18, 2012 and respectfully refers to the Court to the notices of determination and other documents referenced in Paragraph 46 of the First Amended Complaint for a complete and accurate statement of the contents thereof. Otherwise, Paragraph 46 of the First Amended Complaint purports to state a legal conclusion as to which no response is required. To the extent Paragraph 46 is deemed to require a response, Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 46 of the First Amended Complaint and therefore denies them.

47. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 47 of the First Amended Complaint and respectfully refers to the Court to the

agreements referenced in Paragraph 47 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

48. Paragraph 48 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

49. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 49 of the First Amended Complaint and therefore denies them.

**CLAIMS FOR RELIEF: COUNT I**

50. As and for its response to Paragraph 50 of the First Amended Complaint, Renco refers to and incorporates by reference herein its responses to Paragraphs 1 through 49 of the First Amended Complaint, as set forth above.

51. Paragraph 51 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

52. Renco denies the allegations of Paragraph 52 of the First Amended Complaint.

53. Renco denies the allegations of Paragraph 53 of the First Amended Complaint.

54. Renco denies the allegations of Paragraph 54 of the First Amended Complaint.

55. Renco denies the allegations of Paragraph 55 of the First Amended Complaint.

56. Renco denies the allegations of Paragraph 56 of the First Amended Complaint.

57. Renco denies the allegations of Paragraph 57 of the First Amended Complaint.

58. Renco denies the allegations of Paragraph 58 of the First Amended Complaint.

59. Renco denies the allegations of Paragraph 59 of the First Amended Complaint.

60. Renco admits the allegations of Paragraph 60 of the First Amended Complaint.

61. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 61 of the First Amended Complaint and respectfully refers to the Court to the

agreement referenced in Paragraph 61 of the First Amended Complaint for a complete and accurate statement of the contents thereof.

62. Renco denies the allegations of Paragraph 62 of the First Amended Complaint.

63. Renco denies the allegations of Paragraph 63 of the First Amended Complaint.

## **COUNT II**

64. As and for its response to Paragraph 64 of the First Amended Complaint, Renco refers to and incorporates by reference herein its responses to Paragraphs 1 through 49 of the First Amended Complaint, as set forth above.

65. Renco denies the allegations of Paragraph 65 of the First Amended Complaint.

66. Renco denies the allegations of Paragraph 66 of the First Amended Complaint.

67. Renco denies the allegations of Paragraph 67 of the First Amended Complaint.

68. Renco denies the allegations of Paragraph 68 of the First Amended Complaint.

69. Renco admits that on January 17, 2012 Renco informed PBGC that a transaction with Cerberus had closed and that the transaction was announced publicly on January 18, 2012, but otherwise denies the allegations of Paragraph 69 of the First Amended Complaint.

70. Renco denies the allegations of Paragraph 70 of the First Amended Complaint.

71. Renco denies the allegations of Paragraph 71 of the First Amended Complaint.

72. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 72 of the First Amended Complaint and therefore denies them.

73. Renco denies the allegations of Paragraph 73 of the First Amended Complaint.

## **COUNT III**

74. As and for its response to Paragraph 74 of the First Amended Complaint, Renco

refers to and incorporates by reference herein its responses to Paragraphs 1 through 49 and 64 through 73 of the First Amended Complaint, as set forth above.

75. Renco denies the allegations of Paragraph 75 of the First Amended Complaint.

76. Renco denies the allegations of Paragraph 76 of the First Amended Complaint.

77. Renco denies the allegations of Paragraph 77 of the First Amended Complaint.

78. Renco denies the allegations of Paragraph 78 of the First Amended Complaint.

79. Renco denies the allegations of Paragraph 79 of the First Amended Complaint.

80. Renco denies the allegations of Paragraph 80 of the First Amended Complaint.

81. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 81 of the First Amended Complaint and therefore denies them.

82. Renco denies the allegations of Paragraph 82 of the First Amended Complaint.

#### **COUNT IV**

83. As and for its response to Paragraph 83 of the First Amended Complaint, Renco refers to and incorporates by reference herein its responses to Paragraphs 1 through 49 and 64 through 82 of the First Amended Complaint, as set forth above.

84. Renco denies the allegations of Paragraph 84 of the First Amended Complaint.

85. Renco denies the allegations of Paragraph 85 of the First Amended Complaint.

86. Renco denies the allegations of Paragraph 86 of the First Amended Complaint.

87. Renco denies the allegations of Paragraph 87 of the First Amended Complaint.

88. Renco denies the allegations of Paragraph 88 of the First Amended Complaint.

89. Renco denies the allegations of Paragraph 89 of the First Amended Complaint.

90. Renco denies the allegations of Paragraph 90 of the First Amended Complaint.

91. Renco denies the allegations of Paragraph 91 of the First Amended Complaint.

92. Renco denies the allegations of Paragraph 92 of the First Amended Complaint.

93. Renco denies the allegations of Paragraph 93 of the First Amended Complaint.

94. Renco lacks sufficient knowledge or information regarding the allegations of Paragraph 94 of the First Amended Complaint and therefore denies them.

95. Renco denies the allegations of Paragraph 95 of the First Amended Complaint.

#### **COUNT V**

96. As and for its response to Paragraph 96 of the First Amended Complaint, Renco refers to and incorporates by reference herein its responses to Paragraphs 1 through 63 of the First Amended Complaint, as set forth above.

97. Renco admits the allegations of Paragraph 97 of the First Amended Complaint.

98. Renco admits the allegations of Paragraph 98 of the First Amended Complaint.

99. Paragraph 99 of the First Amended Complaint purports to state a legal conclusion as to which no response is required.

100. Renco denies the allegations of Paragraph 100 of the First Amended Complaint.

101. Renco denies the allegations of Paragraph 101 of the First Amended Complaint.

#### **PBGC'S PRAYER FOR RELIEF**

The remainder of the First Amended Complaint constitutes PBGC's prayer for relief, to which no response is required. To the extent a response may be deemed necessary, Renco denies all of the allegations contained in PBGC's prayer for relief.

**RENCO'S AFFIRMATIVE DEFENSES**

**First Affirmative Defense**

1. PBGC fails in whole or in part to state a claim upon which relief may be granted.

**Second Affirmative Defense**

2. PBGC's claims for damages are barred in whole or in part because they are too remote or speculative.

**Third Affirmative Defense**

3. PBGC's claims are barred in whole or in part because they were filed for an improper purpose and lack a reasonable and good faith basis in fact and law.

**Fourth Affirmative Defense**

4. PBGC suffered no actual damages by reason of any of Renco's alleged acts or omissions.

**Fifth Affirmative Defense**

5. PBGC's claims are barred in whole or in part because it has not suffered any loss of money or property.

**Sixth Affirmative Defense**

6. PBGC's claims are barred in whole or in part by the doctrines of acquiescence, laches, waiver and/or estoppel.

**Seventh Affirmative Defense**

7. PBGC's claims are barred in whole or in part by PBGC's unclean hands.

**Eighth Affirmative Defense**

8. Counts II, III and IV of the First Amended Complaint are preempted by the Employee Benefits Income Security Act of 1974.

**Ninth Affirmative Defense**

9. PBGC lacks statutory authority to prosecute Counts II, III and IV of the First Amended Complaint.

**Further Affirmative Defenses**

Renco reserves the right to assert additional defenses upon further particularization of PBGC's claims, upon examination of certain additional documents, upon discovery of further information concerning the claims, and upon the development of any other pertinent information.

**RENCO'S PRAYER FOR RELIEF**

WHEREFORE, Renco prays for the following relief:

1. Dismissal of the First Amended Complaint in its entirety with prejudice;
2. An award to Renco of its costs and attorney fees incurred in defending against the First Amended Complaint; and
3. Such other relief as the Court may deem appropriate.

Respectfully submitted,

Dated: January 27, 2014  
New York, New York

PROSKAUER ROSE LLP

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*Attorneys for The Renco Group, Inc.*

# **Exhibit 2**

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*Attorneys for The Renco Group, Inc.*

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

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	:	
THE PENSION BENEFIT	:	Civil Action No. 1:13-cv-621 (RJS)
GUARANTY CORPORATION,	:	
	:	<b>ECF CASE</b>
Plaintiff,	:	
	:	
-against-	:	<b><u>THE RENCO GROUP, INC.'S</u></b>
	:	<b><u>RESPONSES TO THE PENSION</u></b>
THE RENCO GROUP, INC., <i>et al.</i>	:	<b><u>BENEFIT GUARANTY</u></b>
	:	<b><u>CORPORATION'S REQUEST FOR</u></b>
Defendants.	:	<b><u>ADMISSIONS</u></b>
	:	
-----	X	

Defendant The Renco Group, Inc. (“Renco”), pursuant to Rules 26 and 36 of the Federal Rules of Civil Procedure, hereby sets forth its Objections and Responses to the Request for Admissions from the Pension Benefit Guaranty Corporation (“PBGC” or “Plaintiff”) dated February 7, 2014 (the “Requests”).

**GENERAL OBJECTIONS**

The following General Objections apply to each of the Requests and shall have the same force and effect as if set forth in full in response to each numbered Request.

1. Renco objects to each Request to the extent that it seeks the disclosure of information protected from discovery by the attorney-client privilege, the attorney work product doctrine, the common interest privilege, or any other applicable privilege, protection, immunity, law or rule. Any disclosure of information protected from discovery by the attorney-client privilege, the attorney work product doctrine, the common interest privilege, or any other applicable privilege, protection, immunity, law or rule is inadvertent and should not be construed to constitute a waiver of any such privilege or protection.

2. Renco objects to each Request to the extent that it seeks to impose burdens and obligations on Renco that exceed those imposed by the Federal Rules of Civil Procedure (including Appendix A thereto) (the “Federal Rules”), the Local Rules of the United States District Court for the Southern District of New York (the “Local Rules”), and the orders of the Court. Renco will respond to the Requests in accordance with the Federal Rules, the Local Rules, orders of the Court and any agreement of the parties.

3. Renco objects to each Request to the extent that it seeks the disclosure of information that (a) is already in the possession, custody or control of Plaintiff; (b) is publicly available or otherwise equally available to Plaintiff; or (c) is available from another source or by another means that is more convenient, less burdensome, and/or less expensive.

4. Renco objects to each Request to the extent that it seeks the disclosure of information from persons other than Renco or that it purports to require Renco to disclose information not within its possession, custody or control.

5. Renco objects to each Request to the extent that it seeks the disclosure of information subject to confidentiality or nondisclosure agreements with third parties. Renco further objects to each Request to the extent that it purports to seek the confidential or proprietary information of Renco. Renco will disclose confidential or proprietary information of Renco subject to the protective order entered in this action. Renco will disclose information subject to third-party confidentiality obligations subject to the protective order entered in this action to the extent that it can do so without violating any agreements or court orders.

6. Renco objects to each Request to the extent that it seeks the disclosure of information relating to matters that are not raised in the pleadings in this action on the grounds that such information is not reasonably calculated to lead to the discovery of admissible evidence.

7. Renco objects to each Request to the extent that it calls for a legal conclusion and/or information that will be the subject of expert testimony.

8. Renco objects to each Request to the extent that it calls for Renco to take action other than a reasonable inquiry of those persons presently employed by Renco and most likely to have knowledge or information responsive to the Requests.

9. Renco objects to each Request and Definition to the extent that it contains any erroneous, inaccurate, incomplete or misleading statement of fact or law. The

disclosure of information in response to such requests shall not constitute Renco's agreement with, or acquiescence in, any such statement.

10. Renco objects to the "Definitions" as vague, ambiguous and overboard and, specifically, as follows:

- a. The definition of "Renco" is improperly overboard in that it includes Renco's current and former "employee[s], attorney[s], accountant[s], financial advisor[s], actuar[ies], agent[s], sponsor[s], spokes[men], or otherwise." Renco will not construe those terms as broadly as defined in the Definitions. In particular, Renco does not concede that references to Renco include its "employee[s], attorney[s], accountant[s], financial advisor[s], actuar[ies], agent[s], sponsor[s], spokes[men], or otherwise."
- b. The definition of "RG Steel" is improperly overboard in that it includes RG Steel's "subsidiaries and affiliates" and its current and former "employee[s], attorney[s], accountant[s], financial advisor[s], actuar[ies], agent[s], sponsor[s], spokes[men], or otherwise." Renco will not construe those terms as broadly as defined in the Definitions. In particular, Renco does not concede that references to RG Steel include its "subsidiaries and affiliate" or its current and former "employee[s], attorney[s], accountant[s], financial advisor[s], actuar[ies], agent[s], sponsor[s], spokes[men], or otherwise."

11. Renco objects to each Request to the extent that it purports to require the disclosure of information created after the filing of the Complaint on the grounds that

such requests are overbroad, unduly burdensome, harassing and seek the disclosure of information that is neither relevant, nor reasonably calculated to lead to the discovery of admissible evidence. With respect to any individual Request where Plaintiff believes that the disclosure of information dating after the filing of this action is reasonably necessary, Renco is willing to meet and confer with Plaintiff regarding such information.

12. Renco objects to each Request to the extent that it seeks the disclosure of information relating to matters that occurred after the commencement of this action.

13. Renco objects to each Request to the extent that it seeks the disclosure of information relating to the anticipation of or potential settlement of these or any other lawsuits.

14. Renco objects to each Request to the extent that it seeks the disclosure of information protected under Fed. R. Evid. 408 and/or subject to third party confidentiality obligations.

15. These responses and objections reflect the current state of Renco's knowledge, understanding and belief with respect to the matters addressed in the Request. Renco has not yet completed its investigation or review and, irrespective of whether Renco discloses information in response to the Requests, Renco reserves the right to (a) revise, correct, supplement or clarify the contents of these responses and objections in accordance with the Federal and Local Rules and orders of the court; (b) disclose additional responsive information in the future; and (c) rely upon such information in any hearing, proceeding, or trial in this litigation. Renco reserves the right to object to the admissibility at trial of any response made herein or document produced, and Renco's

responses are not and shall not be deemed an admission or concession of the relevance of any request, or an admission as to the admissibility of any response in this action.

16. All of Renco's General Objections shall be deemed continuing throughout the responses to the specific Requests set forth below, even when not further referred to in said responses, and qualify any statement made in said response, whether explicit or implicit. The presence or absence of any general or specific objection does not mean that Renco does not object on any other grounds.

17. Renco responds to the Requests as it interprets and understands each Request as set forth. If Plaintiff subsequently asserts an interpretation of any Request, to the extent that interpretation differs from Renco's understanding of that Request, Renco reserves the right to supplement its objections and/or responses thereto.

18. Renco objects to the Requests to the extent the discovery sought is unreasonably cumulative or duplicative, and that the burden or expense of discovery sought outweighs the potential benefit. Renco further objects to the Requests to the extent that they are vague ambiguous, and/or confusing in that they fail to describe with reasonable particularity the documents and things sought.

19. Renco objects to each Request as overly broad and unduly burdensome to the extent that it is either unlimited in time and scope or not reasonably limited in time or scope.

**SPECIFIC RESPONSES AND OBJECTIONS**

1. Admit that Renco and its subsidiaries currently employ more than 20,000 employees worldwide and currently generate revenues in excess of \$5 billion annually.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Renco's subsidiaries and affiliated operating companies employ approximately 14,000 people worldwide and currently generate revenues of approximately \$3.5 billion annually.

2. Admit that Renco's investment portfolio contains companies in the mining and mineral recovery, defense equipment, metal fabrication, and automotive supply industries.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that its subsidiaries and affiliated operating companies are in the mining, mineral recovery, defense equipment, metal fabrication and automotive supply industries.

3. Admit that between January 1, 2012, and September 15, 2012, Ilshar Capital LLC, Blue Turtles, Inc., Unarco Material Handling, Inc., Inteva Products LLC, The Doe Run Resources Corporation, and US Magnesium LLC were members of Renco's "controlled group" as that term is defined in 29 U.S.C. § 1301(a)(14).

**RESPONSE:** Subject to and without waiving any of the foregoing objections, this Request purports to state a legal conclusion as to which no response is required.

4. Admit that between December 1, 2011, and January 16, 2012, Renco directly or indirectly held a 100% ownership interest in RG Steel, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between December 1, 2011, and January 16, 2012, Renco indirectly held a 100% ownership interest in RG Steel, LLC.

5. Admit that between December 1, 2011, and January 16, 2012, Renco directly or indirectly held a 100% ownership interest in RG Steel Wheeling, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between December 1, 2011, and January 16, 2012, Renco indirectly held a 100% ownership interest in RG Steel Wheeling, LLC.

6. Admit that between December 1, 2011, and January 16, 2012, Renco directly or indirectly held a 100% ownership interest in RG Steel Warren, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between December 1, 2011, and January 16, 2012, Renco indirectly held a 100% ownership interest in RG Steel Warren, LLC.

7. Admit that between December 1, 2011, and January 16, 2012, RG Steel Warren, LLC and RG Steel Wheeling, LLC were members of a “controlled group” with Renco, as that term is defined in 29 U.S.C. § 1301(a)(14).

**RESPONSE:** Subject to and without waiving any of the foregoing objections, this Request purports to state a legal conclusion as to which no response is required.

8. Admit that between January 1, 2012, and August 31, 2012, RG Steel Warren, LLC was the contributing sponsor of the RG Steel Warren, LLC Hourly Employees Pension Plan.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

9. Admit that between January 1, 2012, and August 31, 2012, RG Steel Wheeling, LLC was the contributing sponsor of the RG Steel Wheeling, LLC Pension Plan.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

10. Admit that each of the Pension Plans is covered by Title IV of ERISA.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

11. Admit that on or around March 1, 2011, Renco and/or RG Steel, LLC entered into a stock purchase agreement with Severstal US Holdings II, LLC, Severstal US Holdings, LLC, and Severstal Sparrows Point, LLC (collectively, “Severstal”) to purchase all of the equity of the steel mill company Severstal Sparrows Point, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that RG Steel entered into a stock purchase agreement with Severstal US Holdings II, LLC, Severstal US Holdings, LLC, and Severstal Sparrows Point, LLC (collectively, “Severstal”) to purchase all of the membership interests of the steel mill company Severstal Sparrows Point, LLC.

12. Admit that, on March 1, 2011, Severstal Sparrows Point, LLC owned all of the outstanding equity of the steel mill companies, Severstal Warren, LLC and Severstal Wheeling, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on March 1, Severstal Sparrows Point, LLC owned all of the outstanding membership interests of the steel mill companies, Severstal Warren, LLC and Severstal Wheeling, LLC.

13. Admit that upon Renco's purchase of Severstal Sparrows Point, LLC, Severstal Sparrows Point, LLC and its subsidiaries became subsidiaries of RG Steel, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that upon RG Steel's purchase of Severstal Sparrows Point, LLC, Severstal Sparrows Point, LLC and its subsidiaries became subsidiaries of RG Steel, LLC.

14. Admit that after the transaction between Severstal and Renco, Severstal Sparrows Point, LLC was renamed RG Steel Sparrows Point, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that after the transaction between Severstal and RG Steel, Severstal Sparrows Point, LLC was renamed RG Steel Sparrows Point, LLC.

15. Admit that after the transaction between Severstal and Renco, Severstal Wheeling, LLC was renamed RG Steel Wheeling, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that after the transaction between Severstal and RG Steel, Severstal Wheeling, LLC was renamed RG Steel Wheeling, LLC.

16. Admit that after the transaction between Severstal and Renco, Severstal Warren, LLC was renamed RG Steel Warren, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that after the transaction between Severstal and RG Steel, Severstal Warren, LLC was renamed RG Steel Warren, LLC.

17. Admit that in March 2011, Renco was contacted by PBGC regarding Renco's proposed transaction with Severstal and its effect on the Pension Plans.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Renco was contacted by PBGC regarding RG Steel's proposed transaction with Severstal and its effect on the Pension Plans.

18. Admit that Renco was informed by PBGC that PBGC was concerned about the proposed transaction between Renco and Severstal because the Pension Plans would be transferred from the Severstal controlled group to the Renco controlled group.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on March 3, 2011 Renco received a letter from PBGC requesting certain information “[t]o assist the PBGC in understanding the impact, if any, of the Transaction [with Severstal] on the WCI Steel, Inc. USW Defined Pension Plan and the Severstal Wheeling, Inc. Pension Plan,” as reflected in the document production-stamped PBGC 000055823-26, and that Renco provided certain information to PBGC in response to its inquiry.

19. Admit that on or around March 24, 2011, Roger Fay of Renco sent Ajit Gadre of PBGC a letter, a true and correct copy of which was attached as Exhibit A to PBGC’s First Amended Complaint in this action.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

20. Admit that less than one year after Renco formed RG Steel, RG Steel encountered financial difficulties.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

21. Admit that on or around July 5, 2011, Renco loaned approximately \$109.8 million to RG Steel, which was secured by a subordinated promissory note.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between July 5, 2011 and December 15, 2011, Renco loaned approximately \$109.8 million to RG Steel in return for a promissory note, and that the loan was secured by a second lien on substantially all of RG Steel’s assets.

22. Admit that on or around December 19, 2011, Renco loaned approximately \$15.6 million to RG Steel, which was secured by a second subordinated promissory note.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between December 19, 2011 and January 5, 2011, Renco loaned approximately \$17.8 million to RG Steel in return for a promissory note, and that the loan was secured by a second lien on substantially all of RG Steel’s assets.

23. Admit that between late 2011 and early 2012, Renco and/or RG Steel contacted at least 20 third parties about a proposed lending opportunity that involved a \$200 million secured loan to RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that in or around late 2011, Renco, RG Steel and/or their representatives contacted at least 20 third parties about a proposed transaction that potentially involved a term loan

of up to a \$200 million to RG Steel, as reflected in the document production-stamped RENGRP0002163-2164.

24. Admit that in November 2011, Renco and/or RG Steel contacted Cerberus about the proposed lending opportunity.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that in or around November 2011, RG Steel contacted Cerberus about a proposed transaction that potentially involved a term loan of up to \$200 million to RG Steel, as reflected in the document production-stamped RENGRP0002163-2164.

25. Admit that on December 21, 2011, Renco was informed by Cerberus that Cerberus was declining the proposed lending opportunity.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on or around December 21, 2011, certain representatives of Renco were informed by certain representatives of Cerberus that Cerberus was declining to enter into a financing transaction with RG Steel.

26. Admit that on December 16, 2011, RG Steel sent PBGC an Advanced Notice of Reportable Events Form (the "Form 10 Notice").

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

27. Admit that a true and correct copy of the Form 10 Notice was attached as Exhibit B to PBGC's First Amended Complaint.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

28. Admit that on or around December 20, 2011, John Grimaldi of Renco received an email from Christopher Gran of PBGC, requesting certain information about the potential transaction described in the Form 10 Notice.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on or around December 20, 2011, John Grimaldi of Renco received an email from Christopher Gran of PBGC. As for the content of the referenced email, Renco states that the document speaks for itself.

29. Admit that in late December 2011 and early January 2012, RG Steel was preparing documentation to file for bankruptcy protection.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

30. Admit that between late December 2011 and early January 2012, Ira Rennert of Renco contacted Stephen Feinberg of Cerberus and proposed terms of a transaction between Cerberus, Renco, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between late December 2011 and early January 2012, Ira Rennert of Renco spoke with Stephen Feinberg of Cerberus in an effort to revive discussions with Cerberus over the terms of a potential transaction between Cerberus, RG Steel, and Renco.

31. Admit that on January 4, 2012, Renco and representatives of PBGC held a conference call to discuss the potential transaction described in the Form 10 Notice.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

32. Admit that on January 4, 2012, Renco received from Elliot a term sheet for a proposed loan transaction involving RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 4, 2012, Renco received from Elliot a revised term sheet for a proposed transaction involving RG Steel.

33. Admit that Exhibit 1 is a true and correct copy of the term sheet that Elliot sent to Renco on January 4, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Exhibit 1 is a true and correct copy of a revised term sheet that Elliot sent to Renco on January 4, 2012.

34. Admit that on January 4, 2012, Renco met with Cerberus to discuss proposed terms for a transaction between Cerberus, Renco, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 4, 2012, certain representatives of Renco met with certain representatives of Cerberus to discuss RG Steel's business and its current economic condition and prospects in connection with a potential transaction between Cerberus, RG Steel, and Renco.

35. Admit that Exhibit 2 is a true and correct copy of an email sent by Dana Cann of PBGC to John Grimaldi of Renco (and others) on January 5, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Exhibit 2 is a true and correct copy of an email chain between and among Dana Cann of PBGC, John Grimaldi of Renco and others, on January 4, 2012 and January 5, 2012.

36. Admit that on January 5, 2012, Renco received from Dana Cann of PBGC an email reiterating PBGC's concerns about the potential transaction described in the Form 10 Notice and requesting additional information.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it received an email from Dana Cann dated January 5, 2012. As for the content of the referenced email, Renco states that the document speaks for itself.

37. Admit that on January 6, 2012, Cerberus and Renco attended a meeting at RG Steel's headquarters in Sparrows Point, Maryland.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 6, 2012, certain representatives of Cerberus and certain representatives of Renco attended an RG Steel management presentation at RG Steel's headquarters in Sparrows Point, Maryland.

38. Admit that between January 4, 2012, and January 9, 2012, Renco and RG Steel provided information to Cerberus in connection with Cerberus's diligence of a potential transaction between Cerberus, Renco, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between late October / early November 2011 and mid-January 2012, Renco and RG Steel provided information to Cerberus in connection with Cerberus's diligence of a potential transaction between Cerberus, RG Steel, and Renco.

39. Admit that Exhibit 3 is a true and correct copy of an email and its attachments sent by Dana Cann of PBGC to John Grimaldi of Renco (and others) on January 6, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Exhibit 3 is a true and correct copy of an email chain between and among Dana Cann of PBGC, John Grimaldi of Renco and others, on January 4, 2012, January 5, 2012 and January 6, 2012, with the exception that the time stamp is incorrect as listed on certain of the emails contained in the email chain attached as Exhibit 3.

40. Admit that on January 6, 2012, Renco received from Dana Cann of PBGC an email attaching an administrative subpoena, a confidentiality agreement, and a letter apprising Renco that PBGC was deeply concerned about the proposed transaction and its impact on the Pension Plans, and informing Renco that PBGC estimated that the Pension Plans were collectively underfunded by approximately \$70 million on a termination basis.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 6, 2012 it received from Dana Cann of PBGC an email attaching

an administrative subpoena, a confidentiality agreement and a letter. As for the content of the referenced letter, Renco states that the letter speaks for itself.

41. Admit that Exhibit 4 is a true and correct copy of an email sent by Ari Rennert of Renco to Dana Cann of PBGC on January 9, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Exhibit 4 is a true and correct copy of an email chain between and among Dana Cann of PBGC, Ari Rennert of Renco and others, between January 4, 2012, and January 9, 2012, with the exception that the time stamp is incorrect as listed on certain of the emails contained in the email chain attached as Exhibit 4.

42. Admit that on January 9, 2012, Ari Rennert of Renco exchanged emails with Dana Cann of PBGC about the status of a potential transaction concerning RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 9, 2012, Ari Rennert of Renco exchanged emails with Dana Cann of PBGC. As for the contents of such emails, Renco states that the emails speak for themselves.

43. Admit that Exhibit 5 is a true and correct copy of an email and its attachments sent by Dana Cann of PBGC to Ari Rennert of Renco (and others) on January 9, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request, with the exception that the time stamp is incorrect as listed on the email attached as Exhibit 5.

44. Admit that on or before January 9, 2012, Renco instructed its legal counsel at Cadwalader, Wickersham & Taft LLP to begin drafting documents for a transaction between Renco, Cerberus, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on or before January 10, 2012, Renco and RG Steel asked their legal counsel at Cadwalader, Wickersham & Taft LLP to begin drafting certain documents in connection with a potential transaction between Cerberus, RG Steel, and Renco, the substance and effect of which was disclosed to PBGC in the Form 10 filed on December 16, 2011 and discussed thereafter between Renco and PBGC in various formal and informal communications.

45. Admit that on or before January 9, 2012, Renco was aware that Cerberus's legal counsel at Schulte Roth & Zabel LLP were drafting loan documents for a transaction between Cerberus, Renco, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that the principals at Renco responsible for negotiating and executing documents concerning a potential transaction between Cerberus, RG Steel, and Renco do not recall when they became aware that Cerberus's legal counsel at Schulte Roth & Zabel LLP were drafting certain documents in connection with a potential transaction between Cerberus, RG Steel, and Renco, the substance and effect of which was disclosed to PBGC in the Form 10 filed on December 16, 2011 and discussed thereafter between Renco and PBGC in various formal and informal communications.

46. Admit that Renco asked Cerberus to instruct its legal counsel to work toward closing the transaction between Renco, Cerberus, and RG Steel as soon as possible.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

47. Admit that Cerberus instructed its legal counsel to work toward closing the transaction between Renco, Cerberus, and RG Steel as soon as possible.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that a representative of Cerberus testified during his deposition that Cerberus instructed its legal counsel to work toward closing a potential transaction under discussion between Cerberus, RG Steel, and Renco as soon as possible.

48. Admit that Renco instructed its legal counsel to work toward closing the transaction between Renco, Cerberus, and RG Steel as soon as possible.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Renco and its legal counsel understood RG Steel's significant and immediate need for the liquidity that a potential transaction would provide to RG Steel and therefore Renco's legal counsel worked toward closing a potential transaction under discussion between Cerberus, RG Steel, and Renco as soon as possible.

49. Admit that Renco's legal counsel worked through the night on more than one occasion as they worked toward closing the transaction between Renco, Cerberus, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Renco and its legal counsel understood RG Steel's significant and immediate need for the liquidity that a potential transaction would provide to RG Steel and therefore Renco's legal counsel worked outside of regular business hours on more than one occasion after negotiations with Cerberus were revived on the evening of January 14, 2012, in an effort to close a potential transaction under discussion between Cerberus, RG Steel, and Renco as soon as possible.

50. Admit that Cerberus's legal counsel worked through the night on more than one occasion as they worked toward closing the transaction between Renco, Cerberus, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that a representative of Cerberus testified during his deposition that Cerberus's legal counsel worked through the night on more than one occasion as they worked toward closing a potential transaction under discussion between Cerberus, RG Steel, and Renco.

51. Admit that Exhibit 6 is a true and correct copy of a term sheet prepared by Daniel Wolf of Cerberus on or about January 10, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Exhibit 6 is a true and correct copy of a document entitled "term sheet," that the document was not provided to Renco, and that Daniel Wolf testified that he could not recall when he had prepared the document.

52. Admit that on or about January 10, 2012, Daniel Wolf of Cerberus prepared a term sheet outlining the terms of a transaction between Cerberus, Renco, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

53. Admit that the January 10, 2012 term sheet accurately reflected the terms of an agreement in principal [sic] between Cerberus and Renco.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

54. Admit that the terms of the transaction proposed by Cerberus to Renco and/or RG Steel on or about January 10, 2012, called for Cerberus to receive penny warrants for 49% of the equity of RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

55. Admit that Exhibit 7 is a true and correct copy of an email and its attachment sent by Dana Cann of PBGC to Ari Rennert of Renco (and others) on January 10, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request, with the exception that the time stamp is incorrect as listed on the email attached as Exhibit 7.

56. Admit that on January 10, 2012, Renco received from Dana Cann of PBGC an email attaching an outline of a proposal for a settlement agreement with guarantee by which Renco and the Renco Controlled Group Members would remain jointly and severally liable for any termination liabilities relating to the Pension Plans for a period of 5 years.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 10, 2012 it received an email from Dana Cann of PBGC attaching a document. As for the content of the attached document, Renco states that the document speaks for itself.

57. Admit that Renco was informed by PBGC that, without such guarantee, PBGC would initiate proceedings to terminate the Pension Plans.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Dana Cann of PBGC advised certain representatives of Renco, in sum and substance, that if Renco would not guarantee RG Steel's obligations to the Pension Plans, PBGC would seek to terminate the Pension Plans.

58. Admit that on January 11, 2012, Renco informed Elliot that it should not spend significant time or money on the potential transaction involving RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on or around January 11, 2012, Jim Reitzig of Renco informed Dave Miller of Elliot that, in sum and substance, Elliot should not at that time spend significant time or money on the transaction and that he would inform him if that changed, as reflected in the email production-stamped RENGPR0005676.

59. Admit that before January 17, 2012, Renco did not tell PBGC that Renco had informed Elliot not to spend significant time or money on the potential transaction involving RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 13, 2012, Ari Rennert of Renco advised Dana Cann of PBGC that, in sum and substance, no potential transaction involving RG Steel would be consummated with one of the two potential counterparties, and that he was referring to Elliot.

60. Admit that between January 10, 2012 and January 13, 2012 Renco and Cerberus exchanged draft documents for a transaction between Cerberus, Renco, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that between January 11, 2012 and January 17, 2012 Renco and Cerberus exchanged draft documents for a potential transaction between Cerberus, RG Steel, and Renco.

61. Admit that the draft transaction documents prepared by Renco called for Cerberus to receive 24.5% of the RG Steel equity at the closing of the transaction and penny warrants convertible into an additional 24.5% of the RG Steel equity.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that the comments prepared by Renco's legal counsel to certain draft transaction documents prepared by Cerberus called for Cerberus to receive 24.5% of the membership interests of RG Steel Holdings, LLC at the closing of the transaction and warrants convertible into an additional 24.5% of the membership interests of RG Steel Holdings, LLC.

62. Admit that Exhibit 8 is a true and correct copy of an email sent by Daniel Wolf of Cerberus to Christopher McDermott of Cadwalader, Wickersham & Taft LLP (and others) on January 12, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Exhibit 8 is a true and correct copy of an email chain between and among Daniel Wolf of Cerberus and Christopher McDermott of Cadwalader, Wickersham & Taft LLP (and others), on January 11, 2012 and January 12, 2012.

63. Admit that on January 12, 2012, Cerberus objected to the transfer of the RG Steel equity as set forth in the transaction documents prepared by Renco.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 12, 2012, Daniel Wolf of Cerberus sent an email in response to certain comments provided by Renco's legal counsel to certain draft transaction documents prepared by Cerberus, in which he raised a series of issues related to those comments, as reflected in document production-stamped CRG-PBGC 0023056-23058.

64. Admit that Cerberus requested Renco to provide penny warrants convertible into 49% of the RG Steel equity rather than transferring 24.5% of the RG Steel equity and 24.5% in penny warrants as Renco proposed.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that the draft "Equityholders Agreement" provided by Cerberus on January 11, 2012 proposed that "RG Steel Holdco LLC" provide to Cerberus instruments labeled as warrants convertible to 49% of the Membership Units of "RG Steel Holdco LLC."

65. Admit that if Cerberus received penny warrants convertible into 49% of the equity of RG Steel at the closing on January 17, 2012, Renco would have remained in the RG Steel controlled group after the closing until such time as Cerberus exercised warrants for more than 20% of the RG Steel equity.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, this Request purports to state a legal conclusion as to which no response is required.

66. Admit that on the morning of January 13, 2012, Ari Rennert and Ira Rennert of Renco had a telephone call with Dana Cann of PBGC (the “January 13<sup>th</sup> Call”).

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

67. Admit that during the January 13<sup>th</sup> Call, Ari Rennert and Ira Rennert were informed by Dana Cann that PBGC intended to initiate termination of the Pension Plans.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Dana Cann stated on the January 13 call that PBGC was going to seek to terminate the Pension Plans.

68. Admit that during the January 13<sup>th</sup> Call, Renco requested that PBGC not initiate termination of the Pension Plans.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

69. Admit that during the January 13<sup>th</sup> Call, Renco represented to PBGC that no transaction involving RG Steel was imminent.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Ari Rennert of Renco stated to Dana Cann of PBGC that, in sum and substance, no transaction was about to happen.

70. Admit that during the January 13<sup>th</sup> Call, Renco represented that no transaction under consideration involved the transfer of any of Renco’s equity interest in RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

71. Admit that during the January 13<sup>th</sup> Call, Renco represented to PBGC that one of the potential parties to the transaction had asked for due diligence that could take several weeks to complete and that the diligence work had not yet been started.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Ari Rennert of Renco informed Dana Cann of PBGC that, in sum and substance, a transaction with one of the potential parties was dead, and that he was referring to Elliot.

72. Admit that the potential party referenced in Request 71 was Elliot.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that the potential party referenced in the response to Request 71 was Elliot.

73. Admit that during the January 13<sup>th</sup> Call, Renco represented to PBGC that it was working with RG Steel's bank group to restart the blast furnace at Sparrows Point, Maryland.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

74. Admit that during the January 13<sup>th</sup> Call, Renco represented that it was amenable to the concept of a standstill agreement with PBGC, whereby PBGC would abstain from exercising its right to initiate termination of the Pension Plans in exchange for an agreement by Renco and the Renco Controlled Group Members to remain part of RG Steel's controlled group notwithstanding any transaction that transferred more than 20% of Renco's equity in RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco denies this Request.

75. Admit that at the time of the January 13<sup>th</sup> Call, Renco's legal counsel continued to prepare documents for the transaction between Cerberus, Renco, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Renco and its legal counsel understood RG Steel's significant and immediate need for the liquidity that a potential transaction would provide to RG Steel and therefore were at all relevant times working towards closing a transaction as soon as possible, the substance and effect of which was disclosed to PBGC in the Form 10 filed on December 16, 2011 and discussed thereafter between Renco and PBGC in various formal and informal communications.

76. Admit that at no time during the January 13<sup>th</sup> Call did Renco inform PBGC that lawyers representing Renco and Cerberus were preparing documents for the transaction between Renco, Cerberus, and RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it does not recall whether or not it informed PBGC during the January 13<sup>th</sup> Call that lawyers representing Renco and Cerberus were preparing documents for a potential transaction between Cerberus, RG Steel, and Renco, the substance and effect of which was disclosed to PBGC in the Form 10 filed on December 16, 2011 and discussed thereafter between Renco and PBGC in various formal and informal communications.

77. Admit that Exhibit 9 is a true and correct copy of an email and its attachment sent by Dana Cann of PBGC to Ari Rennert of Renco (copying John Grimaldi of Renco) on January 13, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request, with the exception that the time stamp is incorrect as listed on the email attached as Exhibit 9.

78. Admit that on the afternoon of January 13, 2012, Ari Rennert of Renco received from Dana Cann of PBGC an email attaching a draft standstill agreement (the “Standstill Agreement”).

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 13, 2012, Ari Rennert of Renco received from Dana Cann of PBGC an email attaching a document with the file name “RG Steel – Status Quo Agreement\_v8 1-13-12.doc.”

79. Admit that on January 13, 2012, Ari Rennert of Renco forwarded the Standstill Agreement to Renco’s counsel for review.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that on January 13, 2012, Ari Rennert of Renco forwarded Dana Cann’s email from 3:41 PM on the same day with the subject “Standstill Agreement,” to Mike Ryan, Renco’s outside counsel.

80. Admit that Renco’s counsel did not review or prepare comments to the Standstill Agreement between January 13, 2012, and January 17, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco objects to this Request on the grounds that it calls for information protected by the attorney-client privilege and/or work product doctrine.

81. Admit that before January 17, 2012, Renco did not inform PBGC that Renco had any concerns with the Standstill Agreement.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it did not at any time discuss with PBGC the substance of the draft document sent by Dana Cann of PBGC on January 13, 2012.

82. Admit that Exhibit 10 is a true and correct copy of an email sent by David Miller of Cadwalader, Wickersham & Taft LLP to Kurt Rosell of Schulte Roth & Zabel LLP (copying Shlomo Boehm of Cadwalader, Wickersham & Taft LLP) on January 15, 2012.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Exhibit 10 is a true and correct copy of an email chain between David Miller of Cadwalader, Wickersham & Taft LLP and Kurt Rosell of Schulte Roth & Zabel LLP (and others) on January 15, 2012.

83. Admit that on January 17, 2012, Renco informed PBGC that the Transaction had closed.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

84. Admit that before January 17, 2012, Renco did not tell PBGC that it was pursuing a transaction with Cerberus.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it does not recall whether or not it told PBGC that Cerberus was one of the potential counterparties to a proposed transaction involving RG Steel that was disclosed to PBGC in the Form 10 filed on December 16, 2011 and thereafter discussed between Renco and PBGC in various formal and informal communications.

85. Admit that before January 17, 2012, Renco did not tell PBGC that Renco and Cerberus were preparing documents for the Transaction.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it does not recall whether or not it explicitly stated to PBGC that Renco and Cerberus were preparing documents for a potential transaction that was disclosed to PBGC in the Form 10 filed on December 16, 2011 and thereafter discussed between Renco and PBGC in various formal and informal communications.

86. Admit that before January 17, 2012, Renco did not disclose to Cerberus that Renco was in discussions with PBGC about the proposed transaction involving RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that before January 17, 2012, it did not discuss with Cerberus that Renco had been contacted by the PBGC about a potential transaction involving RG Steel.

87. Admit that before January 17, 2012, Renco did not disclose to Cerberus that PBGC had stated its intention to initiate termination of the Pension Plans before any transaction closed that would remove Renco from RG Steel's controlled group.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that before January 17, 2012, Renco did not discuss with Cerberus PBGC's statements regarding its intent to initiate termination of the Pension Plans.

88. Admit that as part of the Transaction, Cerberus received 24.5% of the equity of RG Steel, along with warrants giving Cerberus the right to purchase an additional 24.5% of RG Steel's equity.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that as part of the Transaction, Cerberus received 24.5% of the membership interests of RG Steel Holdings, LLC, along with warrants giving Cerberus the right to purchase an additional 24.5% of RG Steel Holdings, LLC's membership interests.

89. Admit that as part of the Transaction, Cerberus made secured loans to RG Steel.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

90. Admit that as part of the Transaction, Cerberus committed to make a Term Loan A in the amount of \$62.5 million, a Term Loan B in the amount of \$62.5 million, and a Term Loan C in an amount up to \$100 million.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

91. Admit that each of Cerberus's term loans to RG Steel was secured by a second-position lien on substantially all of RG Steel's assets.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

92. Admit that Cerberus's Term Loan A was also secured by Renco's pledge of its interest in US Magnesium LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it delivered a limited guarantee of RG Steel's obligations under Term loan A, as provided in document production-stamped RENCO0000057-67, and pledged its interests in US Magnesium LLC as security for its limited guarantee, as provided in document production-stamped RENCO0000085-102.

93. Admit that Cerberus's Term Loan A was also secured by Ilshar Capital LLC's pledge of its interest in Millennium USA, L.P.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that Ilshar Capital LLC delivered a limited guarantee of RG Steel's obligations under Term loan A to the extent of \$50 million, as provided in document production-stamped RENCO0000019-29, and pledged its interests in Millennium USA, L.P. as security for its limited guarantee, as provided in document production-stamped RENCO0000030-46.

94. Admit that in connection with Cerberus's Term Loan C, Renco entered a capital call agreement with Cerberus, obligating Renco to make capital call investments to RG Steel, LLC under certain conditions.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it entered into a capital call agreement with Cerberus. As for the terms of the capital call agreement, Renco states that the document speaks for itself.

95. Admit that Cerberus's Term Loan C and Renco's obligations under the capital call agreement with Cerberus were secured by Renco's pledge of its interest in Ableco, LLC.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that it delivered a limited guarantee of its obligations under the capital call agreement with Cerberus and RG Steel's obligations under Term Loan C, as provided in document production-stamped RENCO0000047-56, and pledged its interest in Ableco, LLC as security for its limited guarantee, as provided in document production-stamped RENCO0000068-84.

96. Admit that Cerberus's loans to RG Steel have been repaid in full.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that there are no outstanding balances owed to Cerberus under the loans.

97. Admit that on January 18, 2012, RG Steel issued a press release announcing the Transaction.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

98. Admit that Renco knew when it was structuring the transaction that PBGC could initiate termination of the Pension Plans and hold each of Renco, Ilshar Capital LLC, Blue Turtles, Inc., Unarco Material Handling, Inc., Inteva Products LLC, The Doe Run Resources Corporation, and US Magnesium LLC jointly and severally liable for resulting termination liabilities.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, this Request purports to state a legal conclusion as to which no response is required.

99. Admit that, had PBGC initiated termination of the Pension Plans before the Transaction was consummated, Renco, Ilshar Capital LLC, Blue Turtles, Inc., Unarco Material Handling, Inc., Inteva Products LLC, The Doe Run Resources Corporation, and US Magnesium LLC would have been jointly and severally liable for any resulting termination liabilities.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, this Request purports to state a legal conclusion as to which no response is required.

100. Admit that as a result of the Transaction, Renco's ownership in RG Steel fell below 80%.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that as a result of the Transaction, Renco's ownership in RG Steel Holdings, LLC fell below 80%.

101. Admit that Exhibit 11 is a true and correct copy of a letter sent by Ira Golub of Proskauer Rose LLP to Daniel Bosh of the Steelworkers Pension Trust on or about August 30, 2013.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

102. Admit that Renco knew when it was structuring the Transaction that RG Steel Sparrows Point, LLC and RG Steel Wheeling, LLC contributed to the Steelworkers Pension Trust, a multiemployer pension plan.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that at all relevant times Renco was generally aware that RG Steel Sparrows Point, LLC and RG Steel Wheeling, LLC contributed to the Steelworkers Pension Trust, a multiemployer pension plan, but denies that it "structur[ed] the Transaction" and further denies that the principals at Renco responsible for negotiating and executing a potential transaction involving RG Steel considered any potential claims related to the Steelworkers Pension Trust in connection with a potential transaction.

103. Admit that the Steelworkers Pension Trust has filed claims for employee benefit plan contributions and/or withdrawal liability in the bankruptcy cases of RG Steel Sparrows Point, LLC; RG Steel Wheeling, LLC; and RG Steel Warren, LLC in the total amount of \$89,828,586.05.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that the Steelworkers Pension Trust has filed claims in the bankruptcy cases of RG Steel Sparrows Point, LLC, RG Steel Wheeling, LLC and RG Steel Warren. As for the nature and content of such claims, Renco states that the documents reflecting those claims speak for themselves.

104. Admit that during RG Steel's bankruptcy, RG Steel sold substantially all of its assets to third parties.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits that RG Steel sold substantial assets as part of RG Steel's bankruptcy proceedings. As for the nature and extent of such asset sales, the court orders authorizing such sales speak for themselves.

105. Admit that on September 18, 2012, PBGC issued notices of determination to each of RG Steel Warren, LLC and RG Steel Wheeling, LLC, as the Pension

Plans' administrators, that the Pension Plans should be terminated pursuant to 29 U.S.C. § 1342(a)(2).

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

106. Admit that on November 13, 2012, RG Steel Warren, LLC entered into an agreement with PBGC that: (1) terminated the RG Steel Warren, LLC Hourly Employees Pension Plan pursuant to 29 U.S.C. § 1342(c); (2) established August 31, 2012 as the RG Steel Warren, LLC Hourly Employees Pension Plan's termination date; and (3) appointed PBGC as statutory trustee for the RG Steel Warren, LLC Hourly Employees Pension Plan.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

107. Admit that on November 13, 2012, RG Steel Wheeling, LLC entered into an agreement with PBGC that: (1) terminated the RG Steel Wheeling, LLC Pension Plan pursuant to 29 U.S.C. § 1342(c); (2) established August 31, 2012 as the RG Steel Wheeling, LLC Pension Plan's termination date; and (3) appointed PBGC as statutory trustee for the RG Steel Wheeling, LLC Pension Plan.

**RESPONSE:** Subject to and without waiving any of the foregoing objections, Renco admits this Request.

Dated: March 17, 2014  
New York, New York

PROSKAUER ROSE LLP

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*Attorneys for The Renco Group, Inc.*

# **Exhibit 3**

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CHRISTOPHER GRAN  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
-----X  
PENSION BENEFIT GUARANTY CORPORATION,  
  
Plaintiff,  
v. Case No. 1:13-cv-00621-RJS  
THE RENCO GROUP, INC., et al.,  
Defendants.

-----X

VIDEOTAPED DEPOSITION OF CHRISTOPHER GRAN  
New York, New York  
Wednesday, November 20, 2013

REPORTED BY: BARBARA R. ZELTMAN  
Professional Stenographic Reporter  
Job 68401

Page 42	Page 43
<p>1 CHRISTOPHER GRAN 2 right? 3 A Typically our response time is two 4 weeks, so one week is expedited in my view. 5 Q But depending upon the 6 circumstances, you might think it requires a 7 quicker turnaround time, right? 8 A Could you repeat the question? 9 Q So when you send out an information 10 request, depending upon what the 11 circumstances are of that particular 12 situation, you may feel you need that 13 information sooner, right? 14 A I thought one week was appropriate 15 for responding to nine items gathering all 16 this information. 17 Q Fair enough. 18 But if it was a circumstance where 19 you felt you needed the information sooner, 20 you would ask for it sooner, right? 21 A Yes. 22 Q And so you can ask for it and you 23 can say I want it in 48 hours, right? 24 A I could. 25 Q Okay. You can issue an</p>	<p>1 CHRISTOPHER GRAN 2 administrative Subpoena, right? 3 A Yes. Well, PBGC could issue a 4 Subpoena. 5 Q You can summons people to the 6 PBGC's offices, right? 7 A I don't know if we have done that. 8 I'm not aware of whether we do that or not. 9 Q Okay. But asking for things on a 10 more expedited basis or issuing 11 administrative subpoenas, these are things 12 that the PBGC has done and can do, right? 13 A Yes. 14 Q In this case, in this case, in this 15 particular situation with the Severstal 16 transaction, what were you evaluating? 17 A We were evaluating that there were 18 these businesses that Renco would acquire. 19 There were pension plans that were going 20 with those businesses to Renco. 21 And so we wanted to evaluate what 22 these businesses look like, how they 23 performed. Tried to get some idea of both 24 historical and projected look at what these 25 businesses would do. See if they would --</p>
Page 44	Page 45
<p>1 CHRISTOPHER GRAN 2 if there was any situation here where 3 perhaps the plans may be at additional risk 4 if the transaction proceeds to completion. 5 So that's what we were looking at. 6 Q And what were your options? What 7 could you have done? 8 A We could have evaluated and said, 9 well, we don't think this is worth 10 terminating the plans, but we should give an 11 ask to the company in ways that we could -- 12 ways that they could help mitigate the risk 13 to the plans. 14 If we gain the ask and they say no, 15 we could consider whether termination is an 16 option or not. 17 Sometimes we don't feel there's 18 enough risk to the point where we go ahead 19 and threaten termination or go through with 20 a termination. 21 Or we can simply take no action. 22 We could say this transaction doesn't appear 23 to pose material risk to us, so we're just 24 going to take no action. 25 Q In this case, do you recall how you</p>	<p>1 CHRISTOPHER GRAN 2 proceeded? 3 A Well, after we got the information 4 back from this request, we followed up and 5 got additional information from Renco, 6 mostly through -- I think mostly through 7 Roger Fay. There was another analyst, 8 Darren Huff, who was helping out with this 9 transaction and he was talking mostly to 10 Roger Fay. 11 And we were also gathering 12 information from Severstal, as well. 13 Q Did you seek to negotiate 14 additional protections for the plans? 15 A We did have a call with both Renco 16 and with Severstal through their counsel, 17 who I think might have been Proskauer 18 actually, to see if they could provide some 19 additional protections for the plans. 20 We did have some concern initially 21 about businesses that were going from 22 Severstal, which was very -- their public 23 financials, they're a very large company, 24 good credit ratings -- going to the Renco 25 Group which was smaller, not a public</p>

Page 46	Page 47
<p>1 CHRISTOPHER GRAN 2 company. Thought that the transfer would 3 maybe increase the risk because it was going 4 from Severstal to Renco. 5 Q Were you able to negotiate any 6 additional protections for the plans? 7 A We were not. We were -- Renco sent 8 us a response later again with various 9 reasons why we shouldn't be concerned. 10 Severstal through Proskauer may 11 have also sent us letters. 12 Q And ultimately PBGC decided to take 13 no action? 14 A That's correct. 15 (Gran Exhibit 2, E-mail dated 16 Thursday, March 10, 2011, 17 9:44 p.m., PBGC-000040109, was 18 marked for Identification.) 19 BY MR. BOBROFF: 20 Q Showing you what's been marked as 21 Gran Exhibit 2. 22 First, do you typically e-mail 23 yourself notes? 24 A Yes. 25 Q Okay. So is that just kind of --</p>	<p>1 CHRISTOPHER GRAN 2 so are you typing up your handwritten notes 3 or are you just typing yourself notes in 4 e-mails? 5 A It's basically typing up various 6 thoughts about maybe things I should be 7 thinking about as a transaction proceeds. 8 Q Do you take handwritten notes? 9 A I do. 10 Q Is it your practice to take them of 11 all meetings or only certain meetings? 12 A I do mostly handwritten notes. 13 Q Were you asked to collect your 14 handwritten notes related to RG Steel in 15 this case? 16 A Yes. 17 Q And you've turned them over to 18 counsel? 19 A Yes. 20 Q Thanks. 21 So back to Exhibit 2. Subject 22 line -- this is an e-mail from yourself to 23 yourself on March 10, 2011. 24 Subject line: "Difficulties with 25 arguing long run loss."</p>
Page 48	Page 49
<p>1 CHRISTOPHER GRAN 2 Could you just quickly give me an 3 explanation of what long run loss is? 4 A Well, this is referring to 5 4042(a)(4) of ERISA. The term long run loss 6 is in that section of ERISA. And there's, 7 you know, various -- that section of ERISA 8 talks about various reasons why they might 9 fall under doing an PBGC initiated 10 termination of a pension plan. 11 Long run loss is basically 12 suggesting that if we did not take action to 13 protect ourselves, that the potential for 14 additional loss on recoveries if the plan 15 was ever terminated, it would increase. 16 Now, 4042(a)(4) talks about 17 unreasonable increase. So you could have an 18 increase in long run loss, but not go 19 forward to terminate a plan if you don't 20 think the increase is unreasonable. 21 Q Do you recall writing these notes 22 to yourself? 23 A No. 24 Q If you look at the final paragraph, 25 "Overall we probably can't make a definitive</p>	<p>1 CHRISTOPHER GRAN 2 argument for long run loss if the demand for 3 steel is currently growing, then there is a 4 market for opening up mills or expanding 5 capacity. If the demand for steel shrinks 6 that could be a problem, but we can't 7 definitively say that is going to occur." 8 Do you see that? 9 A Yes. 10 Q What were you saying here? 11 A These are my opinions only at the 12 time. And I'm looking, at least at that 13 particular issue, I was looking at the issue 14 for the steel demands specifically. And I 15 just made a comment about steel demand in 16 particular. 17 Q But I don't understand what you 18 mean by "can't make a definitive argument 19 for long run loss"? 20 A We were still gathering 21 information. We were like nine days from 22 when the deal was announced, so this was a 23 preliminary statement I was making. 24 Q Did your opinion change? 25 A It turned out that -- I don't</p>

1 CHRISTOPHER GRAN

2 prepared.

3 Q Well, we'll come back to this in  
4 a minute or a little later on, but the last  
5 business day before the expiration of the  
6 30 days was Friday, the 13th.

7 Were you prepared to terminate the  
8 plans as of Friday, the 13th?

9 A We did not terminate the plans on  
10 that date.

11 Q Were you prepared to terminate the  
12 plans?

13 A We had various documents drawn up  
14 to prepare for it. And my understanding is  
15 that Dana was told by Ira and Ari Rennert  
16 that no transaction was imminent. So who  
17 cares.

18 Q So who cares?

19 A What I'm saying, no transaction was  
20 imminent, that is what they said on, I  
21 believe it was that day.

22 Q You were on that call?

23 A No, I was not on that call.

24 Q My question is a little different.  
25 On Friday, the 13th, had you

1 CHRISTOPHER GRAN

2 drafted the Notice of Determination?

3 A We thought we had drafted one, yes.

4 Q You thought you drafted one.

5 Had they been signed by the  
6 director?

7 A I don't believe -- I don't recall  
8 knowing if the director had signed it.

9 Q Had you given CPAD three days' lead  
10 time to alert the papers that you would be  
11 filing a notice, maybe filing a notice?

12 A We did not give them three days'  
13 notice.

14 Q So I think my question is a simple  
15 one. Could you have terminated the plans on  
16 Friday, the 13th, were you prepared to do  
17 so?

18 A We would have to take another way  
19 to post a notice, like online, for example.  
20 We would have had to do something expedited  
21 like that if we thought we needed to  
22 terminate that day.

23 Q I thought you testified earlier  
24 that publication in the local papers was  
25 a prerequisite to terminating plans?

1 CHRISTOPHER GRAN

2 A It typically is. It typically is,  
3 but there's been one or two cases where we  
4 posted online.

5 Q You would have had to have the  
6 Notice of Determination signed by Director  
7 Gotbaum, correct?

8 A Correct.

9 Q Do you know if Director Gotbaum was  
10 in the office on Friday, the 13th?

11 A I don't know.

12 Q Who else could sign in his stead?

13 A I think Vince could have done it in  
14 his absence or whoever Josh delegated.

15 Q Let's look at Page 4 of the memo.  
16 In the final bulletpoint -- well,  
17 at the top of that page it says, "Other  
18 significant risks and issues related to the  
19 operations of RG Steel include the  
20 following." And the final bulletpoint, it  
21 says, "Renco says they will restart the  
22 blast furnace when it receives an acceptable  
23 financing commitment to improve liquidity,  
24 hopefully within the next week."  
25 Do you see that?

1 CHRISTOPHER GRAN

2 A Sorry, I haven't picked it up.

3 Q Sure. The final bulletpoint --

4 A I found it now. The last three  
5 lines?

6 Q Yes.

7 A Okay.

8 Q So Renco is telling you they will  
9 restart the blast furnace when they get  
10 acceptable financing commitment to improve  
11 liquidity, and they're hoping that will be  
12 within the next week, right?

13 A Yes.

14 Q That was the information provided  
15 to you by the company?

16 A Yes.

17 Q They were hoping to close  
18 a transaction within the next week, right?  
19 MR. MENKE: Objection to the  
20 form.

21 A I don't know if they were going to  
22 close it within the next week. It says  
23 "hopefully."

24 Q Right. They were hoping to?

25 MR. MENKE: Object to the form

Page 214	Page 215
<p>1 CHRISTOPHER GRAN 2 Do you see that? 3 A Yes. 4 Q What was Mr. Cann saying there? 5 MR. MENKE: Objection to the 6 form. 7 A First sentence, I think is pretty 8 easy to understand, that we want to discuss 9 all the guarantees possible. 10 The second sentence, I'm not aware 11 what Dana was specifically referring to. 12 Q You knew at this time that a deal 13 could happen quickly and without notice to 14 the PBGC, correct? 15 A We thought a deal could happen 16 fairly quickly. We were trying to 17 understand exactly when Renco was going to 18 close on the transaction. I don't believe 19 they gave us a specific date about that yet. 20 Q They told you that they were 21 working on a deal. They wanted to close it 22 within a week, correct? 23 A I don't think -- I don't believe 24 they said "close within a week." 25 I think the financing close was</p>	<p>1 CHRISTOPHER GRAN 2 later. It may have said a week or two 3 thereafter or something. I can't remember 4 the exact language. 5 Q And that was a call you were on 6 where that was said? 7 A No. That was the call where Jack 8 provided a summary. 9 Q Do you recall participating on 10 a phone call, conference call with Renco, 11 attorneys from the PBGC and attorneys for 12 Renco on January 9, 2012? 13 A I have a vague recollection of the 14 call. 15 (Gran Exhibit 21, Handwritten 16 notes, Bates Numbers PBGC-000051458 17 through PBGC-000051461, was marked 18 for Identification.) 19 BY MR. BOBROFF: 20 Q Let me show you what's been marked 21 as Gran Exhibit 21. 22 Do you recognize these to be your 23 notes? 24 A Yes. 25 Q These are your handwritten notes</p>
<p>Page 216</p> <p>1 CHRISTOPHER GRAN 2 from that call? 3 A Yes. 4 Q And so this was your first call 5 with the group, right? You weren't on the 6 January 4th call, right? 7 A Right, right. 8 Q It starts out with minutes of the 9 meeting. 10 Do you see that? 11 A Yes. 12 Q And Dana says, "Closing not 13 imminent. What about the window?" 14 Do you see that? 15 A I think he was reiterating that -- 16 well, I think maybe -- I'm not speculating, 17 but I'm thinking that maybe he's saying 18 something that Renco had told him. 19 Q Do you recall how long the phone 20 call was? 21 A No. 22 Q Just by looking at your notes, it 23 looks like there's an enormous amount of 24 information flowing to the PBGC on this 25 call.</p>	<p>Page 217</p> <p>1 CHRISTOPHER GRAN 2 Is that an accurate 3 characterization of the call? 4 A There was quite a bit discussed, 5 certainly. 6 Q Renco was being open and honest and 7 forthright with you, were they not? 8 MR. MENKE: Objection to the 9 form. 10 A We asked questions. They gave us 11 information. We wrote it down. We had to 12 take it as fact for the call. 13 Q You were doing your own analyses, 14 were you not? 15 A I was looking at the analyses, and 16 I know that Dana was as well. 17 Q You were checking the facts that 18 they were providing, were you not? 19 A We were checking facts. 20 I think a lot of this -- there's 21 a good portion of this call I believe that 22 was -- there's a part where we -- we were 23 discussing projections. And so it's 24 management's view of how they think the 25 company is going to do going forward, so I</p>

Page 218	Page 219
<p>1 CHRISTOPHER GRAN 2 think we had gotten some projections and we 3 were asking additional questions to fill in 4 the gaps. 5 Q And they were providing answers, 6 right? 7 A They were providing answers. 8 Q And you fact-checked those answers 9 after the fact, right? 10 A Well, we took the information they 11 gave and we helped use that information to 12 put what was mentioned in the TWG memo about 13 projections. 14 We may have gotten more information 15 later, but we were obviously gathering this 16 information to understand their projections 17 and to see what the downside risk was if 18 they didn't meet those projections. 19 Q On this phone call, is it fair to 20 say that they were having an open and frank 21 discussion with you? 22 MR. MENKE: Objection to the 23 form. 24 You can answer if you know. 25 A They were providing their</p>	<p>1 CHRISTOPHER GRAN 2 information. We were writing it down, and 3 we had no reason to believe that they were 4 not telling the truth. 5 Q Okay. 6 You checked the projections later, 7 right, and you didn't -- were there any 8 instances where you said that something they 9 had provided to you, information they 10 provided to you on the phone was untruthful? 11 A On this call was untruthful? 12 Q Yes. This was the only call you 13 participated on, correct? 14 A Yes, I believe it was. 15 So during this call, 16 the information we were given, I didn't -- 17 we didn't -- we had no reason to believe 18 that they were not telling the truth about 19 what they were providing. 20 We have to take what people say on 21 these calls and try to work with it. 22 The projections that I was 23 referring to is management's estimate of how 24 they will do going forward. 25 But, frankly, we were sceptical</p>
Page 220	Page 221
<p>1 CHRISTOPHER GRAN 2 about the projections, given what the 3 company had recently done historically. So 4 it's not dishonest, it's just they have 5 certain assumptions that we had doubts 6 about. 7 Q Fair enough. 8 If you look at the second-to-last 9 page ending in 460. 10 It says at the bottom "Guarantee." 11 Is that Dana speaking? 12 A Probably. I don't know for sure. 13 Q Below it, it says, "Ari, we are 14 considering it." 15 And then it looks likes there's 16 an attorney that says, "Clarify what you are 17 thinking what it would look like." 18 Do you see that? 19 A Yes. 20 Q So as of January 9th, PBGC had 21 not even communicated to Renco what a 22 guarantee would look like. 23 Is that accurate? 24 A Up until this point, they didn't 25 know the details.</p>	<p>1 CHRISTOPHER GRAN 2 Q And the first time that a guarantee 3 concept was mentioned was on the 4 January 4th call, correct? 5 A I believe it was. 6 Q Now it's five days later and PBGC 7 hasn't even provided an outline of what such 8 a guarantee would look like, correct? 9 MR. MENKE: Objection to the 10 form. 11 A We were provided information on 12 this call about what it would look like. 13 Q You've negotiated over \$200 million 14 in settlements, correct? 15 A Yes. 16 Q At any time between December 16th 17 when the Form 10 was filed and this call on 18 January 9th, did you ever say, guys, we 19 should really get the ball moving on 20 a guarantee? 21 MR. MENKE: Objection to the 22 form. 23 A I don't recall saying something 24 like that. 25 Q Why not?</p>

1 CHRISTOPHER GRAN

2 A Because I felt we were moving at  
3 an adequate pace.

4 Q You felt you were moving at  
5 an adequate pace?

6 You're 24 days into the 30-day  
7 window under the Form 10 notice, and this is  
8 the first time you're even outlining what  
9 you might consider as a guarantee that  
10 the PBGC would be comfortable with.

11 Is that right?

12 A I discussed the guarantee earlier  
13 and we gave them details now, but we  
14 mentioned guarantee earlier, January 4th.

15 Q You gave them details on the  
16 January 9th call?

17 A Did not give them details.

18 On this January 9th call, I think  
19 Dana's talking here about what some of  
20 the things would be, like guarantee from  
21 Renco control group, probably five years.  
22 That's kind of the headline of what we want  
23 on the guarantee.

24 Q Okay.

25 Had you negotiated guarantees

1 CHRISTOPHER GRAN

2 before?

3 A Only with 4062E settlements.

4 Q Do you recall seeing the outline of  
5 the guarantee that went to Renco?

6 A I believe I did see an outline.

7 Q And we'll look at that in a moment,  
8 but was it your expectation that Renco would  
9 accept your proposal without further  
10 negotiation?

11 A I didn't know. That's why we put  
12 it across the table to him, through e-mail,  
13 really. But that's why we put it across to  
14 them, we wanted to see what they think about  
15 it.

16 Q In hindsight, do you think you  
17 should have done that earlier in the  
18 process?

19 MR. MENKE: Objection to the  
20 form.

21 A In hindsight, no, I don't think we  
22 should have done it earlier.

23 If we could have, great, but we  
24 didn't and I'm comfortable with that.

25 Q You couldn't have done that

1 CHRISTOPHER GRAN

2 earlier, is what you are saying?

3 A In a sense we could have done it  
4 earlier, but I thought we were moving at  
5 an adequate pace.

6 Q The guarantee that you or  
7 the outline of the guarantee that you  
8 provided to Renco was an unconditional  
9 guarantee of the unfunded benefit liability  
10 on a termination basis for five years,  
11 right?

12 A I'd have to see the document to  
13 confirm that.

14 Q Okay.

15 (Gran Exhibit 22, E-mail  
16 chain, top e-mail dated Monday,  
17 January 9, 2012, 11:01 p.m., Bates  
18 Number PBGC-000038621, with  
19 attachment, was marked for  
20 Identification.)

21 BY MR. BOBROFF:

22 Q I'm going to show you what's been  
23 marked as Gran Exhibit 22.

24 This is a January 9, 2012 e-mail  
25 from John Grimaldi to you, Mr. Gran and Dana

1 CHRISTOPHER GRAN

2 Cann, cc to Ari Rennert, Roger Fay, Mike  
3 Ryan, Gary Ford. Subject: "Response to  
4 PBGC administrative Subpoena."

5 Do you recall receiving this  
6 response to the administrative Subpoena  
7 you'd sent on the Friday before?

8 A Yeah, I recall getting this.

9 Q What did you do with it when you  
10 received it?

11 A I looked over the information  
12 contained in the response.

13 Q Did you discuss it with anyone?

14 A I may have. I don't recall  
15 specifics.

16 Q And they provided you with what you  
17 had asked for again, correct?

18 A I didn't look over the Subpoena,  
19 but ...

20 Q Throughout this process, you asked  
21 for information and Renco provided it to you  
22 in a timely manner, correct?

23 A I would say so.

24 Q You can put that aside for a  
25 moment.

1 CHRISTOPHER GRAN  
2 they need lead time to publish.  
3 Q Okay.  
4 And that was the only assumption  
5 you were operating under at the time, right?  
6 A I believe so.  
7 Q Did you make any -- strike that.  
8 Did you make any arrangements for  
9 some kind of alternative means of  
10 publication?  
11 A We did not.  
12 (Gran Exhibit 29, Handwritten  
13 notes of a phone call, Bates  
14 stamped PBGC-000051456, was marked  
15 for Identification.)  
16 BY MR. BOBROFF:  
17 Q I'm going to show you what's been  
18 marked as Gran Exhibit 29.  
19 This is handwritten notes of a  
20 phone call. One-page Bates stamped  
21 PBGC-51456.  
22 Is this your handwritten notes?  
23 A Yes.  
24 Q It says, "Call with Stephanie  
25 Thomas" at the top.

1 CHRISTOPHER GRAN  
2 So it says, "Dana recounted  
3 conversation with Ira and Ari."  
4 And then it says, "No deal  
5 imminent."  
6 That's what Dana Cann said to you?  
7 A That's what he was saying to  
8 Stephanie, and I was there.  
9 Q Okay.  
10 Was this before or after you  
11 received the e-mail that you were referring  
12 to before telling you about the phone call?  
13 A The e-mail where the Rennerts said,  
14 "No transaction was imminent"?  
15 Q The e-mail where Dana said that the  
16 Rennerts told him that no transaction was  
17 imminent.  
18 A Yeah, I mean, it's -- maybe it's  
19 possible that we didn't get an e-mail right  
20 after that call about that. Maybe -- I  
21 mean, I'm seeing here that maybe this is the  
22 first time I heard about it.  
23 Q In the next bullet point -- so "no  
24 deal is imminent."  
25 Was that -- is this a quote from

1 CHRISTOPHER GRAN  
2 Do you see that?  
3 A Yes.  
4 Q Who was on this call?  
5 A Looks like Dana was on it and  
6 Stephanie was on it and I was on it.  
7 Q Okay. So --  
8 A And maybe somebody else, but I  
9 can't tell from this.  
10 Q Can you tell from this if this is a  
11 call between you and Stephanie Thomas alone  
12 or if this is a call between you, Stephanie  
13 Thomas, and Dana Cann?  
14 A I -- I think it's a call with  
15 Stephanie and Dana.  
16 Q Okay.  
17 You testified earlier that other  
18 than the e-mail you got from Dana, you  
19 didn't have any discussions with him about  
20 the call with the Rennerts?  
21 A I didn't recall having discussions.  
22 Q So this would refresh your  
23 recollection as to that conversation?  
24 A Yes.  
25 Q Okay.

1 CHRISTOPHER GRAN  
2 Dana?  
3 A This is -- this is a quote based on  
4 what Ira and Ari Rennert were telling him.  
5 Q Okay.  
6 But I'm asking were you quoting  
7 word for word what Dana was saying to you on  
8 the phone?  
9 A I'm paraphrasing what he was  
10 telling Stephanie right then on the call.  
11 Q Okay.  
12 So he says, "No deal is imminent."  
13 And then it says, "No deal has  
14 equity on the table?"  
15 Do you see that?  
16 A Yes.  
17 Q What does that mean?  
18 A I put a question mark because after  
19 I wrote it, I thought -- I wasn't sure if I  
20 was getting it down properly.  
21 Q What does that mean?  
22 A It means that I may not have heard  
23 him properly when I was writing it. That's  
24 why I put a question mark. It didn't -- I  
25 wasn't sure if I got it.

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1 CHRISTOPHER GRAN  
 2 Q Gotcha.  
 3 So he may not have said, "No deal  
 4 has equity on the table"?  
 5 A He may -- I'm putting a question  
 6 mark there because -- I thought -- I thought  
 7 I was putting it because I wasn't sure what  
 8 he -- what he was saying there, but maybe  
 9 that's not why I put the question mark.  
 10 Q Well, sitting here today, do you  
 11 have any recollection as to whether or not  
 12 Dana said on that call, "No deal has equity  
 13 on the table"?  
 14 A I wrote it down and I thought that  
 15 was my -- I'm writing the notes as best as I  
 16 can on that call.  
 17 Q Right.  
 18 But you put a question mark, right?  
 19 A It's -- well, perhaps, it was that  
 20 all this time they were talking about equity  
 21 leaving the control group and maybe I was  
 22 baffled that they were saying something  
 23 different now.  
 24 Q Right.  
 25 Because "no deal has equity on the

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1 CHRISTOPHER GRAN  
 2 can.  
 3 A He's telling Ira and Ari on this  
 4 call -- or on the -- the call that he just  
 5 had that we -- that we got sign-offs for the  
 6 termination, that we're moving forward with  
 7 it, as he said, with John.  
 8 I assume that's -- he was saying  
 9 something similar to Ira and Ari.  
 10 Q Okay.  
 11 And then -- then Dana tells you and  
 12 Stephanie Thomas that Ari and Ira said, "No  
 13 deal has equity on the table," and you were  
 14 baffled by that, right?  
 15 MR. MENKE: Objection to the  
 16 form.  
 17 A I wasn't -- I was confused that --  
 18 that after all these assurances that  
 19 ownership was leaving the control group,  
 20 that now Ari and Ira is saying that equity  
 21 is off the table.  
 22 Q Did you ask Dana about that  
 23 comment?  
 24 A I may have or I may have made a  
 25 statement to say, wow, they're changing

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1 CHRISTOPHER GRAN  
 2 table" makes absolutely no sense in -- in  
 3 the context of the situation that you were  
 4 involved in at the time, correct?  
 5 A I think what it is is that Ira, in  
 6 the Form 10 advance, we got a notice that  
 7 the ownership would likely drop below  
 8 80 percent.  
 9 We got calls with Renco that said  
 10 that 39 to 49 percent of the equity would  
 11 come out of the control group, so all these  
 12 things have happened time after time after  
 13 time, they said equity is leaving the  
 14 control group and Renco's ownership of  
 15 RG Steel will drop below 80 percent.  
 16 And now Ari and Ira are saying  
 17 something different after all this. After  
 18 we finally say that we could proceed with a  
 19 termination.  
 20 Q Well, you told them all along you  
 21 could proceed with the termination, right?  
 22 In the very beginning.  
 23 MR. MENKE: Objection to the  
 24 form. Foundation.  
 25 You can answer the question, if you

Page 281

1 CHRISTOPHER GRAN  
 2 their -- they're changing their tune here  
 3 about equity.  
 4 Q Or at least Dana is telling you  
 5 that they're changing their tune, right?  
 6 A Yes.  
 7 Q Did Dana say, you know, that  
 8 comment didn't make a lot of sense to me  
 9 either?  
 10 A I don't recall him saying that.  
 11 Q Did Stephanie Thomas say that?  
 12 A I don't know if she did.  
 13 Q But you were thinking that, right?  
 14 A I was amazed that equity was off  
 15 the table after all this time that equity  
 16 was on the table.  
 17 Q Okay.  
 18 But you were amazed that Dana Cann  
 19 was telling you that Ira and Ari were  
 20 telling him that, correct?  
 21 MR. MENKE: Objection to the  
 22 form.  
 23 A He said that no deal has equity on  
 24 the table and I believed him.  
 25 Q You put a question mark?

1 CHRISTOPHER GRAN  
2 A I put a question mark that I  
3 couldn't believe Ira and Ari were telling  
4 him that.

5 Q Right. Okay. Fair enough.  
6 Then it says, "Dana offered  
7 standstill. They okayed this. We'll send  
8 shortly."

9 Do you see that?

10 A Yes.

11 Q Okay.

12 Is this word for word what Dana  
13 said to you or is this you paraphrasing?

14 A It's probably paraphrasing.

15 Q Okay.

16 A And, in fact, it's probably him  
17 explaining to Stephanie what he did.

18 Q And what did he explain to  
19 Stephanie?

20 A Saying that he offered a  
21 standstill, like a standstill agreement.  
22 They okayed this basically saying they were  
23 amenable to it.

24 Q Is it your understanding -- strike  
25 that.

1 CHRISTOPHER GRAN  
2 Is it your understanding that the  
3 Rennerts said they were amenable to a  
4 standstill agreement?

5 A That's what Dana put in the e-mail.

6 Q Okay.

7 Did you ask him about that ever?

8 A I don't recall asking him about it.

9 Q If Dana were to say that they said,  
10 "okay, send it over," would that be  
11 consistent with what you heard from Dana on  
12 this call or no?

13 MR. MENKE: Objection to the  
14 form.

15 A I don't know the exact dialogue of  
16 what was said on the call. He was obviously  
17 paraphrasing to Stephanie about what he had  
18 heard from Ira and Ari.

19 Q Okay.

20 But Dana was leaving you with the  
21 impression that Ari and Ira Rennert had --  
22 had said okay to entering into a standstill  
23 agreement, correct?

24 A They were okay to -- they were okay  
25 to a standstill agreement.

1 CHRISTOPHER GRAN

2 Q Okay.

3 Do you know what Dana Cann  
4 testified to about that statement?

5 A I do not know.

6 Q Okay.

7 All you know is that he told you  
8 that he offered a standstill and Ari and Ira  
9 said that they were amenable to that.

10 A He put that in the e-mail,  
11 so that's what -- he put it in the e-mail.  
12 He said that in the e-mail.

13 Q You have no reason to doubt the  
14 truth of that statement, do you?

15 A I don't doubt -- I don't doubt the  
16 truth of that statement.

17 Q So you believe that Ari and Ira  
18 said on that call that they were okay with  
19 entering into a standstill?

20 A I don't know the exact -- it says  
21 it's amenable to a standstill agreement, so  
22 I think they like the idea or acted like  
23 they were okay with the idea.

24 And so Dana -- we provided them a  
25 standstill agreement later in the day to

1 CHRISTOPHER GRAN

2 review.

3 Q And this is just purely secondhand  
4 you were getting from Dana Cann, correct?

5 A I was not part of the conversation  
6 with Ari and Ira, which I think I covered.

7 Q I think you have.

8 You said you looked at the  
9 standstill before it went out?

10 A Yes.

11 Q Do you understand the economic  
12 affect of the standstill was the same as the  
13 guarantee?

14 MR. MENKE: Objection to the  
15 form. Foundation.

16 A I don't recall specifically that  
17 they were exactly the same.

18 Q Okay.

19 The standstill agreement that you  
20 sent to the Rennerts -- well, why don't we  
21 look at it.

22 (Gran Exhibit 30, E-mail  
23 chain, top e-mail dated Friday,  
24 January 13, 2012, 8:42 p.m,  
25 PBGC-000050694 with attachment,

# Exhibit 4

**EXECUTIVE SUMMARY***Confidential***Company  
Overview**

The Company is the fourth largest flat-rolled steel company in North America with 8.2 million tons of annual steelmaking capacity. In March 2011, the Company acquired three steel companies featuring a wide array of complimentary steel making capabilities, including high carbon and alloy, culvert, cold-rolled, galvanized and tin/black plate steel production. As a result of the acquisition, the Company owns and operates one of the largest and most efficient steel making facilities in North America. The Company also acquired a 50% interest in the third largest single site coke making facility in the U.S., providing the Company with 600,000 tons of coke annually.

The decline in steel selling prices coupled with surging raw material (iron and coke) prices led to immediate liquidity pressures. In addition, following the acquisition, the Company incurred significant costs related to the blast furnace restart at a previously idled steel-making facility. The Company's liquidity was further impacted by a shortfall in the amount of working capital delivered by the seller upon the closing of the acquisition. The Company anticipates continued market dislocation between steel pricing and underlying raw material costs through early 2012. However, as a result of improved operations and the expected rise in steel selling prices, the Company estimates sales of approximately \$3.7 billion and EBITDA of \$197.7 million in fiscal year 2012.

**Company  
Highlights**

**Significant Asset Value:** The Company's assets, including accounts receivable, inventory and fixed assets create substantial equity in collateral available for second lien holders. The Company's current senior credit facility relies strictly on accounts receivable and inventory collateral and includes a material availability block, reserves and conservative advance rates. The Company's fixed assets include the primary steel making and finishing assets along with rolling stock assets which provide additional collateral.

**Significant Market Position in North America:** With more than 8.2 million tons of total crude steel capacity across all steelmaking facilities, the Company is the fourth largest flat-rolled steel producer in North America. In addition, the Company has excess production capacity in hot rolled, cold rolled, coated and tin products and the flexibility to produce steel via its Basic Oxygen Furnace ("BOF") or Electric Arc Furnace ("EAF") proven capability.

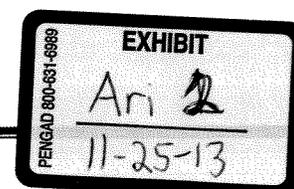
**Highly Complementary Steel Making Facilities:** The Company's manufacturing capabilities include the production of high carbon alloy, culvert, cold-rolled, galvanized and tin/black plate steel and coke production. The Company's manufacturing facilities are strategically located in close proximity, allowing for flexibility in operating its facilities and serving its customers to optimize profitability. The locations are also located in key steel consumption regions with cost effective access to the South and Gulf Coast regions, as well as the East Coast port to supply Europe and other foreign markets.

**Operating Flexibility from BOF and EAF Capabilities:** Equipped with three blast furnaces and one EAF, the Company can change the operating configuration depending on market conditions. The configuration provides significant flexibility, including the ability to optimize scrap and iron ore as a raw material source, quickly adapt to market opportunities and maximize output and efficiency of the EAF by supplementing with molten pig iron charge from the blast furnace.

**Competitive and Flexible Labor Agreement with the United Steelworkers ("USW"):** The Company's recently negotiated labor agreement with the USW provides a number of meaningful benefits to the Company providing for considerable annual savings. These benefits include a base wage that is \$2.50 per hour below the industry average, no signing bonus upon ratification, deferred contributions to VEBA trusts and favorable caps on retiree medical premiums. In addition and among other things, the agreement provides for alternative work schedules consisting of ten or 12 hour days, the right to maximize workplace efficiency by allowing employees to perform a broader range of duties and the ability to restructure positions to yield lower headcounts. The 2014 expiration of the contract is also advantageous given that the largest domestic integrated producers face 2012 contract expirations.

**Export Opportunities:** A weak U.S. dollar coupled with higher homeland demand in foreign slab producing countries has created an opportunity to initiate long term take agreements with global slab and sheet buyers. The Company's slab facility is capable of producing a unique wide and thick slab that is particularly attractive in plate applications globally. The Company expects to export 550,000 tons in 2012.

RG Steel, LLC



**EXECUTIVE SUMMARY***Confidential*

**Profitable Niche High Margin Carbon and Alloy Business:** The Company's specialty high carbon and alloy steel production facility was designed to provide maximum operational flexibility, which enables the Company to produce 185 discrete custom grades of steel for customers in economical order quantities. The Company's vacuum degasser allows for precise chemistry and temperature control with the capability to reduce steel carbon levels as low as 0.002% carbon, and the LMF and continuous caster have the ability to cast grades with alloy content approaching 7%. With the ability to accommodate thicknesses up to 0.7 inches, the Company's hot strip mill is one of the few in North America capable of exceeding 0.5 inches.

**Strong Management Team:** The Company's top four executives have, on average, more than 25 years of experience in the metals industry. The management team has played an integral role in developing and implementing the Company's cost reduction initiatives.

**Proposed Transaction**

The Company is reaching out to a select group of potentially interested parties to secure a \$200 million term loan (the "Financing Transaction") The facility will be structured as a three year term loan with a combination of cash and PIK interest supported by a second lien on accounts receivable, inventory and fixed assets pari passu with existing subordinated debt. It is anticipated that the net proceeds will be used to create immediate liquidity and to refinance \$50 of subordinated debt. With this capital infusion, the Company will have adequate liquidity through early 2012 at which time the pricing relationship between hot rolled coil prices and iron ore/coke is expected to return to a more normalized spread which will serve to further enhance the Company's liquidity position through the remainder of 2012 and beyond.

The Company has retained Conway MacKenzie, Inc. as its financial advisor in connection with the proposed Financing Transaction. All inquiries and requests for additional information should be directed to the individuals listed below. Upon execution of the Confidentiality Agreement which will be separately provided upon request, we will provide you with a detailed Confidential Information Memorandum for your review.

**RG Steel, LLC**

1430 Sparrows Point Boulevard  
Sparrows Point, MD 21219

**Rich Caruso**

*Chief Financial Officer*  
Rich.Caruso@rg-steel.com  
(410) 388-7510

**Conway MacKenzie, Inc.**

600 Fifth Avenue  
25<sup>th</sup> Floor  
New York, NY 10020  
Fax (212) 586-5400

303 W Madison Street  
Suite 1600  
Chicago, IL 60606  
Fax (312) 251-1952

**Donald MacKenzie**  
*Senior Managing Director*

dmackenzie@conwaymackenzie.com  
(212) 586-2220 x1900

**Kenneth Latz**  
*Managing Director*

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**Michael Fixler**  
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mfixler@conwaymackenzie.com  
(312) 220-0135 x609

**Andrea Kindorf**  
*Director*  
akindorf@conwaymackenzie.com  
(312) 220-0135 x624

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 RG Steel, LLC

# **Exhibit 5**

**From:** Tarek Ajouz </O=CERBERUS PARTNERS, L.P/OU=CERBERUS/CN=RECIPIENTS/CN=TAJOUZ>  
**Sent:** Tuesday, December 13, 2011 5:58 PM  
**To:** Daniel Wolf <dwolf@ablecofinance.com>  
**Cc:** Steven Mayer <smayer@cerberuscalifornia.com>; David Glenn <dglenn@cerberuscapital.com>; Brett Crandall <bcrandall@cerberuscapital.com>; Ethan Klemperer <eklemperer@cerberusoperations.com>  
**Subject:** RG Steel Conclusions

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Dan,

We wrapped up our call on RG Steel a short while ago and we wanted to get back to you with our views. We discussed several potential approaches to a possible investment in RG Steel including:

- Renco's Ask: \$200 million 2<sup>nd</sup> lien investment with warrants for a significant portion of the company (e.g. 30+% of the equity) and assuming their use of proceeds (\$113 million to Renco; \$85 million ABL pay down; Fees and expenses of \$2 million)
- Modified \$200 million Investment with the following features:
  - Renco leaves all of its existing capital in RG Steel
  - Use of proceeds used to pay down revolver
  - CCM investment comes in senior to Renco's existing 2<sup>nd</sup> lien note
  - Warrant's for a significant portion of the Company (e.g. 30+% of the equity)

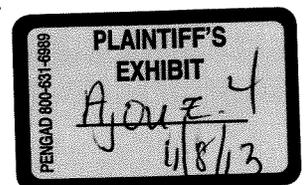
We ultimately decided to pass on the investment regardless of the structural alternatives discussed for the following reasons:

- 2012 Plan reliance on volume and price growth: The 2012 plan assumes significant growth in monthly volumes and improvement in steel prices just to get to EBITDA and FCF break-even. While there are operational improvements that management has been able to achieve, the success of RG's plan largely still relies on the aforementioned price and volume increases
- Competitive Positioning: Given the raw material advantages that the big US steel producers have, it appears it will be difficult for RG Steel to generally be competitive from a price perspective given the commodity nature of their products
- Liquidation Value: While our guess is that the liquidation value would probably be sufficient to cover our investment, a potential liquidation would likely be very difficult given the size of RG's Pension, OPEB and Environmental liabilities of approx. \$500 million

Given the above issues, we do not believe that the upside potential in any of the scenarios we discussed is sufficient to support moving forward with an investment.

Let us know if you have any questions or would like to discuss this further. Thanks.

Tarek



**Tarek Ajouz**  
**Cerberus Capital Management**  
**299 Park Avenue, 22nd Floor**  
**New York, NY 10171**  
**212-894-5344**  
**212-894-5345 (fax)**  
**[tajouz@cerberuscapital.com](mailto:tajouz@cerberuscapital.com)**

# **Exhibit 6**

2:47:06 PM

From: Gran Christopher  
 Sent: Tuesday, December 20, 2011 7:47:06 PM  
 To: John Grimaldi  
 Subject: PBGC information request

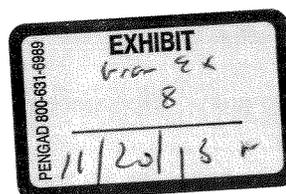
Mr. Grimaldi:

I left you a couple voicemails today and I didn't realize that I have your e-mail address from discussions we had with The Renco Group back in March.

According to a PBGC Form 10 (Advance Notice of Reportable Events) submitted by The Renco Group ("Renco") on December 16, 2011, RG Steel, LLC ("RG Steel"), a wholly-owned subsidiary of Renco, is currently in the market to raise capital with various private institutional investors (the "Anticipated Transaction"), and the investment proposals being considered are likely to result in Renco owning less than 80% of the fully diluted shares of RG Steel. The Anticipated Transaction would occur by the end of January 2012.

To assist the PBGC in understanding the impact, if any, of the Anticipated Transaction on the WCI Steel, Inc. – USW Defined Benefit Plan ("WCI Plan") and the Severstal Wheeling, Inc. Pension Plan ("Wheeling Plan") (together, the "Plans"), please provide the following information by December 29, 2011. If some of the information will not be available by the date requested, please let me know when you will be able to provide it. Note that if you withhold any responsive documents or information, PBGC may issue a subpoena requiring its production, the attendance and testimony of one or more witnesses, or both.

- 1) Provide copies of all investment memoranda for RG Steel prepared in connection with the Anticipated Transaction. To the extent the following information is not included in these materials, provide the following: pro-forma financial projections of income statements, balance sheets, and cash flow statements along with the key assumptions underlying those projections.
- 2) Provide any 2011 interim financial statements for RG Steel including income statements, balance sheets and cash flow statements along with any supporting notes.
- 3) The Form 10 notes that the capital will be used by RG Steel for "general corporate purposes". Provide additional detail regarding the use of proceeds for these purposes.
- 4) Provide the amount of capital that RG Steel hopes to raise from the Anticipated Transaction.
- 5) Explain whether the capital raise from investors is expected to be granted in shares of common stock or other forms.
- 6) Provide the latest available market value of plan assets for the Plans.
- 7) Provide the latest actuarial valuation report or AFTAP certification for the Wheeling Plan if an August 1, 2011 valuation date is available.
- 8) Provide the 2010 Schedule SB for the WCI Plan if available.
- 9) Provide the dates and amounts of contributions to the Plans since the last actuarial valuation reports were issued.
- 10) Provide the total amount of lump sums paid in the following manner:
  - a. For the WCI Plan, provide the lump sums paid from March 31, 2010 to March 31, 2011; and April 1, 2011 through the latest available date.



PBGC-000041242

b. For the Wheeling Plan, provide the lump sums paid from August 1, 2010 to August 1, 2011; and August 1, 2011 through the latest available date.

11) Provide any actuarial calculations for the WCI Plan that incorporate the impact of the new collective bargaining agreement between Renco and the United Steelworkers union.

12) PBGC was provided with minimum funding projections in March 2011 for the Plans (projections were through 2015 for the WCI Plan and through 2019 for the Wheeling Plan). Provide any updates to those minimum funding projections if available.

13) Permission to contact the Plan's actuary if there are any questions about the information provided. If permission is granted, please provide contact information.

Thank you for your assistance. If you have any questions, please contact me at the telephone number indicated below. You can also reach me on my personal cell phone at (301) 325-9366 or you can contact my supervisor, Ajit Gadre, at (202) 326-4000, ext. 3655.

Sincerely,

**Christopher R. Gran**

Department of Insurance and Supervision and Compliance  
Pension Benefit Guaranty Corporation  
1200 K Street, N.W.  
Washington, D.C. 20005-4026  
P: 202-326-4000 x3405

# **Exhibit 7**

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**From:** Tarek Ajouz  
**Sent:** Tuesday, January 03, 2012 6:02 PM  
**To:** Steven Mayer; David Glenn; Brett Crandall  
**Subject:** RG Steel Update

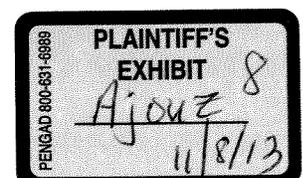
Gentlemen,

Feinberg came by my office today to discuss RG Steel. Ira Rennert called Steve over the holidays after we passed on the investment. Apparently Ira told Steve that if RG does not raise additional capital this week they will likely file for Ch. 11. Ira proposed a \$125 million debt investment for 50% of the equity. Steve has a meeting with Ira tomorrow afternoon to discuss our rationale for passing and he has asked me and Dan Wolf to join the meeting to walk Renco through our issues. My approach will be to walk through our rationale for passing similar to what we did in late December as a group.

Let me know if any of you would like to discuss. Thanks.

Tarek

Tarek Ajouz  
Cerberus Capital Management  
299 Park Avenue, 22nd Floor  
New York, NY 10171  
212-894-5344  
212-894-5345 (fax)  
[tajouz@cerberuscapital.com](mailto:tajouz@cerberuscapital.com)



# Exhibit 8

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# Exhibit 9

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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PENSION BENEFIT GUARANTY  
CORPORATION,

Plaintiffs,

v.

1:13-cv-0621 RJS

THE RENCO GROUP, INC., et al.,

Defendants.

-----x

DEPOSITION OF ARI RENNERT

New York, New York

November 25, 2013

Reported by:

MARY F. BOWMAN, RPR, CRR

JOB NO.: 67706

1 A. Rennert

2 A. That's probably fair to say.

3 Q. I would like to specifically direct  
4 your attention to item number 3, and I would  
5 ask you to, rather than skim that, read that  
6 in some detail and tell me if that paragraph  
7 accurately reflects a portion of the  
8 conversation on or about January 4.

9 MR. PERRA: Objection to form.

10 A. I am sorry, if you don't mind  
11 repeating the question.

12 Q. I guess I asked you to read  
13 carefully paragraph 3 and asked you if it is  
14 your recollection that -- excuse me, strike  
15 that -- and asked you if that writing  
16 accurately reflects your recollection of a  
17 portion of the phone call that occurred with  
18 PBGC.

19 MR. PERRA: The entire paragraph?

20 MR. MENKE: Yeah. Yes. The entire  
21 paragraph. We may go sentence by  
22 sentence here in a minute, but --

23 MR. PERRA: I mean look, it is your  
24 deposition, you will do what you want.  
25 But I think that being specific about

1 A. Rennert

2 paragraph, first sentence?

3 A. I do recall that, yeah.

4 Q. Who were the two different  
5 investors that you were referring to?

6 A. Elliott and Cerberus.

7 Q. Do you recall at this time  
8 identifying them to PBGC or not?

9 A. I don't recall.

10 Q. And do you recall saying that in  
11 addition to the subordinated secured debt  
12 obligation, "the investors will require that  
13 they receive equity in RG that ranges from  
14 39 percent to 49 percent"? Do you recall  
15 saying that?

16 A. I recall saying -- I don't know if  
17 I said that exactly.

18 Q. Do you recall saying that  
19 generally?

20 A. I recall saying that the investors  
21 required, in addition to the subordinated  
22 debt, significant ownership interest in  
23 RG Steel, yes.

24 Q. You don't recall mentioning the  
25 specific percentages?

1 A. Rennert

2 what you are asking about and what you  
3 are getting an answer to, it would be  
4 helpful to talk about particular items,  
5 because there is a bunch of items cooked  
6 into paragraph 3.

7 MR. MENKE: That's correct.

8 Q. Well, why don't we take your  
9 counsel's suggestion then and do that.

10 A. OK.

11 Q. Do you recall you or any of the  
12 other participants on the call who were  
13 representing Renco stating that Renco was  
14 not -- unwilling to contribute additional  
15 cash to RG unless it partners with another  
16 cash investor? Do you recall saying that?

17 A. I do not recall saying that.

18 Q. Do you recall whether Mr. Grimaldi,  
19 Mr. Fay or Mr. Levine said that?

20 A. I do not recall. No.

21 Q. Do you recall saying that Renco was  
22 currently negotiating with two different  
23 investors who may invest as much as  
24 125 million dollars in subordinated secured  
25 debt, which is the second half of that first

1 A. Rennert

2 A. I do not, no.

3 Q. Do you have any reason to believe  
4 that you did not mention the percentages?

5 MR. PERRA: Objection to form.

6 A. I'd be speculating.

7 Q. Were those percentages of ownership  
8 consistent with your understanding of the  
9 transactions that were under discussion at  
10 the time?

11 A. I'm not sure.

12 Q. The next sentence says, "The  
13 transaction could be struck next week, ending  
14 January 13, 2012, with a financial close  
15 within a week or two."

16 Do you remember saying that?

17 A. I do not.

18 Q. Do you recall whether anyone else  
19 at the meeting said that?

20 A. I do not, no.

21 Q. Was this consistent at the time  
22 with your understanding about the speed with  
23 which the transaction could occur?

24 A. I would say so. I mean, it is not  
25 inconsistent, no.

Page 82	Page 83
<p>1 A. Rennert</p> <p>2 Q. What were you -- do you know what</p> <p>3 RG Steel or Renco was referring to by "part</p> <p>4 common interest" in that answer?</p> <p>5 MR. PERRA: Objection to form.</p> <p>6 A. I think so.</p> <p>7 Q. Can you tell me what your</p> <p>8 understanding of that phrase is?</p> <p>9 A. That in addition to the term loan,</p> <p>10 that the capital will be -- will include an</p> <p>11 ownership interest in the company, for the</p> <p>12 new capital.</p> <p>13 Q. Do you know what form that</p> <p>14 ownership interest was going to take?</p> <p>15 A. No. I don't recall.</p> <p>16 Q. I will show you another document,</p> <p>17 Mr. Rennert, marked Ari Exhibit 10.</p> <p>18 (Exhibit 10, document with first</p> <p>19 page Bates stamped RENGRP 2833 marked for</p> <p>20 identification, as of this date.)</p> <p>21 Q. This is also an e-mail, or this</p> <p>22 document is an e-mail from Mr. James Reitzig</p> <p>23 to you, also dated January 4, 2012.</p> <p>24 Do you recall having seen this</p> <p>25 e-mail before?</p>	<p>1 A. Rennert</p> <p>2 A. I don't recall, no.</p> <p>3 Q. The e-mail states that "David</p> <p>4 Miller just called with a proposal." Do --</p> <p>5 oh, I should say the subject is "David Miller</p> <p>6 at Elliott." Is Miller -- do you know who</p> <p>7 Mr. Miller is?</p> <p>8 A. I do, yes.</p> <p>9 Q. And who is he?</p> <p>10 A. I don't recall his title or</p> <p>11 position, but he works at Elliott.</p> <p>12 Q. Is he the person that -- your</p> <p>13 contact at Elliott to discuss their proposed</p> <p>14 transaction?</p> <p>15 A. I am sorry, can you say that again.</p> <p>16 Q. Was he the contact person at</p> <p>17 Elliott that Renco contacted to discuss the</p> <p>18 transaction that was proposed?</p> <p>19 A. I don't think Renco ever contacted</p> <p>20 Elliott. But he was the point person at</p> <p>21 Elliott.</p> <p>22 Q. OK. You say you don't recall</p> <p>23 seeing this e-mail. Do you recall being</p> <p>24 informed that Mr. Miller, from Elliott, had</p> <p>25 made a proposal?</p>
<p>Page 84</p> <p>1 A. Rennert</p> <p>2 A. Yes.</p> <p>3 Q. Does this e-mail describe some of</p> <p>4 the proposal or the general nature of the</p> <p>5 proposal?</p> <p>6 MR. PERRA: Objection to form.</p> <p>7 A. This e-mail is pretty specific.</p> <p>8 But I recall being informed of the general</p> <p>9 nature of what Elliott had in mind.</p> <p>10 Q. Is this e-mail consistent with your</p> <p>11 recollection of the general nature of what</p> <p>12 Elliott had in mind?</p> <p>13 MR. PERRA: Objection to form.</p> <p>14 A. My recollection of what Elliott had</p> <p>15 in mind was -- and I don't recall the exact</p> <p>16 dollar amount, but it was significant, and</p> <p>17 that they wanted a second lien on the assets</p> <p>18 in the form of a term loan, and they wanted</p> <p>19 significant ownership in the company. I just</p> <p>20 don't recall the --</p> <p>21 Q. Do you recall being informed that</p> <p>22 they would require three weeks for diligence,</p> <p>23 as this e-mail reflects?</p> <p>24 A. I don't recall the specific amount</p> <p>25 of time that they required, but I know that</p>	<p>Page 85</p> <p>1 A. Rennert</p> <p>2 they wanted to do due diligence.</p> <p>3 Q. This point in time, did -- on</p> <p>4 January 4, 2012, was it your understanding</p> <p>5 that RG Steel needed the financing to occur</p> <p>6 before three weeks -- before the end of three</p> <p>7 weeks from that point?</p> <p>8 A. I am sorry, could you repeat the</p> <p>9 question.</p> <p>10 Q. Was it your understanding that as</p> <p>11 of January 4, 2012, that RG Steel needed the</p> <p>12 financing to occur sooner than three weeks?</p> <p>13 A. I'm not sure.</p> <p>14 Q. The e-mail also reflects that</p> <p>15 "they," meaning Elliott, "will require a</p> <p>16 first on noncurrent assets."</p> <p>17 Do you see that?</p> <p>18 A. I do see that.</p> <p>19 Q. Do you recall that as being part of</p> <p>20 the Elliott proposal?</p> <p>21 A. I do not.</p> <p>22 Q. Was that available to provide to</p> <p>23 them, a first on noncurrent assets?</p> <p>24 A. I'm not sure.</p> <p>25 Q. Do you recall whether Elliott --</p>

1 A. Rennert

2 Q. A copy of a document, an e-mail  
3 that Roger Fay wrote on Tuesday, January  
4 10th, at 4:25 p.m. Do you see that?

5 A. Yes.

6 Q. Do you recall receiving this  
7 e-mail?

8 A. I recall the contents of this  
9 e-mail. I don't recall specifically  
10 receiving this e-mail.

11 Q. Do you know what he means when he  
12 says that, what he refers to as "the needs  
13 from the lenders"?

14 A. I think I know what he means, yes.

15 Q. Can you tell me what you think he  
16 means?

17 A. I think he is saying that this is  
18 what RG Steel would be asking from the  
19 lending group.

20 Q. And these things that they were  
21 asking for from the lending group, were they  
22 required in order for the Cerberus RG Steel  
23 transaction to go forward?

24 A. I don't know if they were  
25 specifically required, no. I don't know.

1 A. Rennert

2 e-mail with this specific set of requests,  
3 I'm not sure if I was on that call with Wells  
4 Fargo.

5 Q. The calls in which you participated  
6 with the lending, do you recall the topics  
7 that were discussed?

8 A. I recall some topics.

9 Q. What were they?

10 A. RG Steel needs money. RG Steel  
11 needs funding, you know, for this, needs to  
12 pay this vendor, needs to make -- pay this  
13 for payroll. Those types of conversations  
14 were occurring pretty regularly with the  
15 lending group. I think I participated on  
16 some of the calls.

17 Q. Do you remember any other topics?

18 A. How far back are you -- do you want  
19 to go with --

20 Q. I'm talking about the January time  
21 frame.

22 MR. PERRA: Are you asking about  
23 with respect to the proposed transaction  
24 with Cerberus, or are you -- is your  
25 question more broad than that?

1 A. Rennert

2 Q. Were they something that RG Steel  
3 wanted?

4 MR. PERRA: Objection to form.

5 A. These are items -- again, I don't  
6 recall the specific items, but I recall  
7 the -- I recall an ask being made of the  
8 lending group.

9 Q. Do you recall participating in any  
10 discussions with the lending group or  
11 negotiations with the lending group over  
12 these items?

13 A. I recall, I recall some  
14 conversations with the lending group.

15 Q. Did those conversations involve  
16 these items or others?

17 MR. PERRA: Objection to form.

18 A. I think the conversations would  
19 include some of these. I don't know if they  
20 would have included all of them.

21 Q. Were these conversations that you  
22 took part in or just heard about?

23 A. There were many conversations with  
24 the lending group. I might have participated  
25 in a few of them. As far as this specific

1 A. Rennert

2 MR. MENKE: At the moment, it's  
3 broader than that.

4 MR. PERRA: OK.

5 MR. MENKE: I would note he has  
6 testified that he recalls being in some  
7 conversations and recalls some of the  
8 topics, and I'm trying to get an  
9 understanding of the full range of topics  
10 that he recalls.

11 MR. PERRA: Just for clarity, I  
12 think those go all the way back to the  
13 time when they borrowed money.

14 MR. MENKE: OK.

15 MR. PERRA: In the first instance  
16 to buy the properties.

17 MR. MENKE: Back to March?

18 MR. PERRA: Yeah. I think  
19 that's --

20 MR. MENKE: Well, right now,  
21 obviously, I'm interested in  
22 conversations that were going on in the  
23 first three weeks of January, 2012, if he  
24 can separate out those conversations from  
25 the universe.

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<p>1 A. Rennert</p> <p>2 working on this were Cadwalader, I believe</p> <p>3 you previously testified?</p> <p>4 A. That's right.</p> <p>5 Q. Did you ever issue any instructions</p> <p>6 to Cadwalader to start drafting documents?</p> <p>7 A. Myself personally?</p> <p>8 Q. Yes.</p> <p>9 A. I don't think so.</p> <p>10 Q. Did you ever offer -- did you ever</p> <p>11 make any instructions personally to lawyers</p> <p>12 at Cadwalader about the speed in which they</p> <p>13 should be drafting documents?</p> <p>14 A. So personally I don't recall ever</p> <p>15 instructing Cadwalader to draft documents.</p> <p>16 Q. Do you recall anyone from Renco</p> <p>17 instructing Cadwalader to draft documents?</p> <p>18 A. I don't recall specifically.</p> <p>19 Q. Do you recall anyone from</p> <p>20 Cadwalader saying or making instructions to</p> <p>21 Cadwalader about the speed at which documents</p> <p>22 had to be drafted?</p> <p>23 A. I'm sorry, do I recall Cadwalader?</p> <p>24 Q. Do you recall anyone from Renco</p> <p>25 making instructions to Cadwalader about the</p>	<p>1 A. Rennert</p> <p>2 speed at which documents needed to be</p> <p>3 drafted?</p> <p>4 A. I do not.</p> <p>5 Q. On January 10 or anytime</p> <p>6 thereafter, did you ever tell anyone from</p> <p>7 PBGC that documents were being drafted for</p> <p>8 this transaction?</p> <p>9 A. Did I tell the PBGC in January --</p> <p>10 when?</p> <p>11 Q. At any point in time that documents</p> <p>12 were being drafted for the transaction with</p> <p>13 Cerberus?</p> <p>14 A. I don't recall.</p> <p>15 Q. You don't recall telling them or --</p> <p>16 A. I don't recall telling them.</p> <p>17 Q. Do you recall that you did not tell</p> <p>18 them?</p> <p>19 A. I don't recall --</p> <p>20 MR. PERRA: How many double</p> <p>21 negatives do you want to get here?</p> <p>22 A. My grammar is not that good. I</p> <p>23 don't recall not telling them.</p> <p>24 Q. OK.</p> <p>25 A. Not --</p>
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<p>1 A. Rennert</p> <p>2 MR. PERRA: You are tied up in a</p> <p>3 knot here.</p> <p>4 Q. Let's try it again.</p> <p>5 MR. PERRA: I don't want there to</p> <p>6 be lack of clarity on this point.</p> <p>7 Q. Did you tell, you personally, tell</p> <p>8 anybody at PBGC at any point in time prior to</p> <p>9 the 17th of January that Cadwalader and</p> <p>10 Schulte Roth were drafting documents for a</p> <p>11 Cerberus transaction?</p> <p>12 A. I do not recall.</p> <p>13 Q. Mr. Rennert, I show you a document</p> <p>14 marked Ari Exhibit 25.</p> <p>15 (Exhibit 25, document with first</p> <p>16 page Bates stamped RENGRP 5676 marked for</p> <p>17 identification, as of this date.)</p> <p>18 Q. For the record, it's an e-mail from</p> <p>19 Mr. James Reitzig to Donald MacKenzie and</p> <p>20 yourself with a copy to Andrea Kindorf and</p> <p>21 Kenneth Latz, both of whom appear to be</p> <p>22 Conway MacKenzie people, subject, "Re: status</p> <p>23 of due diligence."</p> <p>24 You see that e-mail, right?</p> <p>25 A. Yes.</p>	<p>1 A. Rennert</p> <p>2 Q. Do you recall seeing this e-mail at</p> <p>3 the time?</p> <p>4 A. So this e-mail is on January 11,</p> <p>5 2012?</p> <p>6 Q. Yes. If my recollection of dates</p> <p>7 is correct, that would have been Wednesday at</p> <p>8 quarter to 9 in the evening.</p> <p>9 A. I am sorry, you are referring to</p> <p>10 the top e-mail or the bottom e-mail?</p> <p>11 Q. I'm talking about the top one right</p> <p>12 now.</p> <p>13 A. OK.</p> <p>14 MR. MENKE: For the record,</p> <p>15 Counsel, do you know if this is one of</p> <p>16 those e-mails that has been impacted by</p> <p>17 the timing issue?</p> <p>18 MR. BOBROFF: It may very well be.</p> <p>19 I don't know.</p> <p>20 Q. It is entirely possible that this</p> <p>21 e-mail was at 3:47 in the afternoon rather</p> <p>22 than 8:47 in the evening.</p> <p>23 A. I am sorry, what time?</p> <p>24 Q. It may have been at 3:47 p.m.</p> <p>25 rather than 8:47 p.m.</p>

1 A. Rennert  
2 Did you hear from Mr. Grimaldi in  
3 the morning of Friday the 13th, that he had  
4 had a telephone conversation with Mr. Cann?

5 A. I did hear from Mr. Grimaldi that  
6 he spoke to Mr. Cann. Yes.

7 Q. Do you recall what Mr. Grimaldi  
8 told you about that conversation?

9 A. Broadly, yes.

10 Q. What did he tell you broadly about  
11 that conversation?

12 A. He said that Mr. Cann said that he  
13 was going to terminate the plans, and he  
14 asked, he asked a couple of questions of John  
15 that John couldn't answer.

16 Q. Were you aware, before this  
17 conversation with Mr. Grimaldi, that PBGC was  
18 moving to terminate the RG Steel pension  
19 plans?

20 MR. PERRA: Objection to form.

21 A. I was not aware that the PBGC was  
22 terminating the plans.

23 Q. Were you aware that they were  
24 considering whether to do that or not?

25 A. I knew, what I knew was based on

1 A. Rennert  
2 Mr. Grimaldi in the morning of January 13,  
3 you had not discussed PBGC's plans to  
4 terminate the pension plan with anyone from  
5 PBGC, is that correct?

6 A. You know, we had -- I don't recall  
7 exactly when the calls with the PBGC were.

8 Q. Right.

9 A. During that week that you just  
10 described, I think there was a call with the  
11 PBGC. I don't recall if we talked about  
12 termination on that, on those earlier calls.

13 Q. OK. What did you do after your  
14 conversation on Friday the 13th with  
15 Mr. Grimaldi?

16 MR. PERRA: Objection to form.

17 A. I'm not sure exactly what I did  
18 after John informed us of his call with  
19 Mr. Cann.

20 Q. When he informed you, did he --  
21 were you alone in the room or were you with  
22 your father?

23 A. I'm not sure.

24 Q. Do you recall going to report to  
25 your father that this call had occurred?

1 A. Rennert  
2 their correspondence to me which, as we saw  
3 in some previous letters, indicated  
4 consideration of termination.

5 Q. Are you referring to -- if you turn  
6 back to Exhibit 17 briefly, is that the  
7 correspondence you just referred to in your  
8 answer? And in particular, I'm referring to  
9 the letter dated July 6, 2012.

10 MR. PERRA: Is that Bates stamped  
11 37308?

12 MR. MENKE: That's correct.

13 A. It says here in that letter of  
14 January 6, "Failing such protection, PBGC is  
15 prepared to initiate termination of the  
16 plans."

17 Q. Is that the -- this is the  
18 correspondence that you were referring to, is  
19 that correct?

20 MR. PERRA: Objection to form.

21 A. When I made my statement, I was  
22 referring to what we had previously reviewed  
23 and this is what we previously reviewed, yes.

24 Q. Between the receipt of this letter  
25 on January 6 and your conversation with

1 A. Rennert  
2 MR. PERRA: Objection to form.

3 A. I don't recall.

4 Q. Did you and your father  
5 subsequently call Mr. Cann back?

6 A. Yes, we did.

7 Q. Do you know what time of day that  
8 was?

9 A. Not exactly, no.

10 Q. Morning, afternoon?

11 A. I believe it was in the morning.

12 Q. Do you have any recollection of  
13 this phone call?

14 A. I do, yes.

15 Q. Well, let's work our way through  
16 it. Do you recall who spoke first?

17 A. I believe Dana did.

18 Q. And do you know what he said?

19 A. Yes.

20 Q. And what was that?

21 A. I believe he thanked us for calling  
22 him. He said that PBGC was going to  
23 terminate the plans. He had some  
24 questions -- he spoke with John -- he would  
25 like to have answered. And he started, and

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<p>1 A. Rennert 2 he asked what the status of the transactions 3 was. 4 Q. And that was your best recollection 5 all that he said first? 6 A. Yes. 7 MR. PERRA: Objection to form. 8 A. That's what I recall him saying. 9 Q. OK. Who spoke next? 10 A. I think I did. 11 Q. What did you say? 12 A. It could have been my father. We 13 were sort of speaking together a little bit. 14 Q. OK. 15 A. I tried to answer Dana's question. 16 I said that no transaction was about to 17 happen, that a transaction was dead. And 18 then I think my father went into the 19 fragility of the situation at RG Steel, the 20 blast furnace at Sparrow's Point, the 21 funding, vendors. That was the -- 22 Q. Do you recall your father saying 23 that PBGC should not go forward and terminate 24 the plans? 25 A. I do not.</p>	<p>1 A. Rennert 2 Q. You said that no transaction was 3 about to happen, that a transaction was dead. 4 What transaction were you talking about? 5 A. I was talking about Elliott. 6 Q. It was the Elliott transaction. 7 Did you mention the Cerberus transaction at 8 all? 9 A. In the call, we weren't specific as 10 to the names. We didn't say Cerberus. We 11 didn't say Elliott. But I said, you know, no 12 transaction was about to happen, and in my 13 mind, I was talking about Cerberus. 14 Q. In your mind -- I thought you said 15 that that's with -- no transaction is about 16 to happen, you were talking about Cerberus, 17 and when you were talking about a transaction 18 is dead, you were talking about Elliott? 19 A. That's right. 20 Q. Did you tell Dana that Elliott is 21 going to compete and that they had hired 22 McKinsey for due diligence, did you tell him 23 that? 24 MR. PERRA: Objection to form. 25 A. On this call on Friday?</p>
Page 188	Page 189
<p>1 A. Rennert 2 Q. Yes. 3 A. No. 4 Q. No deal was imminent, what did that 5 mean to you? 6 MR. PERRA: Objection. 7 Q. Perhaps I had that -- I'm 8 misquoting what you just testified to. 9 Forgive me. 10 MR. PERRA: This is from the 11 e-mail. 12 Q. When you said that no transaction 13 was about to happen, what did you mean? 14 A. That we weren't going to close a 15 deal that day. 16 Q. OK, after you said this, was there 17 any further discussion? 18 A. So at some point, Dana, Dana 19 brought up the topic of a stand-still 20 agreement. He asked us if -- I think his 21 words were would you consider a stand-still 22 agreement and my father responded and he said 23 send us over what you have in mind, we will 24 take a look. And then I think Dana said that 25 he would talk to his attorney, attorneys, and</p>	<p>1 A. Rennert 2 we would see something later in the day. 3 Q. Was there any further discussion 4 that you recall? 5 A. I think that was it. 6 Q. Do you recall any discussion about 7 restarting Sparrow's Point? 8 A. Not specifically. I don't recall 9 it specifically. I recall conversation about 10 Sparrow's Point, but not specifically 11 restarting Sparrow's Point. Just not 12 specifically restarting the blast furnace. 13 Q. Did you say, you or your father say 14 that it would require 6 million dollars to be 15 funded by Renco or by the banks? Do you 16 recall that comment? 17 A. I don't recall that comment. 18 Q. Do you recall a comment to the 19 effect that no deal that Renco was talking 20 about now had equity on the table? 21 A. I do not recall that. 22 Q. Do you recall any discussion about 23 equity in the phone conversation? 24 A. I do not, no. 25 MR. PERRA: Is that something</p>

1 A. Rennert

2 A. I recall that there was a call and  
3 that that both sides were very unhappy on  
4 that call and I recall that the topic was the  
5 capital call. I don't -- I don't know if it  
6 was -- I don't know if it was the only topic,  
7 but it was a major issue separating the  
8 parties.

9 Q. Do you recall after this  
10 conversation that the -- your understanding  
11 that the deal had stopped, people had stopped  
12 working?

13 MR. PERRA: Objection, form.

14 A. I recall that Cerberus had  
15 instructed -- I recall hearing that Cerberus  
16 had instructed its people to stop working.

17 Q. Do you recall who you heard that  
18 from?

19 A. I'm not sure who delivered that  
20 message to me.

21 Q. At this point, I direct your  
22 attention to a top e-mail in this chain which  
23 is an e-mail from Daniel Wolf to Steven  
24 Mayer, David Glen, Alex Benjamin, Tarek  
25 Ajouz, Brett Crandall, again, a group of

1 A. Rennert

2 Cerberus folks. The e-mail is short. I can  
3 read it into the record.

4 It says, "I simply placed a call to  
5 Ari to tell him where we" -- I assume he  
6 means where we were, "and leave it open that  
7 if they were to back off this litany of  
8 points on the capital call and guarantee, we  
9 would reconsider."

10 Do you recall having that telephone  
11 call with Mr. Wolf?

12 A. I recall a call -- a meeting being  
13 set up at some point on that Friday for  
14 Saturday night for the parties to further  
15 negotiate. But I don't, I don't recall this  
16 specific call that Dan Wolf is referencing.

17 Q. Do you recall whether or not it was  
18 Mr. Wolf that told you the -- that they  
19 had -- that Cerberus had instructed their  
20 people to quit working?

21 A. Again, I don't recall who I  
22 received that message from.

23 Q. Mr. Rennert, I am showing you a  
24 document that I have marked as Rennert  
25 Exhibit 31.

1 A. Rennert

2 (Exhibit 31, document first page  
3 Bates stamped PBGC 39591 marked for  
4 identification, as of this date.)

5 Q. Do you recall receiving this e-mail  
6 on the afternoon of Friday January 13?

7 A. Yes.

8 Q. Is this the stand-still agreement  
9 draft that Mr. Cann said he would send to you  
10 in your phone call with him that morning?

11 A. I believe it is.

12 Q. What did you do with this document  
13 when you received it?

14 MR. PERRA: Objection to form.

15 A. I believe I -- I believe I sent it  
16 to counsel.

17 Q. Did you review it?

18 A. I believe -- I don't know when I  
19 reviewed it, but I believe I reviewed it with  
20 counsel.

21 Q. Let me show you Ari Exhibit 32,  
22 Mr. Rennert.

23 A. OK.

24 (Exhibit 32, document first page  
25 Bates stamped PBGC 39203 marked for

1 A. Rennert

2 identification, as of this date.)

3 Q. Is that the response you sent back  
4 to Mr. Cann after you received the  
5 stand-still agreement?

6 A. I think so.

7 Q. What did you mean when you said --  
8 I can understand the part, "I will send to  
9 our attorneys." That part I get. But what  
10 does "revert back to you" mean?

11 A. To me, revert is like another word  
12 for to come back.

13 Q. And did you?

14 A. Well, we had further communication  
15 with Dana, I believe, after the transaction  
16 closed.

17 Q. But no further communication about  
18 the stand-still agreement, is that right?

19 A. I don't believe there was any  
20 further communication on the stand-still  
21 agreement.

22 (Exhibit 33, document first page  
23 Bates stamped RENGRP 13353 marked for  
24 identification, as of this date.)

25 Q. I have handed you a document we

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1 A. Rennert  
 2 have marked as Ari Exhibit 33, which is an  
 3 e-mail from Dan Wolf to you, attaching a  
 4 letter. Did you recall having seen this  
 5 before?  
 6 A. I do, yes.  
 7 Q. What is this letter? Can you  
 8 describe this letter for the record?  
 9 A. This is a letter from Dan Wolf to  
 10 my father scheduling, confirming a meeting at  
 11 7 o'clock -- 7 o'clock Saturday night.  
 12 Q. Is that the meeting you previously  
 13 testified about you held with the Cerberus  
 14 folks to negotiate the open points on the  
 15 transaction that was being contemplated by  
 16 the parties?  
 17 A. I was referring to a meeting  
 18 Saturday night between Cerberus and my father  
 19 and myself to revive the transaction.  
 20 Q. Is that -- is it this meeting  
 21 that's referred to in the letter as part of  
 22 Exhibit 33?  
 23 A. Yes.  
 24 Q. Did that meeting occur?  
 25 A. Yes, it did.

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1 A. Rennert  
 2 significant gap between us and Cerberus in  
 3 regard to the capital call agreement and in  
 4 regard to the liquidation, the liquidation  
 5 guarantee and the pledge agreements.  
 6 Q. Are those issues that we previously  
 7 saw raised in Mr. Wolf's e-mail from earlier  
 8 that week, the 12th and the 13th?  
 9 MR. PERRA: Objection to form.  
 10 A. So, you know, there were -- are a  
 11 handful of big issues and I don't recall  
 12 exactly what issues we were talking about  
 13 earlier.  
 14 Q. But what you are saying -- so  
 15 you're saying that during the discussion on  
 16 Saturday, those big issues were resolved. Do  
 17 you recall how they were resolved?  
 18 A. Not exactly, other to -- other than  
 19 to recall that there was some sort of  
 20 compromise by the parties.  
 21 Q. And at the end of that meeting,  
 22 your sense was that the parties had  
 23 sufficiently compromised on those issues that  
 24 it was likely that the deal would go forward?  
 25 MR. PERRA: Objection to form.

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1 A. Rennert  
 2 Q. Was the transaction revived?  
 3 A. Was the transaction revived?  
 4 Revived? It appeared that way after the  
 5 meeting. On the Saturday night.  
 6 Q. Why do you say it appeared that  
 7 way?  
 8 A. Because in my experience, you don't  
 9 have a deal until you have a deal.  
 10 Q. OK, but you said that it appeared  
 11 that the deal had been revived. What do you  
 12 mean by that?  
 13 A. Well, on Friday, Cerberus had  
 14 communicated that they weren't going to do  
 15 any more work and the issues between the  
 16 parties were too significant. And we had a  
 17 meeting Saturday night. And after that  
 18 meeting, where we really just addressed the  
 19 large issues, it seems like, it seemed like  
 20 the large issues -- that there was a meeting  
 21 of the minds on the large issues and Cerberus  
 22 was willing to continue working towards a  
 23 transaction.  
 24 Q. What were those large issues?  
 25 A. So what I recall is there was a

Page 201

1 A. Rennert  
 2 A. What my impression was, if that's  
 3 what you were asking me --  
 4 Q. That's what I was asking.  
 5 A. Was that at the end of that  
 6 meeting, we had resolved, in large measure,  
 7 the big issues that -- the big open issues of  
 8 the Friday that had caused Cerberus to walk  
 9 from the deal.  
 10 Q. So it was your understanding that  
 11 Cerberus was no longer walking, that they  
 12 were back --  
 13 A. It was my understanding that they  
 14 were going to work and try to make a deal  
 15 happen.  
 16 Q. And did they?  
 17 A. They worked and we closed a  
 18 transaction on I think it was the 17th, like  
 19 we said earlier.  
 20 Q. Did you call Mr. Cann back on that  
 21 weekend to tell him that the big issues  
 22 between Cerberus and you had been resolved  
 23 and you were working to close on the 17th?  
 24 A. I did not call Mr. Cann back and --  
 25 I didn't call Mr. Cann over the weekend, and

Page 206

1 A. Rennert  
 2 to Mr. Cann?  
 3 A. I do not, no.  
 4 Q. Do you know what the meeting was  
 5 that you were attending on the morning of  
 6 January 17?  
 7 A. I do not, no.  
 8 Q. Was it, in fact, the closing of the  
 9 transaction between Renco and Cerberus?  
 10 A. I don't believe so.  
 11 Q. Did you attend the closing of that  
 12 transaction?  
 13 MR. PERRA: Objection to form.  
 14 A. I'm not sure if there was actually  
 15 a closing.  
 16 Q. The transaction closed that  
 17 morning, didn't it?  
 18 A. The transaction closed on the 17th.  
 19 I'm not sure exactly when on the 17th.  
 20 Q. Do you see the next e-mail up says,  
 21 a message from Mr. Cann to you, it says, "I'm  
 22 available at 2. Shall I dial your office?"  
 23 Do you see that?  
 24 A. Yes, I do.  
 25 Q. And you responded, "Yes." Oh.

Page 208

1 A. Rennert  
 2 conversation you recall?  
 3 A. I recall Mr. Cann asking us where  
 4 we were and I then explained to Mr. Cann that  
 5 we had closed a transaction with Cerberus.  
 6 And I remember Mr. Cann being pretty unhappy.  
 7 Q. Is that all you recall from that  
 8 conversation?  
 9 A. No, I recall more. I recall Dana  
 10 asking questions about the transaction and  
 11 trying to meet we responding to his  
 12 questions and I recall, I recall Dana being  
 13 threatening and angry.  
 14 Q. Was there anyone else with you on  
 15 this phone call?  
 16 A. I think maybe. I'm not sure  
 17 hundred percent.  
 18 Q. Who might that have been?  
 19 A. Maybe John Grimaldi.  
 20 Q. Could it have been anybody else in  
 21 addition to Mr. Grimaldi?  
 22 A. I don't think so.  
 23 Q. On that phone call, did Mr. Cann  
 24 ask you whether Renco still stood behind the  
 25 RG Steel pension plans?

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1 A. Rennert  
 2 Whoops. I am available at 2 and you  
 3 responded that -- I am sorry, I have the  
 4 wrong one. You were running a bit late, can  
 5 you call at 2:15, and do you see that?  
 6 A. The top one, right?  
 7 Q. Yeah.  
 8 A. Yes, I see it.  
 9 Q. Do you recall that?  
 10 A. I don't recall the e-mail exchange.  
 11 Q. Do you recall calling Mr. Cann at  
 12 2:15 or thereabouts on the 17th?  
 13 A. I don't recall calling Mr. Cann. I  
 14 recall speaking to Mr. Cann on this -- the  
 15 Tuesday, January 17th.  
 16 Q. So is it your recollection Mr. Cann  
 17 called you?  
 18 A. It's unclear from this e-mail chain  
 19 whether I called him or he called me.  
 20 Q. But a conversation occurred?  
 21 A. Yes.  
 22 Q. Do you have -- do you recall that  
 23 conversation?  
 24 A. I recall parts of it, yes.  
 25 Q. Would you tell me what about that

Page 209

1 A. Rennert  
 2 MR. PERRA: Objection to form.  
 3 A. I don't recall if Mr. Cann used  
 4 those words, but I recall Mr. Cann asking  
 5 something like that. I just don't recall if  
 6 he used those words.  
 7 Q. Do you recall whether you responded  
 8 to that statement at all?  
 9 A. I recall explaining to Dana what  
 10 the transaction was, and in explaining what  
 11 the transaction was, I think it answered, it  
 12 answered the gist of Dana's question.  
 13 Q. What part of the -- your  
 14 explanation do you think answered the gist of  
 15 Dana's question?  
 16 A. As part of the deal, Renco had to  
 17 give up significant ownership in RG Steel and  
 18 that Renco's ownership was below the 80  
 19 percent.  
 20 Q. When you say had to give up  
 21 ownership, your position was that Renco had  
 22 no choice but to do that?  
 23 A. What do you mean when you say Renco  
 24 had no choice?  
 25 Q. You used the words, in your

# **Exhibit 10**

**From:** Cann Dana <Cann.Dana@pbgc.gov>  
**Sent:** Thursday, January 5, 2012 ~~2:58 PM~~ 9:58:00 AM  
**To:** Cann Dana <Cann.Dana@pbgc.gov>; Butler Jack <Butler.Jack@pbgc.gov>  
**Cc:** Gran Christopher <Gran.Christopher@pbgc.gov>  
**Subject:** RE: Renco - RG Steel Controlled Group Break up - Meeting Notes - January 4, 2012

---

Chris—can you write up a quick introduction to Renco, discussing various lines of businesses, value in the CG, etc.? I imagine most of it is already done, and you can just cut and paste. Thanks.

---

**From:** Cann Dana  
**Sent:** Thursday, January 05, 2012 9:53 AM  
**To:** Butler Jack  
**Cc:** Gran Christopher  
**Subject:** RE: Renco - RG Steel Controlled Group Break up - Meeting Notes - January 4, 2012

RG's Net year to date loss through 10/31/11 is about \$219 million compared to a budgeted net income of about \$36 million.

Jack—can you put together a quick excel spreadsheet that shows actual results v. projected results for RG? Thanks.

---

**From:** Butler Jack  
**Sent:** Thursday, January 05, 2012 8:21 AM  
**To:** Thomas Stephanie; Albaugh Colin  
**Cc:** Messina Jennifer; Cann Dana; O'Neill Jim; Rhodes Tim  
**Subject:** Renco - RG Steel Controlled Group Break up - Meeting Notes - January 4, 2012

Attached are DISC's meeting notes with Renco. Please let us know if we can provide additional information.

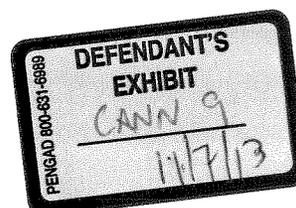
Renco – RG Steel Controlled Group Break up - Meeting Notes – January 4, 2012

Attending:

Renco: Ari Rennert, John Grimaldi, Roger Fay, Barry Levine (Principal Financial)  
DISC: Cann, Butler

The Renco Group, Inc. ("Renco") is a private holding company that invests in companies across a wide range of industries. On March 31, 2011, Renco acquired the stock of three steel-making facilities from Severstal to form a wholly owned subsidiary named RG Steel, LLC ("RG"). These facilities include Sparrow's Point (MD), Warren (OH) and Wheeling (WV). The purchase included the transfer of two pension plans from Severstal to Renco. One of those plans, related to employees at the Warren facility, is significant. On December 16, 2011, Renco filed a Form 10 – Change in Controlled Group disclosing that Renco was pursuing a transaction that could result in RG leaving the Renco controlled group. On December 30, 2011, Renco responded to PBGC's initial inquiry regarding the Form 10. Included in this response was a management presentation to potential investors in RG. On January 4, 2012, DISC held a conference call with Renco and obtained the following information:

1. Unplanned operational issues in 2011, including reduced steel prices and increased operating costs caused Renco to advance about \$170 million in cash to RG with a substantial amount flowing in the last 60 days. (These monies were advanced in addition to Renco's \$195 million equity contribution to RG around March 31, 2011 when RG was purchased from Severstal.) RG's Net year to date loss through



PBGC-000051768

10/31/11 is about \$219 million compared to a budgeted net income of about \$36 million.

2. Renco is pursuing Severstal for about \$250 million in claims related to the March 2011 transaction.
3. Renco now appears unwilling to contribute additional cash to RG unless it partners with another cash investor and is currently negotiating with two different investors who may invest as much as \$125 million in subordinated secured debt. In addition to this obligation (which will accrue PIK interest and mature in about three years), the investors will require that they receive equity in RG that ranges from 39% to 49% ("Transaction"). The Transaction could be struck next week (ending January 13, 2012) with a financial close within a week or two. (DISC requested terms sheets related to the two investment proposals along with an updated financial model for the revised capital structure and liquidity infusion.)
4. RG sponsors two pension plans which are estimated to be underfunded by about \$60 million (based on PYE 3/31/10 data).
5. A new CBA signed in March, 2011 could increase underfunding by about \$40 million to a total of about \$100 million because provisions of the new CBA increase the benefit multiplier. However, since the plan's current funding is below 80%, these provisions cannot be activated under PPA. RG has told the USW that RG cannot fund to 80% as its cash flow is constrained. Renco advises that the union has acknowledged and accepted this outcome at the current time. (DISC requested a copy of any formal union agreement on this issue.)
6. Plan contributions are estimated at \$10 million per year. (DISC requested actuarial support for these projections.)
7. DISC explained that PBGC takes significant comfort that RG is part of the Renco controlled group, and, without that backstop, we believe our risk of loss may be too great. We asked about a guarantee from Renco for the RG pension liability going forward. Renco professed that they hadn't considered that.

Next Steps:

- Review new projections and turnaround prospects for RG with the new liquidity provided in the Transaction.



# **Exhibit 11**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x

PENSION BENEFIT GUARANTY  
CORPORATION,

Plaintiff,

vs.

THE RENCO GROUP, INC., et al.,  
Defendants.

Case No.: 1:13-cv-00621-RJS

-----x

VIDEOTAPED DEPOSITION OF PENSION BENEFIT  
GUARANTY CORPORATION by DANA CANN  
Thursday, November 7, 2013  
New York, New York

REPORTED BY:

Christina Diaz, CRR, RMR, CSR, CLR

Job No.: 67696

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1 D. Cann  
 2 provide liquidity to the company was to  
 3 protect Renco's investment in that company?  
 4 A. I don't know.  
 5 Q. Do you believe that the purpose of  
 6 trying to do a transaction to provide  
 7 liquidity to the company was part of an effort  
 8 by Renco to have the company survive?  
 9 A. I don't know.  
 10 Q. In your testimony about Cerberus  
 11 allegedly not wanting equity and that Renco  
 12 insisted upon that, do you have any  
 13 information to support that allegation other  
 14 than what you've heard from counsel?  
 15 A. Me personally?  
 16 Q. You as the representative of the  
 17 PBGC.  
 18 A. I don't know.  
 19 Q. You don't know whether you have any  
 20 other information?  
 21 A. Correct.  
 22 Q. Did you do anything to try to gather  
 23 information in preparation for testifying here  
 24 today on that subject?  
 25 A. On that subject, I did not.

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1 D. Cann  
 2 opportunity to terminate the plans earlier,  
 3 right?  
 4 A. We did.  
 5 Q. You got the notice on December 16,  
 6 2011, right?  
 7 A. Right.  
 8 Q. You had financial information from  
 9 the company that Renco gave to you from which  
 10 you concluded that the company wasn't going to  
 11 make it, right?  
 12 A. Correct.  
 13 Q. As soon as you made that conclusion,  
 14 you could have terminated the plans, correct?  
 15 A. Well, it takes a lot to terminate a  
 16 plan. You need to convey that financial  
 17 analysis into the documents we are talking  
 18 about, most notably the TWG document. And we  
 19 did that over the course of a weekend, the  
 20 weekend prior to the 13th.  
 21 Q. But you could have done it the  
 22 weekend before, right?  
 23 A. No. We didn't have the information  
 24 at that point. We had our first call with  
 25 Renco, I think, on January 4th maybe.

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1 D. Cann  
 2 Q. So is it fair so say that in getting  
 3 prepared to testify on topic number 11, the  
 4 only thing that you did was speak to counsel?  
 5 A. Correct.  
 6 Q. If you could go back to the  
 7 complaint which was at Exhibit --  
 8 MR. MENKE: Three.  
 9 Q. -- 3 and turn to page 9, please.  
 10 A. (Complying).  
 11 Q. And if you could focus on paragraph  
 12 32.  
 13 A. Okay.  
 14 Q. Do you see that?  
 15 A. Yes.  
 16 Q. It says, "Had PBGC been afforded the  
 17 opportunity to terminate the plans under 29  
 18 USC Section 1342 prior to the consummation of  
 19 any financing agreement between Renco and a  
 20 third party, it would have been able to hold  
 21 Renco and the Renco-controlled group members  
 22 financially responsible for the plans."  
 23 Is that a true statement?  
 24 A. Yes.  
 25 Q. In fact, though, PBGC did have the

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1 D. Cann  
 2 Q. But you certainly could have  
 3 terminated the plan the week of the 9th,  
 4 right, January 9th?  
 5 A. We, in fact, moved to terminate the  
 6 plan that week at an expedient rate under the  
 7 special circumstances. We had a TWG package  
 8 approved on Thursday, January 12th. I placed  
 9 a call to Ari Rennert on Thursday, January  
 10 12th to let him know that's what we were going  
 11 to do in hopes that we would get an agreement,  
 12 either the standstill, you know, temporarily  
 13 or the guarantee or something else that made  
 14 sense, right?  
 15 He didn't call me back, so I called  
 16 John Grimaldi on Friday the 13th and conveyed  
 17 to John Grimaldi that we were -- this was the  
 18 action we were taking. And Ari and Ira called  
 19 me about a half hour later.  
 20 Q. But again, if you had moved more  
 21 quickly, this could have taken place earlier,  
 22 right?  
 23 A. We moved as quickly as we could.  
 24 Q. What is the date that you got  
 25 involved? The notice comes on December 16,

1 D. Cann  
 2 2011. You've testified that you don't get  
 3 many of these notices, so it's probably a big  
 4 deal to get that notice, right?  
 5 A. Not necessarily. Not necessarily.  
 6 And the notice says we may be engaging in a  
 7 transaction that transfers equity. And when  
 8 we're on the phone with Renco on the week of  
 9 January 4th, we continued to get that same --  
 10 same story, that we may be.  
 11 And it's a very fluid situation  
 12 based on my conversations with the company.  
 13 Equity is on the table, off the table, and  
 14 it's very unclear. But regardless, nothing is  
 15 imminent. That's the consistent message we  
 16 got from -- from Renco. Nothing was imminent,  
 17 and it was that message that we got again on  
 18 Friday, January 13th.  
 19 Q. All right. But putting aside the  
 20 message, you did have the opportunity, if you  
 21 moved quickly, to terminate the plans earlier,  
 22 right?  
 23 A. In hindsight, I wish I had.  
 24 Q. Okay.  
 25 A. I wish I hadn't believed the

1 D. Cann  
 2 A. We could have.  
 3 Q. You could have --  
 4 A. I guess. I don't -- I don't have  
 5 the dates in front of me. I don't know if --  
 6 so if we received something on December 16th  
 7 and it comes into our mailroom, I don't know  
 8 at what point it got to my department.  
 9 Q. Okay. So we are thinking about a  
 10 time period between December 16th and January  
 11 13th. That nearly 30 days, right?  
 12 My first question is, are you  
 13 cognizant of the 30-day window?  
 14 A. Absolutely.  
 15 Q. Okay.  
 16 So you know that the 30 days runs  
 17 over the weekend of January 13th, right?  
 18 A. Yes.  
 19 Q. Right. And so if you wanted to  
 20 terminate the plans within the 30-day window  
 21 you would have had to have done it by Friday  
 22 the 13th, right?  
 23 A. Within the 30-day window, yes.  
 24 Q. All right. So by Tuesday or even  
 25 the 14th, the Saturday, you know that the

1 D. Cann  
 2 Rennerts.  
 3 Q. But you -- so you wish you had done  
 4 that, right, terminated it earlier?  
 5 A. In hindsight, yes.  
 6 Q. And you could have terminated it  
 7 earlier, right?  
 8 A. I could have, yes.  
 9 Q. You could have terminated it at any  
 10 point after December 16th, 2011, right?  
 11 A. No. We didn't have the information.  
 12 We didn't have the -- just because we get an  
 13 advance reportable event notice that says a  
 14 transaction may be coming that might break the  
 15 controlled group, that's not enough -- that's  
 16 not enough information to terminate a pension  
 17 plan.  
 18 Q. But you could have gotten the  
 19 information or at least requested the  
 20 information more quickly after December 16th,  
 21 right?  
 22 A. I think we sent a letter on December  
 23 20th.  
 24 Q. Right but you could have sent it on  
 25 the 17th, right?

1 D. Cann  
 2 thirty days is going to expire and they could  
 3 have done a transaction, right?  
 4 A. I was -- except I was told that they  
 5 weren't going to do a transaction.  
 6 Q. Putting aside whatever you were  
 7 told, and we have a factual dispute about what  
 8 was said, they were free to --  
 9 MR. MENKE: Objection as to form of  
 10 the question.  
 11 Q. -- consummate a transaction that  
 12 Saturday under the statutory scheme?  
 13 A. I would -- I don't know. I don't  
 14 know. They've met the requirements under Form  
 15 10-A.  
 16 Q. Okay. You could have asked for, for  
 17 example, the information to be turned around  
 18 sooner than it was, right?  
 19 A. Which information?  
 20 Q. You demanded information from Renco  
 21 in December, right?  
 22 A. I suppose we could have. I think --  
 23 my understanding that it was -- it was turned  
 24 around in a week, which is already accelerated  
 25 for most of our requests.

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1 D. Cann  
 2 I'm sorry -- two and three?  
 3 A. Exactly what I just told you. You  
 4 know, I can read the procedures, and I know  
 5 generally the procedures because I have been  
 6 doing it for a while, and I can speak to those  
 7 procedures.  
 8 Q. Did you talk specifically about the  
 9 issue of whether or not the publication in the  
 10 newspapers is a necessary step for  
 11 termination?  
 12 A. I did not.  
 13 Q. In response to that question, you --  
 14 my question about whether you had in fact  
 15 reserved space for publication in the  
 16 newspapers as of Friday, the 13th, I believe  
 17 your answer was "I'm not sure that was  
 18 necessary," right?  
 19 A. Correct.  
 20 Q. Can you please answer my question as  
 21 to whether in fact you had done that? In  
 22 other words on Friday or before, had you  
 23 arranged for publication in a newspaper of the  
 24 notice to the plan participants?  
 25 A. Not to my knowledge.

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1 D. Cann  
 2 had to have done if that was the conversation  
 3 and you realized they were going to consummate  
 4 a transaction on that Friday, you would have  
 5 had to get the notices of determination  
 6 written and signed, right?  
 7 A. I had to get them signed. Yes. The  
 8 notice of determination is one paragraph.  
 9 Q. Okay. But you would have had to do  
 10 that, right?  
 11 A. Yes. Absolutely.  
 12 Q. You would have had to have arranged  
 13 for publication in a newspaper, right, in West  
 14 Virginia and Ohio, right?  
 15 MR. MENKE: Objection. Objection to  
 16 form.  
 17 A. Again, that's our policies and  
 18 procedures. There's been some discussion  
 19 within PBGC about whether you need to publish  
 20 notices in newspapers in the 21st century.  
 21 Q. There has been discussion, but you  
 22 haven't changed your policies and procedures,  
 23 have you?  
 24 A. We have not changed our policies and  
 25 procedures.

Page 103

1 D. Cann  
 2 Q. And you knew from your conversations  
 3 with the communication folks at PBGC that  
 4 there was going to be a two-day lag on that,  
 5 right?  
 6 A. Correct.  
 7 MR. MENKE: Objection to form.  
 8 Q. So isn't it a fact that on that  
 9 Friday, if the Rennerts had told you they were  
 10 going to do a deal, and it was going to be  
 11 consummated on Friday, you would not have been  
 12 in a position to terminate the plan before  
 13 they consummated that transaction?  
 14 MR. MENKE: Objection to form.  
 15 A. I don't know that that's true  
 16 because I would think that we could issue the  
 17 NODs at that time, get them signed and issue  
 18 them on that day, send out a press release to  
 19 the -- on the worldwide web. And I don't know  
 20 if that would be notice enough. I think we'd  
 21 be talking about other things at this point.  
 22 I think this litigation would be about other  
 23 things. But that's what I would have  
 24 recommended we do.  
 25 Q. But the things that you would have

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1 D. Cann  
 2 Q. So the policy and procedure that was  
 3 in place on that Friday was that you would  
 4 have to publish in a local newspaper where the  
 5 beneficiaries of the plan lived, right?  
 6 MR. MENKE: Objection to form.  
 7 A. That's -- that was the policy and  
 8 procedure.  
 9 Q. And that's what you would have  
 10 followed, right?  
 11 A. Well, if Ira had told me, "We're  
 12 going ahead and closing today," obviously we  
 13 couldn't have done that and I would have tried  
 14 to do something else.  
 15 Q. But you would -- that's the policy  
 16 and procedure that you had been planning to  
 17 follow that entire week, right?  
 18 A. Correct.  
 19 Q. And decided not to reserve space in  
 20 the newspaper for such ads, right?  
 21 A. Correct.  
 22 Q. And you could have reserved a space  
 23 in the newspaper for the ads and just not used  
 24 it, right?  
 25 A. You can do that. Our communications

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1 D. Cann  
 2 -- and we -- and we've done that in the past.  
 3 CPAD is reluctant to do that because it costs  
 4 thousands -- tens of thousands of dollars.  
 5 Q. Okay. Well, in this case do you  
 6 know how much it was going to cost to publish  
 7 in newspapers in West Virginia and Ohio?  
 8 A. I don't.  
 9 MR. PERRA: We should go off the  
 10 record for a moment.  
 11 THE VIDEOGRAPHER: Going off the  
 12 record at 1:13 p.m.  
 13 (Lunch recess: 1:49 p.m.)  
 14  
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 24  
 25

Page 108

1 D. Cann  
 2 You testified earlier that there was  
 3 a mistake in the complaint. Is that what your  
 4 testimony related to?  
 5 A. Yes.  
 6 Q. And in fact, he did not sign any  
 7 such notices of determination in January of  
 8 2012?  
 9 A. Correct.  
 10 Q. When I say he, I mean Mr. Gotbaum.  
 11 A. Correct.  
 12 Q. Okay. The next sentence reads,  
 13 "PBGC also prepared to publish its termination  
 14 decision on January 17, 2012."  
 15 That's not correct either, is it?  
 16 A. Correct. That's not correct.  
 17 Q. All right. The soonest you could  
 18 have gotten a publication under the normal  
 19 means in the newspaper was Thursday of the  
 20 following week because of the three-day  
 21 turnaround, right?  
 22 MR. MENKE: Object to form.  
 23 A. I don't know what this "published"  
 24 means here in this instance.  
 25 Q. If you are talking about publishing

Page 107

1 D. Cann  
 2 AFTERNOON SESSION  
 3 1:49 p.m.  
 4 THE VIDEOGRAPHER: This marks the  
 5 start of tape number three. We are back  
 6 on the record at 1:49 p.m.  
 7 EXAMINATION CONTINUED  
 8 BY MR. PERRA:  
 9 Q. Before the break, Mr. Cann, you had  
 10 given some testimony about the things that  
 11 needed to be done still on that Friday to  
 12 terminate the plan. Another thing that would  
 13 have needed to be done was for the signed  
 14 notices of determination to be issued to the  
 15 plan administrator, right?  
 16 A. Correct.  
 17 Q. If you could look at the complaint  
 18 that is Exhibit 3. Turn to page 10, please,  
 19 paragraph 34.  
 20 The second sentence reads, "During  
 21 that period, PBGC's director signed notices of  
 22 determination for each of the plans stating  
 23 that PBGC had determined that each of the  
 24 plans should be terminated under Title IV of  
 25 ERISA."

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1 D. Cann  
 2 in the newspapers as you -- strike that.  
 3 You had been planning earlier in the  
 4 week to place publication in newspapers in  
 5 West Virginia and Ohio, right?  
 6 A. Correct.  
 7 Q. And what is written here is likely  
 8 to be what that's talking about, is publishing  
 9 in those newspapers, right?  
 10 A. It seems that way, yes.  
 11 Q. And the reality was, though, that  
 12 the earliest you could get something into the  
 13 newspaper when you're speaking with  
 14 Mr. Speicher in e-mails on Friday the 13th  
 15 would be the following Thursday, right?  
 16 A. I haven't done the math to know.  
 17 I'm not sure.  
 18 (Cann Exhibit 5, e-mail string  
 19 beginning with e-mail dated January 13,  
 20 2012 bearing Production Nos. PBGC 53038  
 21 through 53040, was marked for  
 22 identification)  
 23 Q. I am going to show you what's been  
 24 marked as Cann Exhibit 5. This is a series of  
 25 internal e-mails from PBGC on which you're a

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1 D. Cann  
 2 financial analysts? I take it -- are you the  
 3 manager here or the financial analyst?  
 4 A. I was the manager.  
 5 Q. Okay.  
 6 A. Chris Gran was the financial  
 7 analyst.  
 8 Q. Yes.  
 9 A. And then after I became involved and  
 10 probably after the new year, Jack Butler also  
 11 helped out.  
 12 Q. Who was the actuary?  
 13 A. I think it was -- I think there may  
 14 have been two actuaries. I think Tim Rhodes  
 15 and Jim O'Neill.  
 16 Q. Who was the attorney?  
 17 A. Colin Albaugh.  
 18 Q. And who was the attorney manager?  
 19 A. Stephanie Thomas.  
 20 Q. Anybody else part of the team, the  
 21 case team?  
 22 A. I don't remember.  
 23 Q. All right. Maybe when we get into  
 24 more into the documents you will remind me.  
 25 A. Okay.

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1 D. Cann  
 2 2012 bearing Production Nos. PBGC 41967  
 3 through 41968, was marked for  
 4 identification)  
 5 Q. I show you what's been marked as  
 6 Cann Exhibit 7. It's a series of e-mails  
 7 between people at the PBGC including yourself  
 8 and people at Renco trying to set up a call  
 9 for January 4th, correct?  
 10 A. That's what it looks like, yes.  
 11 Q. Okay. And so by January 4th you are  
 12 writing to the people at Renco as sort of the  
 13 point person; is that right?  
 14 A. Correct.  
 15 Q. So after the new year, you, rather  
 16 than Mr. Gran, become the point person for  
 17 interacting with Renco, right?  
 18 A. Correct.  
 19 Q. And in terms of setting up the call  
 20 for January 4th, it's going to be you and  
 21 Mr. Butler on the corporate finance side, and  
 22 were you intending to have attorneys on this  
 23 call as well?  
 24 A. I don't think so.  
 25 Q. The purpose of the call was to

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1 D. Cann  
 2 Q. Or it will refresh your recollection  
 3 and you can tell me if you think others were  
 4 part of the case team?  
 5 A. Okay.  
 6 Q. And so in terms of telephone calls,  
 7 how do you decide who amongst the case team  
 8 will participate in a particular call?  
 9 A. So depending on the topic and  
 10 depending on who we've asked to be on the call  
 11 will determine who we're going to have on the  
 12 call.  
 13 Typically if the -- if the other  
 14 side is going to have attorneys, we'll have  
 15 our attorneys. If the other side is having an  
 16 actuary, we'll have our actuary. And, you  
 17 know, my department, as the lead, would be on  
 18 those calls as well.  
 19 Q. If it's just a conversation with  
 20 principals of the company, who would be on the  
 21 call?  
 22 A. It depends, but probably myself,  
 23 possibly a financial analyst.  
 24 (Cann Exhibit 7, e-mail string  
 25 beginning with e-mail dated January 4,

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1 D. Cann  
 2 review -- and if you need to look at the  
 3 e-mail on the first page at the bottom dated  
 4 January 4th from you to the folks at Renco.  
 5 It says, "The main thing we want to cover this  
 6 afternoon is the management presentation for  
 7 RG Steel dated December 2011."  
 8 Do you see that?  
 9 A. Yes.  
 10 Q. Was that a fair assessment of what  
 11 in your mind was to be the main purpose of the  
 12 call?  
 13 A. That's what it says here.  
 14 Q. Okay. Why did you want to cover the  
 15 management presentation?  
 16 A. Probably because that was a big  
 17 document that they sent to us as part of their  
 18 response the week before, and we had  
 19 questions.  
 20 Q. And that was a document that  
 21 contained the financial information that made  
 22 you concerned about RG Steel?  
 23 A. It probably did.  
 24 Q. Is that the document or among the  
 25 documents that made PBGC deeply concerned in

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1 D. Cann  
 2 December about the possible transaction with  
 3 RG Steel?  
 4 A. The group of documents that they  
 5 sent made us deeply concerned.  
 6 (Cann Exhibit 8, e-mail dated  
 7 January 4, 2012 bearing Production No.  
 8 PBGC 43959, was marked for  
 9 identification)  
 10 Q. Okay. I show you what's been marked  
 11 as Cann Exhibit 8, which is an e-mail from  
 12 Mr. Gran to himself, presumably to memorialize  
 13 what he believes took place on the phone call  
 14 on January 4th.  
 15 Have you seen this document before?  
 16 A. I don't think I have.  
 17 Q. Okay. I'm going to use it just to  
 18 see whether what he says took place on the  
 19 phone is consistent with your memory of that  
 20 phone call. Okay?  
 21 A. Okay.  
 22 Q. Wait. Before we even get to that do  
 23 you recall as you sit here today what was  
 24 discussed on that phone call?  
 25 A. Not specifically, other than the

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1 D. Cann  
 2 Is that is that consistent with your  
 3 recollection?  
 4 A. I wouldn't put it that way.  
 5 Q. How would you put it?  
 6 A. I would put it that if the plans --  
 7 if the plans terminate, our recovery is vastly  
 8 better with Renco in the controlled group than  
 9 without Renco in the controlled group.  
 10 Q. And that's because you had looked at  
 11 the assets that Renco had compared to the  
 12 financial shape of RG Steel and concluded that  
 13 Renco was in pretty good financial shape, and  
 14 RG Steel was, as we have talked about earlier,  
 15 teetering on the edge of bankruptcy; is that  
 16 right?  
 17 A. Correct.  
 18 (Cann Exhibit 9, e-mail string  
 19 beginning with e-mail dated 1/5/12  
 20 bearing Production Nos. PBGC 51768  
 21 through 769, was marked for  
 22 identification)  
 23 Q. I show you what's been marked as  
 24 Cann Exhibit 9. Before you look at that,  
 25 between the time that you get the information

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1 D. Cann  
 2 transaction in general.  
 3 Q. Okay. Do you remember things that  
 4 you said or things that were said to you?  
 5 A. I believe we said we're concerned  
 6 about the transaction and probably asked  
 7 questions about it.  
 8 Q. Okay. After the phone call was  
 9 over, were you more, less, or the same  
 10 concerned about the transaction?  
 11 A. I was probably more concerned.  
 12 Q. So that the things that were said in  
 13 that phone call didn't make you feel better  
 14 about any possible transaction involving RG  
 15 Steel; is that right?  
 16 A. Correct.  
 17 Q. In the last paragraph, it says, "I  
 18 asked Dana why he is looking to quantify the  
 19 value contained within the Renco controlled  
 20 group. He said this value is the calculation  
 21 of long-run loss for the plan to leaving the  
 22 controlled group. Without being able to tap  
 23 into this value, we inherently lose it if we  
 24 don't take actions to protect the plans prior  
 25 to the plans leaving the controlled group."

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1 D. Cann  
 2 that was provided to PBGC from Renco in  
 3 December until this January 4th call with  
 4 Renco, what, if anything, did you do with  
 5 respect to the RG Steel matter?  
 6 A. Between the January 4th call and --  
 7 Q. No, up to the January 4th call. I  
 8 know that he reviewed the materials that Renco  
 9 sent you.  
 10 A. Right.  
 11 Q. Did you do anything else up until  
 12 the January 4th call?  
 13 A. Not that I recall.  
 14 Q. Do you know what Mr. -- do you know  
 15 what anyone else at PBGC was doing up until  
 16 that January 4th call in terms of addressing  
 17 the RG Steel matter?  
 18 A. Probably the same thing that I did.  
 19 Q. Reviewing --  
 20 A. Reviewing the material.  
 21 Q. Okay. If you could look at this  
 22 document, please?  
 23 A. (Witness reviewing document).  
 24 Q. Really, the one I would like you to  
 25 focus on is the earliest e-mail in time, which

Page 130	Page 131
<p>1 D. Cann 2 is from Jack Butler to Stephanie Thomas and 3 Colin Albaugh -- 4 A. Okay. 5 Q. -- with a cc to you and others. 6 A. Yes. 7 Q. Okay. And these are notes that 8 Mr. Butler made of the conversation with 9 Renco, correct? 10 A. Correct. 11 Q. The one that took place on January 12 4th? 13 A. Correct. 14 Q. And he forwards that internally to 15 folks at the PBGC including you, right? 16 A. Right. 17 Q. In point one of Mr. Butler's e-mail, 18 he talks about the following information being 19 conveyed from Renco to PBGC, point one being 20 that there were unplanned operational issues 21 in 2011, including reduced steel prices and 22 increased operating costs. 23 Do you remember that being discussed 24 on the call? 25 A. Yes.</p>	<p>1 D. Cann 2 Q. And Renco was explaining to you why 3 the company was in such bad shape at the time, 4 right? 5 A. Correct. 6 Q. And it goes on to say that Renco had 7 to advance about 170 million in cash to RG 8 with a substantial amount flowing in the last 9 60 days. 10 Do you remember that being discussed 11 on the call? 12 A. Not specifically, but it's here in 13 the notes. 14 Q. Yes. But you don't dispute that it 15 was conveyed to the PBGC on this call -- 16 A. Correct. Sorry. 17 Q. I can just say whatever I want now, 18 right, because you already said correct. 19 Please just wait until the end of the 20 question. 21 MR. MENKE: Not to make too fine a 22 point, but you do pause, and it's 23 sometimes hard to tell necessarily when 24 you're finished. So we'll continue to do 25 the best we can.</p>
Page 132	Page 133
<p>1 D. Cann 2 MR. PERRA: Okay. I appreciate 3 that. 4 Q. You don't dispute that it was 5 conveyed to PBGC on this call that Renco had 6 been pouring in tons of money into RG Steel 7 over the last 60 days, right? 8 MR. MENKE: Objection to form. 9 A. I don't dispute that Renco conveyed 10 to us that it had advanced significant dollars 11 to RG Steel in additional capital. 12 Q. And it had also been conveyed to you 13 that Renco had paid around \$200 million for 14 these assets in the first place, right? 15 A. Yes. 16 Q. It was also conveyed to you that 17 RG's net loss is about 219 million compared to 18 a budgeted net income of about 36 million, 19 right? 20 A. Correct. Through October 31st of 21 2011. 22 Q. In point three it convey -- look at 23 point three, and then I'll ask you the 24 question. 25 A. (Witness reviewing document).</p>	<p>1 D. Cann 2 Okay. 3 Q. Consistent with these notes, was it 4 conveyed in this call by Renco to PBGC that 5 the investors that were interested in the 6 transaction were going to require that they 7 receive equity in RG that ranges from 39 to 49 8 percent? 9 A. That's what Renco told us, yes. 10 Q. Did Renco also tell you that the 11 transaction could be struck next week, the 12 week ending January 13th, 2012, with a 13 financial close within a week or two? 14 A. Yes. 15 Q. Number seven, could you just take a 16 moment to look at number seven. 17 A. (Witness reviewing document). 18 Okay. 19 Q. Is this the first time that PBGC -- 20 this call on January 4th that PBGC had raised 21 the issue of a possible guarantee? 22 A. Yes. 23 Q. Okay. And Renco said that they 24 hadn't considered that? 25 A. Correct.</p>

1 D. Cann  
2 (Cann Exhibit 10, e-mail string  
3 beginning with e-mail dated January 5,  
4 2012 bearing Production Nos. PBGC 52749  
5 through 750, was marked for  
6 identification)

7 Q. I show you what's been marked as  
8 Cann Exhibit 10. I would really just ask to  
9 you focus on the top e-mail. The one at the  
10 bottom is the one we just went through. The  
11 top e-mail is an e-mail from Christopher Gran  
12 to Tim Rhodes, and it says that, "Dana will  
13 likely brief Jennifer Messina and Michael Rae  
14 today on this," meaning January 5th, "but it's  
15 likely this will move quickly now."

16 After your call with Renco, did you  
17 brief Jennifer Messina and Michael Rae?

18 A. It looks like I did on January 5th.

19 Q. Okay. And what did you tell them?

20 A. I don't recall specifically, but I  
21 probably would have told them we're very  
22 concerned about this transaction, and it may  
23 require us to move quickly to initiate a  
24 termination of the pension plans.

25 Q. All right. So you would agree with

1 D. Cann  
2 the sentiment expressed in this e-mail by  
3 Mr. Gran that it is likely that this will move  
4 quickly now?

5 A. I think it had been moving quickly.  
6 I don't know if it will move more quickly, but  
7 certainly the urgency of it has -- we've come  
8 to a conclusion at this point that we're  
9 deeply concerned. We've asked for a  
10 guarantee, and the reason we are asking for a  
11 guarantee is because we believe that RG Steel  
12 may not survive.

13 Q. By this point in time, had you in  
14 your own mind come to the conclusion that  
15 these plans needed to be terminated?

16 A. On January 5th?

17 Q. By January -- or before January 5th.

18 A. I don't know. I've seen an e-mail  
19 on January 6th where I had come to that  
20 conclusion. So it was right around this time.

21 Q. Okay. So it was sometime between  
22 the time that you received the information  
23 from Renco and right around this time that you  
24 come to that conclusion?

25 A. Right.

1 D. Cann  
2 Q. Had you come to that conclusion  
3 before your call on the 4th?

4 A. I don't remember.

5 Q. Had you conveyed to anyone that you  
6 had concluded that these plans needed to be  
7 terminated before January 5th?

8 A. I don't recall.

9 (Cann Exhibit 11, e-mail dated  
10 January 5, 2012 bearing Production No.  
11 PGBC 41215, was marked for  
12 identification)

13 Q. I show you what's been marked as  
14 Cann Exhibit 11, which is a meeting invite for  
15 you, Mr. Albaugh, Mr. Butler, Mr. O'Neill and  
16 Mr. Rhodes.

17 Do you recall having a meeting on  
18 January 5th to discuss the RG Steel matter?

19 A. This says 9:30 to 10:00. I don't  
20 recall that meeting.

21 Q. Yes. So in the -- don't take those  
22 -- and I think counsel will agree with me.  
23 You should not take those times as the actual  
24 times when these documents were produced in  
25 the case. There was issues with resetting the

1 D. Cann  
2 times to Greenwich Mean Time as opposed to  
3 Washington DC times. If you look down at the  
4 bottom, it says Thursday, January 5th, 4:30 to  
5 5:00.

6 A. Okay.

7 Q. Does that help?

8 A. Yes. I mean, I don't recall the  
9 specific meeting, but it appears that we  
10 scheduled one.

11 Q. And it says, "Can we meet for a few  
12 minutes to get on the same page about what we  
13 need to be doing for Renco."

14 Do you remember having a meeting  
15 with this group to talk about next steps?

16 A. I don't recall specifically, but  
17 given the timing, I would imagine we're  
18 talking about what needs to get done to  
19 terminate the pension plans.

20 Q. So at this point, this group is  
21 talking about termination, right?

22 A. That's what it would seem.

23 Q. Were there others that didn't want  
24 to terminate at PBGC at this time?

25 A. Not that I'm aware of.

1 D. Cann  
2 that Ari said something on that --  
3 A. Right.  
4 Q. -- phone call about a deal being  
5 struck the week of the 13th?  
6 A. I was just testifying about an  
7 e-mail that I saw about ten minutes ago from  
8 Ari to me that said the transaction could be  
9 struck in the week of the 13th. Maybe it was  
10 our notes. Maybe it was our notes talking  
11 about what Ari said.  
12 Q. And that's why I am probing it. Do  
13 you have a recollection of Mr. Rennert, Ari  
14 Rennert, saying to PBGC something about a  
15 transaction being struck and then a closing?  
16 A. We asked that question on every  
17 phone call we were on. We were keenly  
18 interested in the timing. And the consistent  
19 answer we got was nothing's been struck.  
20 Nothing is imminent. Do not worry.  
21 Q. My specific question is, do you  
22 remember Ari Rennert saying something on the  
23 phone on January 4th about the timing of the  
24 transaction?  
25 A. The notes refreshed my memory.

1 D. Cann  
2 Q. Okay.  
3 A. And that's why we moved forward as  
4 quickly as we could.  
5 Q. Was there anything said to you  
6 before January 13 that made you hold off in  
7 moving forward with your termination?  
8 A. No. I mean, we were moving forward  
9 with all due haste up until January 13th.  
10 Q. So it was that one phone call with  
11 Ari and Ira where you changed your mind and  
12 decided not to move forward with finalizing  
13 the termination?  
14 A. It was --  
15 MR. MENKE: Objection to form.  
16 A. Ari and Ira called me and said there  
17 is no need to do this, urged me not to. No  
18 transaction is imminent. Equity is off the  
19 table.  
20 Q. We'll get to the details of that. I  
21 just want to make sure I am not missing some  
22 other conversation. It was that one phone  
23 call on the 13th where you in your own mind  
24 say, all right, we won't move forward with  
25 finalizing the termination because of the

1 D. Cann  
2 Q. And the notes say the transaction  
3 could be struck next week ending January 13,  
4 2012, with a financial close within a week or  
5 two?  
6 A. Correct.  
7 Q. Do you have an independent  
8 recollection of that being said on the phone?  
9 A. Just what's in the notes, but it's  
10 consistent with my general recollection of  
11 various phone calls around that time.  
12 Q. Okay. So it's possible, then, based  
13 on that conversation that they could have done  
14 a deal the week ending January 13th, and then  
15 the money would change hands later, right?  
16 A. It's possible, yes.  
17 Q. And that's what the Rennerts told  
18 you, right?  
19 A. On January 4th, yes.  
20 Q. Given the possibility that a  
21 transaction was going to be done on the week  
22 ending January 13th, didn't that make you  
23 concerned on January 4th that you needed to  
24 get your termination done?  
25 A. Absolutely.

1 D. Cann  
2 assurances that I have received from the  
3 Rennerts; is that right?  
4 A. Correct.  
5 (Cann Exhibit 12, e-mail dated  
6 January 6, 2012 bearing Production No.  
7 PBGC 50953 with attachments, was marked  
8 for identification)  
9 Q. I show you what's been marked as  
10 Cann Exhibit 12, which is an e-mail from  
11 Friday, January 6th, from you to others  
12 attaching a summary and recommendation memo;  
13 is that correct?  
14 A. Correct.  
15 Q. And I would really like to focus  
16 your attention on the attachment. And this is  
17 a memo that you drafted?  
18 A. I drafted part of. I think it was a  
19 group effort between myself and Chris and  
20 Jack.  
21 Q. So it would have been you,  
22 Mr. Butler, and Mr. Gran who participated in  
23 the drafting of this memo?  
24 A. Probably the actuaries too, although  
25 -- wait. I don't see any actuarial

1 D. Cann

2 A. We would terminate the plan.

3 Q. So even if there were a warrant -- a  
4 warrant deal, and they hadn't actually  
5 exercised the warrants, you would still  
6 proceed to terminate the plan?

7 A. I think it depends on the warrants.  
8 You'd have to look at the specific -- the  
9 specific documents.

10 Q. So if the warrants were like this,  
11 and they were at a penny a share and gave the  
12 right to 39 percent of the company, would that  
13 qualify in your mind as something that would  
14 result in the PBGC wanting to terminate the  
15 plan?

16 A. That would be pretty concerning.

17 Q. Would that move you to termination?

18 A. It might.

19 Q. Under this specific fact  
20 circumstance, if you were aware that Renco was  
21 close to doing this deal at a penny a share  
22 that would give 39 percent, would you continue  
23 to move forward with termination?

24 A. Yes.

25 Q. And you would want to do that before

1 D. Cann

2 Q. Has that happened before in your  
3 experience at the PBGC?

4 A. Has what happened before?

5 Q. What you just described: A company  
6 does a deal with warrants, and you require  
7 that a new Form 10 be filed if the company  
8 wants to exercise its right to the warrants.

9 A. Not that I'm aware of.

10 Q. Was it something you were thinking  
11 about when you were looking at this Elliott  
12 term sheet?

13 A. I don't know.

14 Q. Did you focus on this issue of  
15 warrants when you received this term sheet?

16 A. I probably focused on the issue of  
17 warrants and saw that it would be quite easy  
18 to break the controlled group and it would  
19 have given me, like I said, a lot of concern,  
20 and I would have moved forward to terminate  
21 the pension plan before this transaction  
22 closed.

23 (Cann Exhibit 14, e-mail dated  
24 January 6, 2012 bearing Production No.  
25 PBGC 41217, was marked for

1 D. Cann

2 that deal was done?

3 A. Correct.

4 Q. And the reason you'd want to do that  
5 before the deal was done is because PBGC would  
6 have no protection as to the timing of Elliot  
7 Management exercising its rights to the  
8 warrants?

9 A. I think it's hard to say because I  
10 think -- I think we could take a position that  
11 the deal itself did not break the controlled  
12 group, so if Elliott wanted to exercise this  
13 option, that there would -- Renco would have  
14 to file a new advanced reportable event.

15 Q. So it's PBGC's position that if  
16 Elliott actually wanted to exercise it, that  
17 Renco would be required to file a new Form 10?

18 MR. MENKE: Objection to form.

19 A. Depending on the timing, right, if  
20 Elliott closed this transaction with warrants,  
21 and we didn't believe that the issuance of  
22 those warrants broke the controlled group but  
23 the issuance of shares did, yes, they would  
24 have to file a new Form 10 giving 30 days  
25 advance notice.

1 D. Cann  
2 identification)

3 Q. I show you what's been marked as  
4 Cann Exhibit 14. Here is a meeting for  
5 January 6th for Stephanie Thomas, Colin  
6 Albaugh, Christopher Gran, Jack Butler, Jim  
7 O'Neill, and Tim Rhodes. It's Friday, January  
8 6th from 11:30 to 12:00 p.m.

9 Do you remember a meeting with this  
10 group?

11 A. 11:30 a.m. to 12:00 p.m.?

12 Q. Yes, if you look at the bottom,  
13 again, there is an issue with the times.

14 A. Right. Not specifically. I go to  
15 lots of meetings.

16 Q. Okay. But do you remember a meeting  
17 about Renco with this group on or around this  
18 time?

19 A. Not specifically.

20 Q. Why would you bring in Stephanie  
21 Thomas at this point? We saw that there was a  
22 meeting earlier in the week with, you know,  
23 you and Colin and Jack but this one Stephanie  
24 is attending.

25 Is there a reason that she would be

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1 D. Cann  
 2 a person that you would want to attend another  
 3 meeting with the group that had already met?  
 4 A. Probably because we were talking  
 5 about the TWG memo we were going to draft over  
 6 this weekend, and we were just getting  
 7 everyone coordinated on that.  
 8 Q. Do you remember anything else that  
 9 you might have discussed with this group on  
 10 that Friday?  
 11 A. I don't.  
 12 (Cann Exhibit 15, e-mail dated  
 13 January 6, 2012 bearing Production No.  
 14 PBGC 44864 with attachments, was marked  
 15 for identification)  
 16 Q. I show you what's been marked as  
 17 Cann Exhibit 15.  
 18 A. (Witness reviewing document).  
 19 Q. This is an e-mail from January 6th  
 20 from you to Chris Gran and Jack Butler  
 21 attaching a TWG memo format document.  
 22 Do you see that?  
 23 A. Yes.  
 24 Q. And this is your first cut at a TWG  
 25 memo?

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1 D. Cann  
 2 resolution in the form of a guarantee?  
 3 A. Yes.  
 4 Q. And you go on to say, "Absent an  
 5 agreement with Renco, DISC believes there is  
 6 adequate value in the Renco controlled group  
 7 to provide a full or near full recovery on  
 8 termination of the RG Steel pension plans."  
 9 Is that consistent with your belief  
 10 at the time?  
 11 A. Yes.  
 12 Q. So was the game plan issue the  
 13 notice of determinations, try to negotiate a  
 14 resolution with Renco in the form of a  
 15 guarantee, and if you weren't able to reach a  
 16 resolution in the form of a guarantee, to  
 17 terminate the plan?  
 18 A. No.  
 19 Q. What was the game plan?  
 20 A. I am sorry. You said issue the  
 21 notice of determination, and then terminate  
 22 the plan? I think we have to define  
 23 "terminate" again, because --  
 24 Q. Okay. I was going with your earlier  
 25 one. So let me parse it out again.

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1 D. Cann  
 2 A. This is -- we had seen earlier in  
 3 the production a three-page document that  
 4 discussed the termination case and this is a  
 5 first step in putting that case into a TWG  
 6 format and assigning folks to work on it.  
 7 Q. And you're the one that actually did  
 8 that, though?  
 9 A. Yes.  
 10 Q. If you could look at page 5 of the  
 11 memo, the first full paragraph reads, "DISC  
 12 believes that issuing a notice of  
 13 determination for the termination of the RG  
 14 Steel pension plans now will provide an  
 15 impetus for Renco to guarantee the pension  
 16 liabilities."  
 17 Is that what you believed at the  
 18 time?  
 19 A. Is that what I believed what?  
 20 Q. That sentence. Was your belief the  
 21 same as that?  
 22 A. Yes.  
 23 Q. Okay. So you believed that if PBGC  
 24 issued the notice of determination, Renco  
 25 would come to the PBGC and negotiate a

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1 D. Cann  
 2 A. Okay.  
 3 Q. What was the game plan at this time  
 4 in terms of trying to reach resolution with  
 5 Renco?  
 6 A. The game plan broadly is to use  
 7 termination or the threat of termination to  
 8 get protections for the pension plans, and the  
 9 protections we were seeking in this case were  
 10 a guarantee from Renco.  
 11 Q. And if you didn't get a guarantee,  
 12 the termination stays; is that the game plan?  
 13 A. The game plan was we would move  
 14 forward with termination.  
 15 Q. And when you say "move forward with  
 16 termination," after you've already issued the  
 17 notice of determination, what steps would that  
 18 entail?  
 19 A. So there are two ways you can do  
 20 this. You can terminate -- you can move to  
 21 terminate and issue the NODs without telling  
 22 the company that you are going to do that.  
 23 Ultimately, we decided to do something else.  
 24 We got the approval for the terminations and  
 25 then told the company what we were doing.

1 D. Cann  
 2 Q. What did you tell the company you  
 3 were doing?  
 4 A. That we were moving to terminate the  
 5 plans.  
 6 Q. Why did you go that route instead of  
 7 the other way that you just described?  
 8 A. Because I thought it would be  
 9 successful.  
 10 Q. So you were betting that just by  
 11 simply threatening the termination, that you  
 12 would be able to negotiate a resolution with  
 13 Renco?  
 14 A. I thought so.  
 15 Q. By the 13th, though, that had  
 16 changed, hadn't it? Your thinking was that  
 17 you weren't going to be able to negotiate a  
 18 resolution, right?  
 19 A. No, that's not true.  
 20 MR. PERRA: Let me -- we'll get to a  
 21 document in a minute. You can put that  
 22 one aside.  
 23 (Cann Exhibit 16, e-mail string  
 24 beginning with e-mail dated January 7,  
 25 2012 with attachments bearing Production

1 D. Cann  
 2 look at the last page of each of them, is both  
 3 4042(a)(2), that the plan will not be -- that  
 4 the plan will be unable to pay benefits when  
 5 due; and also 4042(a)(4), long-run loss,  
 6 right?  
 7 A. Correct.  
 8 MR. PERRA: Do you want to take a  
 9 five-minute break? We have been going  
 10 over an hour.  
 11 MR. MENKE: Sure. I would be happy  
 12 to.  
 13 THE VIDEOGRAPHER: This marks the  
 14 end of tape number three. We are going  
 15 off the record at 2:55 p.m.  
 16 (Recess)  
 17 (Cann Exhibit 17, e-mail string  
 18 beginning with e-mail dated January 9,  
 19 2012 bearing Production Nos. PBGC 50805  
 20 through 806, was marked for  
 21 identification)  
 22 THE VIDEOGRAPHER: This marks the  
 23 start of tape number four. We're back on  
 24 the record at 3:03 p.m.  
 25 BY MR. PERRA:

1 D. Cann  
 2 Nos. PBGC 38936 through 947, was marked  
 3 for identification)  
 4 Q. Mr. Cann, Exhibit 16. These are a  
 5 series of e-mails with attachments of  
 6 termination and trusteeship decision records,  
 7 correct?  
 8 A. Correct.  
 9 Q. And this is from Friday January 6th  
 10 and Saturday January 7th, right?  
 11 A. Correct.  
 12 Q. Okay. And these are drafts of, you  
 13 know, the TDR's that you have described  
 14 earlier, right?  
 15 A. Yes. These attachments are, yes.  
 16 Q. And these draft TDR's show an  
 17 unfunded benefit liability between the WCI  
 18 plan and the Wheeling plan of a total of 69  
 19 million, correct?  
 20 A. Do you want me to do the math?  
 21 Q. Well, it's on the e-mail that is the  
 22 second page, a summary.  
 23 A. Yes.  
 24 Q. And the reason given in these draft  
 25 TDR's for the termination is both -- if you

1 D. Cann  
 2 Q. I am going to show you what's been  
 3 marked as Cann Exhibit 17.  
 4 A. (Witness reviewing document).  
 5 Q. I would like you to focus on the  
 6 e-mail that's on the bottom of page 1.  
 7 A. Okay.  
 8 Q. This is Mr. Speicher writing back to  
 9 you checking in on the newspaper publication,  
 10 right?  
 11 A. Right.  
 12 Q. And he's saying that to get it in  
 13 publication for Thursday, Jan 12, the  
 14 termination would need to be signed and the  
 15 notice sent by close of business tomorrow,  
 16 Tuesday, right?  
 17 A. Correct.  
 18 Q. And he asks whether he should be  
 19 making space reservation for ads, right?  
 20 A. Okay.  
 21 Q. And you tell him no, right?  
 22 A. Right.  
 23 Q. "We had a call with the company this  
 24 morning," and so there was a call on January  
 25 9th with Renco, right?

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1 D. Cann  
 2 Q. What is this document?  
 3 A. This is the memo recommending the  
 4 special circumstances to have the termination  
 5 package approved outside of the TWG.  
 6 Q. Is this something you prepared?  
 7 A. My guess is that Stephanie Thomas  
 8 prepared it.  
 9 Q. Your guess, or is there something  
 10 more to your answer than a guess?  
 11 A. Well, you know, this sort -- this  
 12 sort of thing doesn't happen very often and I  
 13 think that she -- my recollection is that she  
 14 prepared this.  
 15 Q. Did you have input into it?  
 16 A. A lot of it is cut and paste from  
 17 the TWG memo that I had input into.  
 18 Q. Did you review it before it was  
 19 sent?  
 20 A. I probably did.  
 21 Q. Did you provide comments?  
 22 A. I don't know.  
 23 Q. Did you agree with what was in it?  
 24 A. Yes.  
 25 Q. So you would agree that as of

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1 D. Cann  
 2 A. Correct.  
 3 Q. Okay. But it could take place  
 4 quickly. That was true, right?  
 5 A. Correct.  
 6 Q. And it could take place without  
 7 notice to PBGC, right?  
 8 A. Correct.  
 9 Q. So you knew as of Wednesday, January  
 10 11, that a transaction could happen and you  
 11 might not hear about it before it happens,  
 12 right?  
 13 A. Correct.  
 14 Q. If you look at page 3, the top  
 15 heading is "Rejection of protection for the  
 16 plan." That is a reference to Renco rejecting  
 17 protection; is that correct?  
 18 A. Yes.  
 19 Q. All right. And in this, it says,  
 20 "After learning of the transaction, the case  
 21 team expressed its concerns to Renco, and on  
 22 January 4th, 2011 requested a guarantee from  
 23 Renco. We reiterated this request in writing  
 24 on January 5th, 6th, and 10th. Renco has not  
 25 agreed to provide this or any protection for

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1 D. Cann  
 2 January 11, 2012 it was PBGC's position that  
 3 the pension plans at issue should be  
 4 terminated immediately?  
 5 A. Yes.  
 6 Q. And that because of the  
 7 circumstances, and particularly that time is  
 8 of the essence, that you needed to do the  
 9 special circumstances track; is that right?  
 10 A. Correct.  
 11 Q. And if you look at page 2, the last  
 12 paragraph right under the heading "Break-up of  
 13 RG Steel's controlled group," do you see the  
 14 last sentence says, "The timing of the closing  
 15 of the transaction is not clear."  
 16 That's a true statement, right?  
 17 A. Where is that?  
 18 Q. Under -- on page 2?  
 19 A. Yes.  
 20 Q. Under the heading, "Break-up of RG  
 21 Steel's controlled group," first paragraph,  
 22 last sentence.  
 23 A. Yes.  
 24 Q. The timing of the closing of the  
 25 transaction wasn't clear at this point, right?

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1 D. Cann  
 2 the plans."  
 3 Is that all true?  
 4 A. That's true.  
 5 Q. So as of Wednesday, the conclusion  
 6 at the PBGC is that discussions about a  
 7 guarantee are going nowhere, right?  
 8 A. Correct.  
 9 Q. And that they've rejected that  
 10 notion for protection of the plan, right?  
 11 A. Correct.  
 12 (Cann Exhibit 21, e-mail dated  
 13 January 11, 2012 bearing Production No.  
 14 PBGC 58696, was marked for  
 15 identification)  
 16 Q. I'm going to show you what's been  
 17 marked as Cann 24.  
 18 THE WITNESS: 21.  
 19 MR. MENKE: 21.  
 20 MR. PERRA: I'm sorry, guys.  
 21 THE WITNESS: It says 21 on here.  
 22 MR. PERRA: This is like the third  
 23 time.  
 24 MR. MENKE: This is Cann Exhibit 21.  
 25 MR. PERRA: Cann Exhibit 21. Thank

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1 D. Cann  
 2 you.  
 3 Q. 56 is an e-mail from Stephanie  
 4 Thomas dated Wednesday, January 11th to Andrea  
 5 Schneider and others including you as a cc.  
 6 Do you remember this e-mail?  
 7 A. Not specifically, but I did get it.  
 8 Q. Okay. Is this consistent with your  
 9 testimony that Stephanie Thomas was the one  
 10 who drafted the special circumstances memo?  
 11 A. It is.  
 12 Q. Okay. And it's true that as of  
 13 Wednesday, January 11th, that memo was  
 14 currently with Michael Rae for his signature?  
 15 A. The TWG memo was.  
 16 Q. Yes. And it's true that as of this  
 17 date, the folks at the PBGC expected that the  
 18 notice of determination would be signed on  
 19 Thursday?  
 20 A. Correct.  
 21 Q. That did not take place, right?  
 22 A. That did not take place.  
 23 (Cann Exhibit 22, e-mail string  
 24 beginning with e-mail dated January 13,  
 25 2012 bearing Production Nos. PBGC 51415

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1 D. Cann  
 2 tried Ari Friday morning, didn't get him, so I  
 3 called John.  
 4 Q. Did you and Mr. Grimaldi change  
 5 voicemail messages Thursday night?  
 6 A. I don't recall.  
 7 Q. Do you recall Mr. Grimaldi calling  
 8 you back and not reaching you Thursday night?  
 9 A. I don't recall. I don't think he  
 10 did, though.  
 11 Q. How did you leave a message with Ari  
 12 Rennert?  
 13 A. Voicemail.  
 14 Q. Did you leave a substantive message?  
 15 A. I don't believe I did. I didn't  
 16 say, "Hey, we're terminating your pension  
 17 plan."  
 18 Q. Okay. You know, I've got to ask the  
 19 question.  
 20 You told him to call you back?  
 21 A. Yes.  
 22 Q. Okay. And tell me everything that  
 23 you remember telling Mr. Grimaldi in your  
 24 phone call with him Friday morning?  
 25 A. Sure. I told him that we're moving

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1 D. Cann  
 2 through 417, was marked for  
 3 identification)  
 4 Q. I show you what's been marked as  
 5 Cann Exhibit 22. I would like you to focus on  
 6 the e-mail that's not redacted at the top of  
 7 the page. It's from you to Stephanie Thomas  
 8 and Colin Albaugh, with a cc to others.  
 9 Do you see that?  
 10 A. Yes.  
 11 Q. It's Friday, January 13th in the  
 12 morning, right?  
 13 A. Correct.  
 14 Q. And you're telling the folks at with  
 15 PBGC that you just spoke with John Grimaldi at  
 16 Renco, and you told him that PBGC is moving  
 17 forward with the termination action; is that  
 18 right?  
 19 A. Yes.  
 20 Q. How did that phone call come about  
 21 with Mr. Grimaldi?  
 22 A. I called Ari on Thursday, and he  
 23 never called me back. I called Ari on  
 24 Thursday to convey that same information to  
 25 Ari. He didn't call me back, so I might have

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1 D. Cann  
 2 forward with the termination action, and that  
 3 this action could be stopped with the  
 4 guarantee that we had previously proposed.  
 5 Absent that, this was when I proposed a  
 6 standstill, short-term standstill that would  
 7 keep Renco in the controlled group until such  
 8 a time that we could negotiate protections.  
 9 Q. So you mentioned the standstill on  
 10 the phone with Mr. Grimaldi?  
 11 A. Yes.  
 12 Q. And did you tell him what you meant  
 13 by a standstill?  
 14 A. Well, I probably explained what I  
 15 meant, yes.  
 16 Q. When you say probably, do you have a  
 17 specific recollection of telling him what you  
 18 meant by a standstill?  
 19 A. Only what's in this e-mail.  
 20 Q. What did Mr. Grimaldi say to you?  
 21 A. He said he would talk to the  
 22 Rennerts.  
 23 Q. Did he say anything else?  
 24 A. Not that I recall.  
 25 Q. Is there a reason there was just you

1 D. Cann  
 2 on the phone call as opposed to some of the  
 3 other phone calls when you had some other  
 4 members of the team on?  
 5 A. Only that I was conveying some  
 6 information. I don't know. I don't remember  
 7 if he called me or I called him, but that's  
 8 the way it was.  
 9 Q. Okay.  
 10 A. You know, I guess -- yes.  
 11 Q. Did you ask other people to join the  
 12 call and they weren't able to?  
 13 A. I did not.  
 14 Q. Do you have any notes of the call?  
 15 A. These.  
 16 Q. Handwritten notes I mean.  
 17 A. No.  
 18 Q. Do you take handwritten notes when  
 19 you're on a telephone call?  
 20 A. I don't.  
 21 Q. Never, as a matter of practice?  
 22 A. Well, no. I do, yes. And maybe I  
 23 transcribed those notes into this, but this  
 24 phone call was not a long phone call.  
 25 Q. Okay. I am just trying to get an

1 D. Cann  
 2 Q. How about the other phone calls that  
 3 you were on there, some of -- there's been  
 4 some notes produced by other people on those  
 5 phone calls. Do you know whether you took  
 6 notes of other phone calls?  
 7 A. No, I probably did. Absolutely.  
 8 Q. Okay. And those would have been  
 9 destroyed as well?  
 10 A. Yes.  
 11 Q. And you don't know when you would  
 12 have destroyed those notes?  
 13 A. I don't know when I would have  
 14 destroyed those.  
 15 Q. What about notes of the phone call  
 16 later in the day on Friday with Ari and Ira  
 17 Rennert? Would you have made handwritten  
 18 notes of that phone call?  
 19 A. I don't recall whether I did.  
 20 Q. It's possible?  
 21 A. It's possible.  
 22 Q. And if you had made notes of that  
 23 call, you would have destroyed them?  
 24 A. Yes. And if I had made notes of  
 25 that call, just to be clear -- if I make notes

1 D. Cann  
 2 understanding of your practice. So you may  
 3 have taken notes of this phone call,  
 4 handwritten notes?  
 5 A. I may have taken notes of this phone  
 6 call.  
 7 Q. And then transcribed them into an  
 8 e-mail?  
 9 A. Right. Immediately.  
 10 Q. And what would have happened to your  
 11 handwritten notes?  
 12 A. They would have been recycled.  
 13 Q. When would you have recycled them?  
 14 Do you make a periodic throwing away of notes?  
 15 A. Yes.  
 16 Q. How often?  
 17 A. I do it as often as I need to.  
 18 Q. Monthly? Weekly? Daily?  
 19 A. I don't know.  
 20 Q. During this time period?  
 21 A. I don't know. And I -- like I said,  
 22 I don't even know I took any notes.  
 23 Q. You're saying it's possible; you  
 24 just don't remember?  
 25 A. It's possible.

1 D. Cann  
 2 of the call, I put those notes into an e-mail  
 3 and send them out, so, you know, I -- to  
 4 document the call. Nobody wants to read my  
 5 handwritten notes.  
 6 Q. And you have a practice of doing  
 7 that?  
 8 A. I do.  
 9 Q. So if you have a call, you'll  
 10 typically make handwritten notes, transcribe  
 11 them into an e-mail, and then send the e-mail?  
 12 A. Yes. Somebody does. You saw  
 13 earlier where Jack had done so or Chris had  
 14 done so.  
 15 Q. Someone's typically tasked with  
 16 making a record of that phone call?  
 17 A. Correct.  
 18 Q. And so these phone calls that you're  
 19 on on Friday the 13th, you're the only one on  
 20 them, so you are the person tasked with that,  
 21 right?  
 22 A. Correct.  
 23 Q. Okay. How about on the later phone  
 24 call with Ari and Ira Rennert? Didn't you  
 25 think it important to have someone else from

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<p>1 D. Cann 2 the PBGC on that call? 3 A. I would have liked to. They called 4 me, and I wasn't given -- given how hard a 5 time I had getting ahold of those guys, I 6 wasn't going to put them on hold and say, 7 "I'll call you back." It was just me. They 8 called me in my office, and I decided to talk 9 to them. 10 Q. When you called Ari the night -- the 11 day before on Thursday, was somebody with you 12 when you made that call? 13 A. No. 14 Q. So why wouldn't you have someone 15 with you in making that call when it's you 16 placing the call? 17 A. Because I was just talking with Ari. 18 Q. Why did you think that you should do 19 the call with Ari alone when you thought that 20 other calls should be done with other people 21 from your team? 22 A. Because we had more than one people 23 on the other calls. 24 Q. So sort of, if they have two, I want 25 two kind of thing? If they have three, I want</p>	<p>1 D. Cann 2 three? 3 A. I think it's good practice, yes. 4 Q. Didn't you think it important to 5 have someone else on the call with the 6 principals of Renco when you're relying so 7 heavily on what they say to you? 8 A. In hindsight, yes. 9 Q. But not at the time? 10 A. I'm sure it crossed my mind, but 11 again, I had such a hard time getting those 12 guys on the phone to convey this message, I 13 did not want to put it off. 14 Q. Well, while you were on the phone 15 with Ari and Ira, you were e-mailing the other 16 people on your team, right? 17 A. Right. 18 Q. Why didn't you say, "Come on over." 19 Or, "I'm on the phone with Ari and Ira. I 20 would like you to come"? 21 A. I don't know that anybody was there, 22 specifically Jack or Chris. I wouldn't have 23 the lawyers come because Ari and Ira didn't 24 have their lawyers on the phone. 25 Q. So you wanted to tell them you were</p>
<p>Page 192</p> <p>1 D. Cann 2 on the phone with them, but you didn't ask 3 them to come and join? 4 A. I think I was responding -- in that 5 e-mail, I think I was responding to a message 6 I happened to get while I was on the call. I 7 don't think I was saying, "Hey, gee, I am on 8 the phone with Ari and Ira." 9 Q. Putting aside what you responded, 10 you did say that -- 11 A. I did. 12 Q. -- "I'm on the phone with Ari and 13 Ira." 14 A. Absolutely. 15 Q. And you didn't say, "Come on over 16 and listen in, guys." 17 A. I did not. 18 Q. Are their offices close to yours, 19 Jack and Chris? 20 A. Jack and Chris's are. Again, I 21 don't know that they were there that day. 22 Q. How far away are their offices? 23 A. They're very close. 24 Q. So if you had sent them a note 25 saying, "I'm on with Ari and Ira," would they</p>	<p>Page 193</p> <p>1 D. Cann 2 have been interested, if they were in the 3 office, to come and listen? 4 A. They would have been, yes. 5 Q. The call was around 10:00 a.m. Is 6 that the best recollection you have? 7 A. Yes. 8 (Cann Exhibit 23, e-mail string 9 beginning with e-mail dated January 13, 10 2012 bearing Production Nos. PBGC 50581 11 through 583, was marked for 12 identification) 13 Q. I show you Cann Exhibit 23. This is 14 the e-mail that you just gave testimony about 15 from you to Stephanie Thomas, Colin Albaugh, 16 Jack Butler, and Christopher Gran that you're 17 on the phone with Ari and Ira at 10:04 a.m. on 18 Friday, January 13th, correct? 19 A. Correct. 20 Q. Now, did you transcribe notes from 21 the call with Ari and Ira into an e-mail? 22 A. I did. 23 Q. And did you send that to people? 24 A. I did. 25 Q. Did you send that e-mail at the time</p>

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<p>1 D. Cann 2 after -- at the time or sometime after the 3 phone call with Ari and Ira? 4 A. Sometime after. 5 Q. Same day? 6 A. Yes. 7 Q. Do you know the group to which you 8 sent it? 9 A. I don't recall. 10 Q. Would it go to the team, the case 11 team? 12 A. It would have been the case team. 13 It might have been others, including the CPAD 14 group, also. 15 Q. And did you also have conversations 16 with people on the case team about the call 17 with Ari and Ira? 18 A. I probably did. 19 Q. Who did you talk to? 20 A. I don't remember. 21 Q. Did you talk to Stephanie Thomas? 22 A. I don't know that I could have 23 gotten hold of her based on this last e-mail 24 where she's out of the office. I guess I 25 talked to her that afternoon.</p>	<p>1 D. Cann 2 Q. Did you talk to Christopher Gran? 3 A. I don't recall. 4 Q. Did you talk to Mr. Butler? 5 A. I don't recall. 6 Q. Did you talk to Colin Albaugh? 7 A. I don't recall. I am pretty sure I 8 would have talked to Michael Rae though. 9 Q. Do you remember one way or the other 10 talking to Michael Rae? 11 A. I don't. 12 Q. Tell me everything that you said on 13 that phone call? 14 A. Everything I said? 15 Q. That you remember as you sit here 16 today. 17 A. Okay. So I said that PBGC is moving 18 forward with terminating the pension plan -- 19 pension plans of RG Steel, and we can stop 20 this action with either the guarantee that we 21 had previously discussed or, absent the 22 guarantee, a standstill -- a short-term 23 standstill agreement that would allow for a 24 negotiated settlement. And the standstill 25 would keep Renco in the control group for a</p>
Page 196	Page 197
<p>1 D. Cann 2 certain period of time. 3 Q. Did you say anything else? 4 A. Well, I know that they said stuff. 5 Q. We'll get to that. 6 A. Okay. I probably said stuff to 7 react to what they said. 8 Q. Did you lead off the phone call? 9 Did you speak first? 10 A. Yes. 11 Q. In terms of the substance that you 12 just conveyed to me? 13 A. Yes, I mean, I think -- they were 14 calling me back, right, because they had heard 15 from Grimaldi about my conversation with him. 16 So they probably said, "What are you doing?" 17 Q. Okay. So your best recollection is 18 they led off the phone call because they 19 called you with something to the effect of, 20 "What's going on? What are you doing?" 21 A. Right. 22 Q. And then you spoke substantively 23 next? 24 A. Yes. 25 Q. And you conveyed the three things</p>	<p>1 D. Cann 2 that you just testified to, that PBGC is 3 moving forward with termination, you can stop 4 this with either a guarantee or, absent a 5 guarantee, a standstill, and that the 6 standstill would keep Renco in the controlled 7 group? Is that right? 8 A. Correct. 9 Q. And then they spoke? 10 A. Yes. 11 Q. I just want to focus on each of 12 those three points that you conveyed. When 13 you said -- is the words that you used "moving 14 forward with termination"? 15 A. I don't know specifically. I might 16 have said, "We have a termination approved 17 that we are prepared to move forward with," 18 and that was absolutely true at that point. 19 Q. You can't remember the exact words 20 you used though? 21 A. No. 22 Q. But it was either, "We have a 23 termination approved," or, "We are moving 24 forward with the termination," something to 25 that effect?</p>

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<p>1 D. Cann</p> <p>2 A. Something to that effect.</p> <p>3 Q. Your second point, you said, "You</p> <p>4 can stop this," and you mean stop the moving</p> <p>5 forward with the termination?</p> <p>6 A. Correct.</p> <p>7 Q. With either a guarantee, or absent a</p> <p>8 guarantee, a short-term standstill; is that</p> <p>9 right?</p> <p>10 A. That's right. And the standstill</p> <p>11 would keep Renco in the controlled group until</p> <p>12 such time that we could get a negotiated</p> <p>13 settlement.</p> <p>14 Q. You were the first person to raise</p> <p>15 the concept of a standstill on this phone</p> <p>16 call?</p> <p>17 A. Yes.</p> <p>18 Q. They didn't raise it?</p> <p>19 A. They did not raise it.</p> <p>20 Q. Other than saying that this</p> <p>21 standstill would keep Renco in the controlled</p> <p>22 group for a short period of time, did you say</p> <p>23 anything else about what the terms of such a</p> <p>24 standstill would be?</p> <p>25 A. I didn't.</p>	<p>1 D. Cann</p> <p>2 Q. Did you talk about how long it would</p> <p>3 be?</p> <p>4 A. No.</p> <p>5 Q. Okay. So then they speak, right?</p> <p>6 A. Yes.</p> <p>7 Q. Who speaks Ira or Ari?</p> <p>8 A. Ira.</p> <p>9 Q. So you speak first -- they say,</p> <p>10 "What's going on?" You say what you have</p> <p>11 testified to. And then Ira says something?</p> <p>12 A. Correct.</p> <p>13 Q. What does Ira say?</p> <p>14 A. Ira says --</p> <p>15 Q. And I'd like you to try to remember</p> <p>16 exactly what was said in terms of the words.</p> <p>17 A. Okay. Ira says, "Don't do that.</p> <p>18 We're in a very delicate situation right now.</p> <p>19 We're trying to restart the plant at Sparrows</p> <p>20 Point. And by the way, you know, we don't --</p> <p>21 a transaction is not imminent."</p> <p>22 And now the imminent part, I don't</p> <p>23 know if that's Ira or Ari because they're</p> <p>24 both -- they both participate in this call,</p> <p>25 right. So, "The transaction is not imminent,</p>
<p>Page 200</p> <p>1 D. Cann</p> <p>2 and besides equity is off the table."</p> <p>3 Q. Anything else?</p> <p>4 A. Yes. They indicated that they were</p> <p>5 amenable to a standstill agreement and to send</p> <p>6 it over.</p> <p>7 Q. Did they say anything else?</p> <p>8 A. Not that I recall.</p> <p>9 Q. Just taking each of those, so Ira</p> <p>10 says, "Don't do that"; is that right?</p> <p>11 A. Correct.</p> <p>12 Q. What did you take that to mean?</p> <p>13 A. Don't proceed with the termination</p> <p>14 action.</p> <p>15 Q. He also says -- and this is Ira</p> <p>16 speaking, saying, "We're in a delicate</p> <p>17 situation." Is that what he said?</p> <p>18 A. Yes.</p> <p>19 Q. And he explained that the delicate</p> <p>20 situation was they were in the process of</p> <p>21 restarting Sparrows Point; is that correct?</p> <p>22 A. Right.</p> <p>23 Q. Did he say anything else about a</p> <p>24 delicate situation?</p> <p>25 A. Well, in general -- obviously, you</p>	<p>Page 201</p> <p>1 D. Cann</p> <p>2 know, this goes back to what we talked about</p> <p>3 before -- termination being a big deal. It</p> <p>4 would cause everything to kind of fall apart,</p> <p>5 right?</p> <p>6 It would -- you have collectively</p> <p>7 bargained employees, and the pension plan is</p> <p>8 part of the collective bargaining agreement.</p> <p>9 So the collective bargaining agreement would</p> <p>10 be in jeopardy. And I think that's all part</p> <p>11 of the delicate place that they were in at</p> <p>12 that point.</p> <p>13 Q. Are you testifying as to what you</p> <p>14 took it to mean when he said delicate</p> <p>15 situation, or did he say the things that you</p> <p>16 just said to you?</p> <p>17 A. I am taking what a delicate</p> <p>18 situation is.</p> <p>19 Q. Right, so he didn't -- did he say</p> <p>20 anything about the collective bargaining</p> <p>21 agreement?</p> <p>22 A. He did not.</p> <p>23 Q. Is the only fact that he mentioned</p> <p>24 on that phone call in terms of a delicate</p> <p>25 situation, the issue of restarting Sparrows</p>

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1 D. Cann  
 2 Point?  
 3 A. He mentioned that. He also  
 4 mentioned just employees in general.  
 5 Q. Employees in general?  
 6 A. Yes.  
 7 Q. Meaning employees' jobs?  
 8 A. Yes.  
 9 Q. Is there any other facts that he  
 10 said in connection with the comment that it  
 11 was a delicate situation?  
 12 A. No. You know, around that time, we  
 13 did receive some correspondence from some  
 14 members of congress about the situation at RG  
 15 Steel, and I think he might have mentioned  
 16 that as well.  
 17 Q. That members of congress had been  
 18 concerned about the situation at RG Steel?  
 19 A. Yes.  
 20 Q. So he said something in connection  
 21 with the notion of a delicate situation about  
 22 that?  
 23 A. He might have.  
 24 Q. You don't remember one way or the  
 25 other?

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1 D. Cann  
 2 you don't know?  
 3 A. I believe it's Ari.  
 4 Q. But you're not certain?  
 5 A. I'm pretty sure.  
 6 Q. Okay. So he says "not imminent."  
 7 Is that exact words?  
 8 A. Yes.  
 9 Q. He says, "Pencils are down."  
 10 A. He says, "Pencils are down."  
 11 Q. Sorry. Are those the exact words?  
 12 A. Yes.  
 13 Q. And he says, "Besides, equity is off  
 14 the table." Is that the exact words?  
 15 A. Equity is off the table is the  
 16 compact words.  
 17 Q. And what did you take that to mean?  
 18 A. I took that to mean that -- which  
 19 "that"?  
 20 Q. Equity is off the table.  
 21 A. I took that to mean that any  
 22 financing transaction would not include equity  
 23 to the investor.  
 24 Q. Are you including in that notion  
 25 warrants or stock or both?

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1 D. Cann  
 2 A. No.  
 3 Q. Did he say anything else in  
 4 connection with the notion of a delicate  
 5 situation to you?  
 6 A. Not that I recall.  
 7 Q. So someone says, "By the way, a  
 8 transaction is not imminent."  
 9 A. Correct.  
 10 Q. You don't know whether that's Ira or  
 11 Ari?  
 12 A. I believe that's Ari.  
 13 Q. Why do you believe that's Ari?  
 14 A. Because Ari has said that to me a  
 15 number of times over the past two weeks.  
 16 Q. And so the phrase -- it was the --  
 17 were the exact words, "It's not imminent"?  
 18 A. Correct.  
 19 Q. Did he say anything else about the  
 20 status of a potential transaction?  
 21 A. He said equity -- well, he said,  
 22 "Pencils are down." He used that phrase  
 23 exactly. And he said, "Equity is off the  
 24 table."  
 25 Q. That's all Ari speaking, or Ira, or

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1 D. Cann  
 2 A. I am including both.  
 3 Q. And what led you to believe that you  
 4 should include both?  
 5 A. I don't know, except that, you know,  
 6 as I testified before, if they had moved  
 7 forward with that Elliott transaction, I would  
 8 have terminated the plan because I would have  
 9 been pretty concerned about those warrants.  
 10 Q. You would have considered those  
 11 warrants to be the equivalent of equity?  
 12 A. I would have considered those  
 13 warrants to be pretty easy to break the  
 14 controlled group with.  
 15 Q. But would you also consider them to  
 16 be equivalent to equity?  
 17 A. I don't know.  
 18 Q. But when Ari uses the word "equity,"  
 19 you take equity to be defined as both warrants  
 20 and general ownership?  
 21 A. Right.  
 22 Q. That's correct?  
 23 A. That's correct.  
 24 Q. And then who says, "We are amenable  
 25 to a standstill"?

1 D. Cann

2 Before I get to that, are those  
3 exact words too, "amenable to a standstill"?

4 A. I don't think so.

5 Q. That's the best that you can  
6 remember in terms of what was conveyed?

7 A. Yes. I don't think that they said  
8 "amenable to a standstill." I think I said,  
9 "We are moving forward with termination."  
10 They said, "Don't do that." I said, "Let's  
11 put a standstill in place," and then they  
12 said, "Okay. Send it over."

13 Q. So you spoke again then after they  
14 talked? Because you had just testified what  
15 you said in the outset, which was, "We can  
16 stop this by a guarantee or, in the absence of  
17 a guarantee, a standstill" --

18 A. Right.

19 Q. -- and that the standstill would  
20 require Renco to remain in the controlled  
21 group, right?

22 A. Right.

23 Q. So you later say, "Let's put a  
24 standstill in place," or is this before?

25 A. It's during the course of the call.

1 D. Cann

2 I didn't waiver from that position.

3 Q. And your testimony before was that  
4 they said they were amenable to a standstill.  
5 Are you changing that, or are you saying  
6 something else?

7 A. I didn't that they said they're  
8 amenable. I said they indicated that they are  
9 amenable to a standstill. And the way they  
10 are amenable to the standstill, is, "We are  
11 moving forward with a termination action  
12 unless we get this standstill in place." And  
13 they say, "Okay. Send it over."

14 Q. So they never said they were  
15 amenable to a standstill?

16 A. They did not.

17 Q. That was your takeaway?

18 A. That was my takeaway.

19 Q. What you said was, "We are moving  
20 forward with a termination action unless we  
21 get this standstill in place." That's what  
22 you said?

23 A. Correct.

24 Q. And the response was, "Okay. Send  
25 it over"?

1 D. Cann

2 A. Yes, although that's not an exact  
3 quote.

4 Q. That's the best you can remember?

5 A. Yes.

6 Q. They didn't agree to a standstill on  
7 the phone call, did they?

8 A. Not that I recall.

9 Q. They were going to look at whatever  
10 you sent, was your takeaway, right?

11 A. Yes, with the understanding that no  
12 transaction was imminent and --

13 Q. You know, just on this point. I got  
14 your testimony on no transaction is imminent.

15 But on the point of the standstill.  
16 They did not agree to a standstill on this  
17 phone call, did they?

18 A. They knew that we were going to move  
19 forward with a termination action absent a  
20 standstill and they wanted -- they wanted to  
21 look at the standstill.

22 Q. Again, my question is, they didn't  
23 agree to a standstill on the phone call?

24 A. They did not.

25 Q. They were going to look at what you

1 D. Cann

2 sent?

3 A. They were going to look at what we  
4 sent, yes.

5 Q. And you learned later from an e-mail  
6 from Ari that he said, "Thanks, and we're  
7 going to send this over to my lawyers to look  
8 at," right?

9 A. Correct.

10 Q. So your -- when the day was over on  
11 Friday, your understanding was that there was  
12 no agreement yet on a standstill, right?

13 A. That's correct.

14 Q. Have you now testified to everything  
15 that you can remember from that phone call?

16 A. I think so.

17 Q. Do you remember anything else being  
18 said either by you or by them?

19 A. No.

20 Q. Was the, okay, send it over, was  
21 that the end of the phone call?

22 A. I think so.

23 Q. Did you tell him -- did you tell  
24 them that you were -- based on the phone call  
25 you were not going to terminate?

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<p>1 D. Cann</p> <p>2 A. I did not.</p> <p>3 Q. Did you leave them with the</p> <p>4 impression that you were going to continue to</p> <p>5 move forward with the termination?</p> <p>6 A. I hope so.</p> <p>7 Q. That was your goal, right?</p> <p>8 A. That was my goal.</p> <p>9 Q. That phone call, you wanted convey</p> <p>10 to them you are moving full-bore forward with</p> <p>11 termination, right?</p> <p>12 A. Yes. I didn't say I wasn't.</p> <p>13 Q. Well, you actually wanted to convey</p> <p>14 the opposite. You wanted to convey that you</p> <p>15 are moving full-steam ahead with the</p> <p>16 termination to get them to the bargaining</p> <p>17 table to agree to some protection for the</p> <p>18 pension plans, right?</p> <p>19 A. Correct.</p> <p>20 Q. And you into you that the guarantee</p> <p>21 hadn't worked up until that point, right?</p> <p>22 A. That's right.</p> <p>23 Q. And so you were proposing now</p> <p>24 something new in the form of a standstill?</p> <p>25 A. Well, yes, because we were out of</p>	<p>1 D. Cann</p> <p>2 time. Yes.</p> <p>3 Q. And the standstill -- other than</p> <p>4 saying that the -- I'm sorry. I won't ask you</p> <p>5 that. You've already answered that. Okay.</p> <p>6 During the phone call, did you give</p> <p>7 them a deadline to get back to you?</p> <p>8 A. I don't think I did.</p> <p>9 Q. Did you tell them that you wanted to</p> <p>10 speak over the weekend?</p> <p>11 A. I did not. I was hoping we could</p> <p>12 get the standstill out to them much sooner</p> <p>13 than we actually did.</p> <p>14 Q. What do you mean by that?</p> <p>15 A. It was 10 o'clock in the morning. I</p> <p>16 was hoping that we could get a standstill out</p> <p>17 to them before noon, and we could put it in</p> <p>18 place that day.</p> <p>19 MR. PERRA: Can we take five</p> <p>20 minutes?</p> <p>21 THE VIDEOGRAPHER: Going off the</p> <p>22 record at 3:52 p.m.</p> <p>23 (Recess)</p> <p>24 THE VIDEOGRAPHER: This marks the</p> <p>25 start of tape number five. We are back</p>
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<p>1 D. Cann</p> <p>2 on the record at 4:05 p.m.</p> <p>3 MR. PERRA: At a break, Mr. Menke</p> <p>4 asked to put something on the record</p> <p>5 about the draft notices of determination</p> <p>6 that were in the production, which we</p> <p>7 also realized during the course of the</p> <p>8 day were in the production. I think you</p> <p>9 wanted to provide the Bates numbers.</p> <p>10 MR. MENKE: Right, I -- just for</p> <p>11 record -- there was some talk earlier</p> <p>12 about whether or not they had been in our</p> <p>13 production. They were prepared, and they</p> <p>14 have been produced in discovery to the</p> <p>15 plaintiffs -- or to the defendants,</p> <p>16 excuse me, with numbers PBGC 000044845</p> <p>17 and 46. That's the two draft NODs for</p> <p>18 the two plan terminations that might have</p> <p>19 but did not occur in January of 2012.</p> <p>20 MR. PERRA: Thank you.</p> <p>21 BY MR. PERRA:</p> <p>22 Q. And, Mr. Cann, to be clear, you</p> <p>23 didn't remember one way or the other as to</p> <p>24 whether or not those things had been prepared;</p> <p>25 is that right?</p>	<p>1 D. Cann</p> <p>2 A. I thought they had been. I thought</p> <p>3 they had been drafted. I knew that they were</p> <p>4 not signed.</p> <p>5 MR. PERRA: Okay. Thank you.</p> <p>6 (Cann Exhibit 24, Case Issue Summary</p> <p>7 Report from 10/1/2000 to 1/23/2012</p> <p>8 bearing Production Nos. PBGC 51581</p> <p>9 through 51622, was marked for</p> <p>10 identification)</p> <p>11 Q. I am going to show you what's been</p> <p>12 marked as Cann Exhibit 24. It's a big</p> <p>13 document, but if you -- hopefully you will</p> <p>14 recognize it by looking on the first page.</p> <p>15 A. (Witness reviewing document).</p> <p>16 So it's just the first page that I</p> <p>17 should be looking at?</p> <p>18 Q. Yes, for now.</p> <p>19 A. Okay.</p> <p>20 Q. Does PBGC maintain a log of contacts</p> <p>21 or comments for particular matters?</p> <p>22 A. Generally, yes.</p> <p>23 Q. Is that called Case Issue Summary</p> <p>24 Report?</p> <p>25 A. It's -- well, you can access certain</p>

1 D. Cann  
 2 of that information from that, but all the --  
 3 within our -- I don't even know what you would  
 4 call it -- case system, you can log in phone  
 5 calls and summarize them within that system.  
 6 Q. Okay. And is that something that  
 7 you do?  
 8 A. That's something I don't do. The  
 9 financial analyst would.  
 10 Q. So in this case, Butler and Gran?  
 11 A. Correct.  
 12 Q. Okay. So in this document, you'll  
 13 see a column with the DISC financial analyst  
 14 in there. It says Butler and Gran, with an  
 15 entry for the Renco Group. And you see Case  
 16 Issue Category, Controlled Group Change; Date  
 17 Opened, 12/30/11; Number of Days Open, 24;  
 18 Underfunding, 69,900,000; Participants, 1,381;  
 19 Ratio, 39 percent; Date of Data, 1/31/12;  
 20 Source of Data, PIP; and then a comments  
 21 section.  
 22 Do you see all that?  
 23 A. Yes.  
 24 Q. Do you see also there is "next  
 25 steps," and it's been redacted; OCC attorneys,

1 D. Cann  
 2 A. Yes, I do.  
 3 Q. The way you would do that is on your  
 4 computer?  
 5 A. Yes.  
 6 Q. But you yourself do not make  
 7 entries?  
 8 A. Generally, no. Sometimes I do.  
 9 Q. Did you make any entries with  
 10 respect to the Renco matter?  
 11 A. No, I didn't.  
 12 Q. Do you know why there is no entries  
 13 before January 13th, 2012?  
 14 A. I don't know why.  
 15 Q. Do you know who made the entry on  
 16 1/13/12?  
 17 A. I don't know.  
 18 Q. Do you know who made the entry on  
 19 1/17/12?  
 20 A. I don't know. I mean either Gran or  
 21 Butler.  
 22 Q. It would have to be one or the  
 23 other?  
 24 A. It would, yes.  
 25 Q. And the same is true for 1/13/12; it

1 D. Cann  
 2 Colin Albaugh; and DISC actuary, O'Neill. Is  
 3 this the log for the Renco matter for phone  
 4 calls?  
 5 A. No. This is a summary that would  
 6 really state the current -- it's supposed to  
 7 give, like, the latest information.  
 8 Q. So are entries made as the case  
 9 develops in this system?  
 10 A. They are.  
 11 Q. Okay. So there would be entries  
 12 from the period of time that it's opened until  
 13 the time that the matter is closed; is that  
 14 right?  
 15 A. There should be.  
 16 Q. Okay. If you look at this, there is  
 17 entries for 1/13, 1/17 and 1/18/2012.  
 18 Do you see that?  
 19 A. Yes.  
 20 Q. Okay. Do you know whether entries  
 21 were made for things that happened prior to  
 22 1/13/12?  
 23 A. I don't know.  
 24 Q. Do you ever go into this and look at  
 25 it?

1 D. Cann  
 2 would have been Gran or Butler?  
 3 A. Correct.  
 4 Q. And the same is true for 1/18/12?  
 5 A. Correct.  
 6 Q. Okay. Would you have any input into  
 7 what the entries say?  
 8 A. I don't review them before they're  
 9 entered.  
 10 Q. I think before we break, you said  
 11 that you had hoped that the standstill  
 12 agreement would get done on Friday the 13th;  
 13 is that correct?  
 14 A. Correct.  
 15 Q. You thought that you would have it  
 16 signed up by then?  
 17 A. That was my hope.  
 18 Q. Okay. Do you know when it went out  
 19 the door?  
 20 A. I want to say it was -- it was  
 21 definitely later than I had hoped. It was I  
 22 believe after three o'clock.  
 23 Q. Why was it later than you hoped?  
 24 A. Because it didn't get done before  
 25 then.

1 D. Cann  
 2 Q. Who was responsible for preparing  
 3 the draft of the standstill?  
 4 A. I think Bill McCarron and Colin  
 5 Albaugh. It was probably mostly McCarron.  
 6 Q. What is McCarron's position?  
 7 A. He is an assistant chief counsel in  
 8 the office of chief counsel.  
 9 Q. Had he been involved in this matter  
 10 before?  
 11 A. No.  
 12 Q. Is the reason that Mr. McCarron was  
 13 involved was because Ms. Thomas was out of the  
 14 office?  
 15 A. No.  
 16 Q. He would have been the person to  
 17 draft this in all events?  
 18 A. He is -- he is the primary  
 19 transaction guy within OCC who is responsible  
 20 for drafting agreements.  
 21 Q. Did you have input into what the  
 22 agreement would say?  
 23 A. Yes.  
 24 Q. So you had a conversation with  
 25 Mr. McCarron?

1 D. Cann  
 2 Q. Did you provide the attorneys with  
 3 any models or templates that you had used in  
 4 the past?  
 5 A. I don't -- I don't remember.  
 6 Q. And what was the involvement of  
 7 Mr. Albaugh?  
 8 A. I think he was -- I think he worked  
 9 with Bill McCarron on the standstill. I don't  
 10 know.  
 11 Q. Did they get to you a draft?  
 12 A. They did.  
 13 Q. And then did you provide comments to  
 14 that draft?  
 15 A. I think so.  
 16 Q. So there was some back and forth  
 17 with the attorneys as to the contents of the  
 18 draft?  
 19 A. That's typically the way it works.  
 20 Q. And at some point, it goes out?  
 21 A. Correct.  
 22 Q. Did you discuss it with anyone else  
 23 other than the attorneys, the standstill, the  
 24 contents of it?  
 25 A. I am sure I would have discussed it

1 D. Cann  
 2 A. Yes.  
 3 Q. And what was the subject of that  
 4 discussion?  
 5 A. That we want to -- first of all, I  
 6 don't know if this was an actual conversation  
 7 or just an e-mail, but we want to draft a  
 8 standstill agreement and send it out to Ari  
 9 Rennert. And what we want the agreement to  
 10 say is that notwithstanding any transaction  
 11 that would transfer equity, Renco agrees to  
 12 stay in the controlled group until a certain  
 13 period of time.  
 14 Q. Anything else?  
 15 A. I don't think so.  
 16 Q. Had you had experience in  
 17 standstills of this nature previous to this?  
 18 A. Yes.  
 19 Q. I think you testified about one  
 20 earlier, right?  
 21 A. Right.  
 22 Q. And which one was that?  
 23 A. Furniture Brands.  
 24 Q. Any others?  
 25 A. Not that I can remember.

1 D. Cann  
 2 with others at PBGC. I don't know who was in  
 3 the office that day. I don't remember. But  
 4 certainly Jennifer Messina, who was my acting  
 5 manager, and Michael Rae, who was her acting  
 6 manager, would have been briefed on it if they  
 7 were there.  
 8 Q. You don't know whether they were  
 9 there though?  
 10 A. No, I am pretty sure Michael was  
 11 there.  
 12 Q. Okay. So you briefed him on the  
 13 contents of the standstill?  
 14 A. I would have thought I would have,  
 15 yes. I probably did.  
 16 Q. Do you remember?  
 17 A. I don't recall.  
 18 Q. And Messina, do you remember having  
 19 a conversation with her briefing her on the  
 20 contents of the standstill?  
 21 A. I don't.  
 22 Q. Did you have to get some sort of  
 23 approval of the proposed terms of the  
 24 standstill before you sent it out?  
 25 A. Probably. I don't recall now.

1 D. Cann

2 Q. Do you recall whether or not you got  
3 approval?

4 A. I don't recall.

5 Q. Do you recall whether or not --  
6 well, strike that.

7 Your testimony was that you would  
8 have hoped to have finished and completed the  
9 standstill by the end of the day on Friday.  
10 Did that include getting a signed copy back  
11 from the Rennerts and signing a copy on behalf  
12 of the PBGC?

13 A. That was my hope.

14 Q. Who would have the authority to  
15 enter into such an agreement with the  
16 Rennerts?

17 A. I think we had Jennifer Messina as  
18 the signer, but I don't recall specifically.

19 Q. Would you have to get approval from  
20 someone else besides Jennifer Messina for her  
21 to sign that on Friday the 13th?

22 A. I don't remember specifically  
23 whether we had to or not.

24 Q. Do you recall any general  
25 discussions about whether or not you could get

1 D. Cann

2 this deal done on that Friday in terms of  
3 approvals that you needed?

4 A. Yes. We could get the deal done.  
5 There was no question about that. We weren't  
6 giving up anything. We weren't settling  
7 anything.

8 Q. And a standstill basically preserved  
9 the position that if Renco did a deal in the  
10 time period of the standstill, that it was  
11 still fully on the hook for termination  
12 liability, right?

13 A. That's right.

14 Q. And in that regard, it was the same  
15 as the guarantee, right?

16 A. You said that before, and I  
17 corrected you. It's not the same as the  
18 guarantee.

19 Q. Right. And the reason it's not the  
20 same as the guarantee is because the plans  
21 don't terminate, right?

22 A. Well, right. The standstill -- the  
23 standstill is different than the guarantee  
24 actually. The standstill says Renco, you are  
25 in the controlled group. The guarantee

1 D. Cann

2 acknowledges that Renco is not in the  
3 controlled group; however, they are on the  
4 hook for the guarantee.

5 Q. In both agreements if a transaction  
6 is completed and the plans terminate, Renco is  
7 on the hook for the full termination  
8 liability, correct?

9 A. Correct.

10 Q. And in that respect they are the  
11 same, right?

12 A. Correct.

13 Q. And so from Renco's perspective, the  
14 agreement in terms of their potential  
15 liability if the plans are terminated is the  
16 same under the guarantee as it is under the  
17 standstill, right?

18 A. If it's terminated within the term  
19 of the agreement. The guarantee we were  
20 proposing was five years. The standstill we  
21 were proposing was going to be significantly  
22 less.

23 Q. Right. But if there was a  
24 transaction entered into during the time  
25 period of the standstill, and the plans

1 D. Cann

2 terminated, then the potential liability to  
3 Renco would be the same as it was proposed  
4 under the guarantee, correct?

5 A. Correct.

6 Q. Did you expect that the Rennerts  
7 would sign that document?

8 A. I did.

9 Q. What was that expectation based  
10 upon?

11 A. The phone call that I had with Ari  
12 and Ira earlier in the day.

13 Q. Where they said, "Okay. Send it  
14 along"?

15 A. Yes. Where they knew that we were  
16 moving forward without it, where they said,  
17 "Don't do that."

18 Q. Were you aware that both Ira Rennert  
19 and Ari Rennert are sabbath observers?

20 Let me start with, do you know what  
21 that means, a sabbath observer?

22 A. I think it means that they are --  
23 the sabbath would begin at sundown on Friday.

24 Q. Were you aware that both Ira and Ari  
25 Rennert are sabbath observers?

1 D. Cann  
 2 A. No, I am not aware.  
 3 Q. So you were not aware that they were  
 4 not able to, based on their sabbath  
 5 observance, to work starting at sundown on  
 6 Friday until sundown on Saturday?  
 7 A. I did not know that.  
 8 Q. You did know that, based on the  
 9 e-mail sent to you, that Ari was sending the  
 10 draft standstill on to Renco's lawyers, right?  
 11 A. Right. I think I heard from Ari  
 12 Friday night that that was happening.  
 13 Q. Did you speak to Mr. Gotbaum about  
 14 the draft standstill?  
 15 A. Not that I recall.  
 16 Q. Did you speak to Mr. Gotbaum at all  
 17 during the week that encompassed January 13th?  
 18 In other words, Monday through Friday.  
 19 A. Not that I recall.  
 20 Q. Have you ever spoke to Mr. Gotbaum  
 21 about RG Steel?  
 22 A. I believe I have.  
 23 Q. When?  
 24 A. I think after the -- in the next  
 25 week after we found out about the closing.

1 D. Cann  
 2 have a conversation involving Mr. Gotbaum.  
 3 Please tell me about that.  
 4 A. Yes. And I don't know if it was by  
 5 phone or in person, but, you know, we just  
 6 said, "What happened?" And he was upset to  
 7 say the least.  
 8 Q. Did that happen on that Tuesday or  
 9 sometime after the Tuesday?  
 10 A. It might have happened Wednesday.  
 11 I'm not sure.  
 12 Q. And who was party to that  
 13 conversation, whether it be on the phone or in  
 14 person?  
 15 A. Right. Probably Michael Rae,  
 16 probably Izzy Goldowitz, and I don't know who  
 17 else. I don't know if Stephanie and Colin  
 18 would have been party to that at the time, and  
 19 I don't recall when John Menke joined the  
 20 team. It was somewhere around that time  
 21 though.  
 22 Q. Tell me about what you remember was  
 23 discussed.  
 24 A. Was discussed?  
 25 Q. Yes.

1 D. Cann  
 2 Q. So you find out about the closing,  
 3 and then you have a conversation with  
 4 Mr. Gotbaum?  
 5 A. Yes.  
 6 Q. Were you ever a party to any  
 7 conversations with Mr. Gotbaum during the week  
 8 that encompassed the 13th?  
 9 A. Not that I recall.  
 10 Q. You report up to Mr. Rae, and  
 11 Mr. Rae reports up to Mr. Gotbaum?  
 12 A. I report up to Ms. -- Mrs. Messina.  
 13 She reports to Rae. He reports to Gotbaum.  
 14 Q. Right. But you were also reporting  
 15 things directly to Mr. Rae during the course  
 16 of the week, right?  
 17 A. Correct.  
 18 Q. And he would be the one who would  
 19 brief Mr. Gotbaum?  
 20 A. Correct.  
 21 Q. And you weren't privy to any of  
 22 those conversations?  
 23 A. Not the conversations. I might have  
 24 been copied on e-mails. I don't know.  
 25 Q. Okay. So after the deal closes you

1 D. Cann  
 2 A. Just, you know, the facts of what  
 3 had happened, that we were told that a  
 4 transaction was not imminent, and based on  
 5 that assertion, we did not move forward with  
 6 the termination given that no transaction was  
 7 imminent and given that the Rennerts seemed  
 8 amenable to the standstill. And lo and  
 9 behold, that was all wrong or false, and there  
 10 was a transaction all along, and it closed on  
 11 the next business day.  
 12 Q. Was it Mr. Gotbaum's expectation  
 13 that the plans were going to be terminated the  
 14 week encompassing January 13th?  
 15 A. He signed the termination package.  
 16 Q. So was it is -- well, based on that,  
 17 would it be his expectation that the plans  
 18 were being terminated that week?  
 19 A. I don't know.  
 20 Q. I would have to ask him?  
 21 A. I don't know.  
 22 Q. Who would know whether it was the  
 23 head of the PBGC's expectation that plans were  
 24 going to be terminated the week of the 13th?  
 25 A. Who would know?

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1 D. Cann  
 2 Q. Yes?  
 3 A. I don't know. Perhaps Michael Rae.  
 4 I don't know.  
 5 Q. Anybody else?  
 6 A. Probably not.  
 7 Q. Did anybody convey to you that you  
 8 should have done things differently in your  
 9 dealings with Renco?  
 10 A. After the fact?  
 11 Q. Yes. During this meeting?  
 12 A. Oh. During that meeting, no.  
 13 Q. Mr. Gotbaum wasn't angry with  
 14 anybody at the PBGC?  
 15 A. No.  
 16 Q. Did anybody convey any sentiment  
 17 that the plans should have been terminated  
 18 earlier?  
 19 A. Hindsight is 20/20.  
 20 Q. That's usually what bosses do. They  
 21 are good at hindsight.  
 22 Did anybody convey during this  
 23 meeting that the plans --  
 24 A. Not that -- not that I recall.  
 25 Q. Did anybody convey that the PBGC

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1 D. Cann  
 2 with respect to the RG Steel matter?  
 3 A. Policies and procedures? No.  
 4 Q. So it's business as usual?  
 5 A. I think in practicality we are much  
 6 more skeptical about what -- the things that  
 7 companies tell us, and we are much more likely  
 8 to terminate a pension plan rather than rely  
 9 on the representations of management.  
 10 Q. It's fair to say that the PBGC  
 11 always has some degree of skepticism about  
 12 what it's hearing from companies in connection  
 13 with pension plans, right?  
 14 A. Yes. I mean that's the nature of  
 15 the business. You know, RG Steel or Renco was  
 16 telling us that the company was going to turn  
 17 around and everything was going to be fine.  
 18 We didn't believe that.  
 19 But I think it's different when you  
 20 tell me that no transaction is imminent,  
 21 pencils are down, and two days later that  
 22 turns out to be false.  
 23 (Cann Exhibit 25, e-mail dated  
 24 January 13, 2012 with attachment bearing  
 25 Production Nos. PBGC 39591 through 595,

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1 D. Cann  
 2 case team should have done something  
 3 differently to protect the risk to the PBGC?  
 4 A. No.  
 5 Q. At any time after the transaction  
 6 closed, was there any discussion to which you  
 7 were a party in which someone expressed some  
 8 displeasure with the way the PBGC had acted in  
 9 connection with the RG Steel matter?  
 10 A. No.  
 11 Q. So nobody got in trouble at all?  
 12 A. No.  
 13 Q. There was no negative feedback for  
 14 the actions or lack of action taken by the  
 15 members of the case team?  
 16 A. No -- I'm sorry? There was no --  
 17 Q. Negative feedback?  
 18 A. Negative feedback?  
 19 Q. Yes.  
 20 A. None that I received.  
 21 Q. Are you aware of anybody receiving  
 22 any?  
 23 A. No.  
 24 Q. Were policies or procedures changed  
 25 at the PBGC as a result of what took place

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1 D. Cann  
 2 was marked for identification)  
 3 Q. Okay. I show you what's been marked  
 4 as Cann Exhibit 25. This is a Friday, January  
 5 13th e-mail from you to Mr. Rennert with a  
 6 copy to John Grimaldi attaching the draft  
 7 standstill, correct?  
 8 A. Correct.  
 9 Q. And I note that it says 8:40 p.m.,  
 10 but your testimony is it was in the  
 11 3:00-something range; is that correct?  
 12 A. Correct.  
 13 Q. Does 3:40 sound right to you?  
 14 A. Possibly.  
 15 Q. After the transaction closed, was  
 16 there any discussion about what was proposed  
 17 in the standstill agreement?  
 18 A. Any discussion between whom?  
 19 Q. At the PBGC.  
 20 A. What sort of discussion?  
 21 Q. For example, was there any  
 22 discussion on Tuesday or thereafter at PBGC to  
 23 which you were a party in which someone said,  
 24 "Well, what were the terms of the standstill  
 25 that we proposed?"

1 D. Cann  
 2 A. I don't recall.  
 3 Q. Same question for the time period  
 4 after. Do you recall any conversation --  
 5 A. No.  
 6 Q. -- after the Tuesday where somebody  
 7 said, "Hey, what were the terms of the  
 8 standstill that you guys proposed to the Renco  
 9 folks?"  
 10 A. No.  
 11 (Cann Exhibit 26, e-mail dated  
 12 January 13, 2012 bearing Production No.  
 13 PBGC 39203, was marked for  
 14 identification)  
 15 Q. I show you what's been marked as  
 16 Cann Exhibit 26.  
 17 A. (Witness reviewing document).  
 18 Q. This is an e-mail with Mr. Rennert's  
 19 response to you, right?  
 20 A. Right.  
 21 Q. And it was received earlier than  
 22 11:18. I think we once again have a time  
 23 stamp problem. It wasn't sent this late at  
 24 night, was it?  
 25 A. No. It was probably 6:18.

1 D. Cann  
 2 MR. PERRA: There are issues with  
 3 the time stamping on your production, and  
 4 we have tried our best to try to figure  
 5 it out.  
 6 MR. MENKE: All right. We'll look  
 7 into this and see what the right time is.  
 8 Thank you.  
 9 (Cann Exhibit 27, Trusteeship  
 10 Working Group (TWG) Memorandum bearing  
 11 Production Nos. PBGC 56324 through 333  
 12 was marked for identification)  
 13 Q. I show you what's been marked as  
 14 Cann Exhibit 27. Is this the final TWG memo?  
 15 A. That's what it looks like.  
 16 Q. And did you review this before it  
 17 was finalized?  
 18 A. Yes.  
 19 Q. Was everything in here accurate to  
 20 your knowledge before it was finalized?  
 21 A. To my knowledge, yes.  
 22 (Cann Exhibit 28, Termination and  
 23 Trusteeship Decision Record,  
 24 PBGC-Initiated Termination bearing  
 25 Production Nos. PBGC 56294 through 298

1 D. Cann  
 2 Q. And in this e-mail, Mr. Rennert  
 3 says, "Thanks. I will send to our attorneys  
 4 and revert back to you," right?  
 5 A. That's correct.  
 6 Q. So you knew that he was sending this  
 7 to his attorneys to review?  
 8 A. Right.  
 9 Q. And this was just a draft, right?  
 10 This wasn't supposed to be the final  
 11 agreement, right?  
 12 A. Well, it was the agreement that we  
 13 proposed, yes.  
 14 Q. And you specifically noted in your  
 15 e-mail to him that it was a draft and there  
 16 were still some things that needed to be  
 17 filled in, right?  
 18 A. Right.  
 19 MR. MENKE: I have a question for  
 20 the record on this document, just out of  
 21 curiosity. I note that the Dana Cann  
 22 e-mail which corresponds to the previous  
 23 exhibit shows a sent time of 12:40 p.m.,  
 24 which is completely different than  
 25 anything else we have seen so far.

1 D. Cann  
 2 with attachment bearing Production Nos.  
 3 PBGC 55978 through 981, was marked for  
 4 identification)  
 5 Q. I show you what's been marked as  
 6 Cann 28.  
 7 A. (Witness reviewing document).  
 8 Q. Before we get to the one I just gave  
 9 you, going back to the final TWG memo, there  
 10 is no date on it. Do you know when this was  
 11 initialed by the folks who initialed it?  
 12 A. I believe it was initialed probably  
 13 over January 11th to January 12th or 13th.  
 14 Q. So somewhere between Wednesday,  
 15 January 11th, and Friday, January 13th?  
 16 A. Yes. Probably January 11th and  
 17 12th, I would imagine.  
 18 Q. If you could look at the other  
 19 Exhibit I put in front of you, which is  
 20 Exhibit 28.  
 21 It's the final TDR's for the RG  
 22 Steel plans; is that right?  
 23 A. Correct.  
 24 Q. If you look at page 5 of the first  
 25 one, which is for the Wheeling plan, it has

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1 D. Cann  
 2 the dates and signatures of the various folks  
 3 who needed to sign off on it.  
 4 Do you see that?  
 5 A. Yes.  
 6 Q. And this was signed between January  
 7 10th and January 13th; is that right?  
 8 A. Correct, which indicates to me that  
 9 this TWG memo was probably initialled on  
 10 January 10th.  
 11 Q. The TWG memo was probably initialed  
 12 on January 10th; is that right?  
 13 A. Yes, or January 11th.  
 14 Q. Do you see on the bottom of this  
 15 where there's the entry for Mr. Snowbarger?  
 16 He circles "concur" and signs that.  
 17 What is the effect of saying that  
 18 one concurs, and why is that there?  
 19 A. I don't know.  
 20 Q. And do you see Josh -- Joshua  
 21 Gotbaum signs it but doesn't circle anything?  
 22 A. Correct.  
 23 Q. Is there any significance to not  
 24 circling "concur" or "approves"?  
 25 A. I don't know.

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1 D. Cann  
 2 why that's even there?  
 3 A. I don't.  
 4 Q. As the 30(b)(6) witness designated  
 5 to testify as to the requirements and steps  
 6 necessary to terminate a plan, you have no  
 7 testimony one way or the other as to why the  
 8 form is set up that way?  
 9 A. I don't. Like I said, I never  
 10 noticed it.  
 11 (Cann Exhibit 29, Letter dated  
 12 January 11, 2012 bearing Production Nos.  
 13 PBGC 55728 through 730, was marked for  
 14 identification)  
 15 Q. I show you what's been marked as  
 16 Cann Exhibit 29.  
 17 A. (Witness reviewing document).  
 18 Q. This is the final special  
 19 circumstances memo; is that right?  
 20 A. Right. I guess Stephanie and I sent  
 21 one to Michael and Vince, and then -- I  
 22 don't -- I can't explain why there is two  
 23 separate ones, but this one obviously went to  
 24 Josh.  
 25 Q. This is the one Mr. Gotbaum signed,

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1 D. Cann  
 2 Q. Who would know that?  
 3 A. My lawyers.  
 4 Q. Okay. Anybody else?  
 5 A. I don't know.  
 6 Q. Would Mr. Gotbaum know what he meant  
 7 when he didn't sign either "approves" or  
 8 "concur"?  
 9 A. I don't know.  
 10 Q. Do you usually see either "approves"  
 11 or "concur" circled on TDRs?  
 12 A. I have never noticed.  
 13 Q. Is it possible that Mr. Gotbaum did  
 14 not approve or concur by virtue of the fact  
 15 that he did not circle anything?  
 16 A. No.  
 17 Q. That's not possible?  
 18 A. It's not possible.  
 19 Q. How do you know that?  
 20 A. Why would he sign something if he  
 21 didn't approve it?  
 22 Q. Why wouldn't he circle something if  
 23 he didn't approve it?  
 24 A. Why is that even there?  
 25 Q. Do you have any testimony to explain

Page 241

1 D. Cann  
 2 right?  
 3 A. Correct.  
 4 Q. And he signed it on the 13th?  
 5 A. Approved, yes.  
 6 Q. It's dated January 11th, 2012. Is  
 7 that when it would have been finalized?  
 8 A. Yes.  
 9 Q. Is that when it would have been sent  
 10 to Mr. Gotbaum?  
 11 A. I don't know.  
 12 Q. Who would know when this went to  
 13 Mr. Gotbaum?  
 14 A. I imagine it went to Mr. Gotbaum  
 15 after Vince Snowbarger signed the TDR.  
 16 Q. Do you know when the TDR went to  
 17 Mr. Gotbaum?  
 18 A. Well, Mr. Snowbarger signed on the  
 19 12th, so sometime after the 12th but by the  
 20 13th.  
 21 (Cann Exhibit 30, Letter dated  
 22 September 18, 2012 with attachments  
 23 bearing Production Nos. PBGC 37279  
 24 through 291, was marked for  
 25 identification)

1 D. Cann  
 2 Q. I show you what's been marked as  
 3 Cann Exhibit 30.  
 4 A. (Witness reviewing document).  
 5 Q. Exhibit 30 is the issuance of the  
 6 notice of determination to the plan  
 7 administrator for the RG Steel Warren plans;  
 8 is that right?  
 9 A. That's what it appears to be to me.  
 10 Q. And it attaches the notice of  
 11 determination signed by Mr. Snowbarger, right?  
 12 A. Correct.  
 13 Q. And this is what would have had to  
 14 have been done had PBGC decided to terminate  
 15 in January of 2012, correct?  
 16 A. Correct.  
 17 Q. You have been designated as topic  
 18 six by the PBGC as the person most  
 19 knowledgeable about PBGC's internal  
 20 communications regarding the plans, including  
 21 but not limited to those between PBGC staff  
 22 and PBGC Director Gotbaum.  
 23 Do you see that?  
 24 A. Yes.  
 25 Q. Are you aware that you've been so

1 D. Cann  
 2 A. Did I ask him that this week?  
 3 Q. To prepare to testify today.  
 4 A. I did not.  
 5 Q. Did you ask Mr. Snowbarger about any  
 6 conversations that he had with Mr. Gotbaum  
 7 about the RG Steel plans?  
 8 A. Mr. Snowbarger retired last year.  
 9 Q. Did you have any conversations with  
 10 him?  
 11 A. I did not.  
 12 Q. You testified about a call that you  
 13 had with Ari Rennert on Tuesday after the  
 14 Cerberus/Renco transaction was closed; is that  
 15 right?  
 16 A. Correct.  
 17 Q. Tell me what you remember from that  
 18 conversation.  
 19 A. He told me what he indicated was  
 20 great news, that they had received an infusion  
 21 of capital from Cerberus Capital and that the  
 22 transaction had closed, and this would -- this  
 23 was wonderful news because it provided a path  
 24 forward for RG Steel.  
 25 Q. Did he say anything else?

1 D. Cann  
 2 designated?  
 3 A. Yes.  
 4 Q. Okay. Do you have any testimony to  
 5 provide as you sit here today about internal  
 6 communications with Director Gotbaum regarding  
 7 the RG Steel plans?  
 8 A. Other than the documents that we've  
 9 shown and the phone call or meeting we  
 10 discussed after the transaction closed, I  
 11 don't.  
 12 Q. Did you do anything to educate  
 13 yourself in terms of whether or not other  
 14 people at the PBGC had communications with  
 15 Mr. Gotbaum about the RG Steel matter?  
 16 A. I did not.  
 17 Q. Did you look at any documents in  
 18 connection with your preparation for testimony  
 19 here today about whether Mr. Gotbaum had  
 20 communications with people at the PBGC  
 21 regarding the RG Steel plans?  
 22 A. I did not.  
 23 Q. Did you ask Mr. Rae about any  
 24 conversations that he had with Mr. Gotbaum  
 25 about the RG Steel plan?

1 D. Cann  
 2 A. Well, I said that -- "So the  
 3 transaction has closed?" And he said, "Yes."  
 4 And I said, "We told you that we were moving  
 5 to terminate, and you told us that no  
 6 transaction was imminent, and you have been  
 7 negotiating in bad faith." And he denied  
 8 that, and that's the way the conversation  
 9 ended.  
 10 Q. Okay. Did you -- what did he say  
 11 when he denied that he had negotiated in bad  
 12 faith?  
 13 A. I don't remember specifically,  
 14 except that he denied that.  
 15 Q. Did he say anything about an  
 16 explanation as to why a transaction was not  
 17 imminent when he had spoken to you on Friday?  
 18 A. No.  
 19 Q. Did he say anything about the issue  
 20 that you say occurred on the Friday phone call  
 21 about equity off the table?  
 22 A. Well, okay. So he -- he might have  
 23 said -- and I don't know. I could be  
 24 conflating a letter I received from Ari on  
 25 January 18th with the phone call on January

# **Exhibit 12**

**From:** Cann Dana <Cann.Dana@pbgc.gov>  
**Sent:** Friday, January 6, 2012 ~~10:17 PM~~ **5:17:00 PM**  
**To:** John Grimaldi <jgrimaldi@rencogrp.com>; Gran Christopher <Gran.Christopher@pbgc.gov>  
**Cc:** Ari Rennert <arennert@rencogrp.com>; Roger Fay <rfay@rencogrp.com>; Levine, Barry <Levine.Barry@principal.com>; Butler Jack <Butler.Jack@pbgc.gov>  
**Subject:** Letter of Concern, Administrative Subpoena and Confidentiality Agreement  
**Attach:** Letter of Concern\_Renco\_RG Steel Transaction\_01.06.12.pdf; Administrative Subpoena\_Renco\_01.06.12.pdf; Confidentiality Agreement\_Renco\_01.06.12.pdf

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Ari, Roger, John and Barry—

Please find attached three documents that need your immediate attention. You will also receive these documents via Fedex. The first is a letter reiterating PBGC's concerns regarding the proposed financing transaction and the potential separation of RG Steel from the Renco controlled group. The second is an administrative subpoena requesting certain additional information. The third is PBGC's standard confidentiality agreement to allow you to share the term sheet(s) with us.

With regard to the projections you sent us this afternoon, will you have some time on Monday morning to speak with us and answer our questions?

Dana Cann

---

**From:** John Grimaldi [mailto:jgrimaldi@rencogrp.com]  
**Sent:** Friday, January 06, 2012 4:16 PM  
**To:** Cann Dana; Gran Christopher  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack  
**Subject:** RE: Conference Call

Dana,

There is nothing new to report since our conference call on Wednesday and negotiations are continuing.

*Regards,*

*John Grimaldi*

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**From:** Cann Dana [mailto:Cann.Dana@pbgc.gov]  
**Sent:** Friday, January 06, 2012 3:55 PM  
**To:** John Grimaldi; Gran Christopher  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack  
**Subject:** RE: Conference Call

John and team—thanks for this. Is there any update on the investment—timing—and the restart of Sparrow's Point?

---

**From:** John Grimaldi [mailto:jgrimaldi@rencogrp.com]  
**Sent:** Friday, January 06, 2012 3:30 PM  
**To:** Cann Dana; Gran Christopher

**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack  
**Subject:** RE: Conference Call

Dana,

In response to your email we have the following:

- 1) Attached is the latest model for RG Steel pro forma for the transaction. As you can see with the large capital infusion the company's prospects are strong. The company will have in excess of \$125 million in liquidity upon closing--the most availability since Renco has owned the Company. The new money will enable the company to restart the blast furnace at Sparrows Point and execute its business plan. Furthermore, the steel market has recently experienced a strong recovery and with the execution of the company's business plan, management expects to generate significant profits with 2012 EBITDA estimated at \$216 million.

Separately on the call you expressed concern about the relationship with Severstal. We believe that Severstal owes RG Steel significant money and that the working capital arbitration and indemnification claims against Severstal will result in large cash payments to RG Steel. As Severstal has signed a no-offset agreement, any dispute cannot be used by them as an offset in the supply agreement. The forecasts do not include any receipts from Severstal for the claims. The \$36 million liability to Severstal is shown as being paid in March 2012.

Finally, RG Steel has been given tremendous support from the US Steel Workers and its president Leo Gerard. Attached you will see letters sent by Leo to GE CEO Jeff Immelt to urge GE Capital to support RG Steel. At stake in the success of the company is employment to over 5,000 people which is of the utmost importance to Leo and the political leaders of the states in which RG operates. Leo is fully aware of the potential transaction and of the benefits to RG Steel. RG has the ardent support of Leo and the USW to pursue this financing. Letters were also sent by the USW to the various political leaders of the states in which RG operates. A copy of two such letters are enclosed.

- 2) Attached is the executed Memorandum of Understanding regarding pension funding entered into by RG Steel and the USW.
- 3) Our attorney will be forwarding a confidentiality agreement to be executed between The Renco Group, Inc. and the PBGC before we can send you the term sheet we have received.
- 4) We have requested a projection of the minimum funding requirements be prepared by the actuary. We have asked them to expedite this matter and we will forward it to you upon receipt. Please note that the scheduled minimum funding contributions for the WCI DB Plan for the 2011 plan year are; \$2,460,000 on 1/15/12, \$2,460,000 4/15/12, \$1,736,929 on 12/15/12. The minimum funding contributions for the 2012 plan year will not exceed \$2,769,743 per quarter commencing in July 2012 based on the latest valuation results.

Thank you,

*John G. Grimaldi*  
Vice President  
The Renco Group, Inc.  
One Rockefeller Plaza - 29th floor  
New York, NY 10020  
phone - 212-541-6000  
fax - 212-541-6197  
email - [jgrimaldi@rencogrp.com](mailto:jgrimaldi@rencogrp.com)

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**From:** Cann Dana [<mailto:Cann.Dana@pbgc.gov>]  
**Sent:** Thursday, January 05, 2012 9:45 AM

**To:** John Grimaldi; Gran Christopher  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack  
**Subject:** Conference Call

Thanks for speaking with us last night. I want to reiterate how concerned we are regarding the potential that RG Steel will leave the Renco controlled group as part of the financing transaction. PBGC is investigating all its options. These include actions that may be available to us before the transaction closes and actions that may be available to us after the transaction closes. We believe, however, that some form of a Renco guarantee of RG Steel pension liabilities will mitigate our concerns.

In the meantime, it's imperative that we immediately receive the information discussed last night, including:

1. The new model projecting RG Steel's operating results under the terms of the new financing.
2. Any term sheets received from the potential investors.
3. Any written agreement with the USW regarding deferment of the contribution obligation needed to improve the funding of the WCI Steel USW Defined Benefit Plan to allow for the increase in the multiplier agreed to under the CBA signed last year with the union.

We're available to speak today if you'd like. Thank you.

Dana Cann

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**From:** John Grimaldi [<mailto:jgrimaldi@rencogrp.com>]  
**Sent:** Wednesday, January 04, 2012 8:28 AM  
**To:** Gran Christopher; Cann Dana  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry  
**Subject:** Today's Conference Call

Christopher and Dana,

We have a meeting that needed to be scheduled for 2pm today. To avoid a possible conflict with our scheduled conference call at 3pm if the meeting runs late, we would like to move today's call to 4pm with the same call-in number. I apologize for the late notice, but it is unavoidable. Please confirm whether 4pm will work for both of you.

Thank you,

*John G. Grimaldi*

Vice President  
The Renco Group, Inc.  
One Rockefeller Plaza - 29th floor  
New York, NY 10020  
phone - 212-541-6000  
fax - 212-541-6197  
email - [jgrimaldi@rencogrp.com](mailto:jgrimaldi@rencogrp.com)



Pension Benefit Guaranty Corporation  
1200 K Street, N.W., Washington, D.C. 20005-4026

VIA E-MAIL & FEDERAL EXPRESS

January 6, 2012

Mr. Ari Rennert  
President  
The Renco Group, Inc.  
One Rockefeller Plaza, 29<sup>th</sup> Floor  
New York, N.Y. 10020

Dear Mr. Rennert:

This letter is in response to the Form 10 (Advanced Notice of Reportable Events) filed by RG Steel, LLC ("RG Steel") on December 16, 2011. According to that notice and our subsequent discussions, The Renco Group, Inc. ("Renco") intends to transfer some of its equity interest in RG Steel out of Renco's controlled group as part of a proposed financing transaction (the "Transaction").

PBGC is deeply concerned about the Transaction and its impact on the WCI Steel, Inc. - USW Defined Benefit Plan and the Severstal Wheeling, Inc. Pension Plan (collectively, the "Plans"). PBGC estimates that the Plans are collectively underfunded by approximately \$70 million on a termination basis. Based on financial information provided by Renco, PBGC has significant doubts about RG Steel's ability to support the Plans in the future, particularly if RG Steel is removed from the Renco controlled group.

As we discussed, a guarantee from the Renco controlled group of the Plans' liabilities would likely alleviate PBGC's concerns. Failing such protection, PBGC is prepared to initiate termination of the Plans pursuant to ERISA to protect its interests.

This letter is without prejudice to any actions that PBGC may pursue after the Transaction closes. PBGC is currently investigating these actions, which may include a claim under ERISA section 4069, 29 U.S.C. § 1369, as well as other actions pursuant to state and federal law.

We look forward to discussing the possibility of a guarantee for the Plans with Renco and its controlled group. Given the time constraints, however, PBGC must act with dispatch to take all necessary actions to protect its interests.

Sincerely,

Dana Cann  
Corporate Finance and Restructuring Group  
Ph: 202-326-4070 ext. 3810

cc: Roger L. Fay, Vice President-Finance



Pension Benefit Guaranty Corporation  
1200 K Street, N.W., Washington, D.C. 20005-4026

Office of the Chief Counsel

VIA E-MAIL AND FEDERAL EXPRESS

January 6, 2012

Mr. Ari Rennert  
President  
The Renco Group, Inc.  
One Rockefeller Plaza, 29<sup>th</sup> Floor  
New York, N.Y. 10020

Dear Mr. Rennert:

The Pension Benefit Guaranty Corporation ("PBGC") is hereby serving you with the enclosed administrative subpoena. This subpoena concerns the administration of or possible action with respect to the WCI Steel, Inc. -- USW Defined Benefit Plan and the Severstal Wheeling, Inc. Pension Plan (collectively, the "Plans").

The subpoena is issued pursuant to section 4003 of the Employee Retirement Income Security Act of 1974, *as amended*, 29 U.S.C. § 1303 ("ERISA"). The documents and information requested by the enclosed subpoena are necessary to PBGC's investigation regarding the Plans.

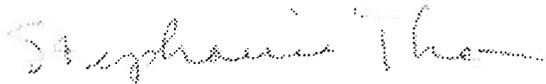
This subpoena can be satisfied by electronically mailing or faxing copies of the specified documents in Schedule A to Attn: Christopher Gran, Pension Benefit Guaranty Corporation, Department of Insurance Supervision and Compliance, 1200 K Street, N.W., Washington, DC 20005 (facsimile: (202) 842-2643), so that they are received no later than **January 9, 2012**, rather than appearing personally with the documents. If submitted by electronic mail, each message to PBGC should not exceed 10MB.

Also enclosed is a Certification for Demand for Documentary Material. Please complete this form and include it with your submission of the documents requested.

Mr. Ari Rennert  
January 6, 2012  
Page 2 of 2

Failure to comply with this subpoena may result in an action for enforcement under section 4003 of ERISA, 29 U.S.C. § 1303. If you have any questions, please contact me at the telephone number indicated below.

Sincerely,



Stephanie Thomas  
Assistant Chief Counsel  
(202) 326-4020 ext. 3457

Enclosures

cc: Roger L. Fay, Vice President-Finance

**ADMINISTRATIVE SUBPOENA**

UNITED STATES OF AMERICA  
PENSION BENEFIT GUARANTY CORPORATION  
WASHINGTON, D.C. 20005-4026

EIN/PN: 27-5101806/112  
27-5101806/303

To: Mr. Ari Rennert  
President  
The Renco Group, Inc.  
One Rockefeller Plaza, 29<sup>th</sup> Floor  
New York, N.Y. 10020

This subpoena is issued pursuant to Section 4003 of the Employee Retirement Income Security Act of 1974, *as amended* ("ERISA"), 29 U.S.C. § 1303, in the course of an investigation or proceeding under Title IV of ERISA, or any rule or regulation thereunder, concerning the administration of or possible action with respect to the WCI Steel, Inc. - USW Defined Benefit Plan and the Severstal Wheeling, Inc. Pension Plan (collectively, the "Plans").

You are required by this subpoena to produce all documentary material requested in Schedule A that is in your possession, custody or control, or in the possession, custody or control of your employees, agents, or contractors.

You must submit the requested documents in person or by electronic mail or facsimile to the Pension Benefit Guaranty Corporation, ATTN: Christopher Gran, Pension Benefit Guaranty Corporation, Department of Insurance Supervision and Compliance, 1200 K Street, N.W., Washington, DC 20005 (facsimile: (202) 842-2643), so that they are received no later than **January 9, 2012**. If submitted by electronic mail, each message to PBGC should not exceed 10MB. This submission must be made under sworn certificate, in the form attached, by the person to whom this subpoena is directed or by a person or persons having knowledge of the related facts and circumstances.

Inquiries concerning compliance should be directed to Christopher Gran, Department of Insurance Supervision and Compliance, at (202) 326-4000, ext. 3405.

Issued at Washington, D.C., this 6th day of January 2012.



Stephanie Thomas  
Assistant Chief Counsel

CERTIFICATION FOR DEMAND FOR DOCUMENTARY MATERIAL

**WCI Steel, Inc. – USW Defined Benefit Plan**  
**Severstal Wheeling, Inc. Pension Plan**

All information and documents required by the subpoena dated January 6, 2012, which are in the possession, custody, control, or knowledge of the person or entity to whom said subpoena is directed, have been submitted to Christopher Gran, the person so designated by the Pension Benefit Guaranty Corporation.

I do hereby certify under penalty of perjury that the foregoing is true and correct.

Executed on \_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

DEFINITIONS

For purposes of responding to this subpoena, the following definitions shall apply to each of the following terms as used herein:

- (1) The term "document" or "documentary material" means any writing of any type, kind or nature, whether an original, facsimile, extract of a copy, carbon copy, photostatic copy, or other copy, or any other written or recorded or imprinted item of any kind (including computer data banks and tapes, and machine-readable matter) having existence and in any language including mathematical symbols.
- (2) The phrase "document relating to" shall mean any document, any portion of which contains a discussion of, comments on, evaluation of, relevance to or connection with the context or background of the specified subject matter.
- (3) The term "to possess" or "possession" shall mean to own, to hold, to have custody of, both mediately and immediately; to have control, dominion or authority over, to have, mediately or immediately, the power of disposition over or to be able to direct, or to have the power to influence the actions of, mediately or immediately, persons or other agents who have the power to direct or influence the disposition of certain documents. Further, the term "to possess" or "possession" shall have any additional meaning given it in common or current usage.
- (4) The term "including" or "includes" without any limitation shall mean "including, but not limited to."
- (5) The term "person" or "persons" means any natural person, proprietorship, partnership, corporation, group, entity, firm, association or organization.
- (6) The term "controlled group" means, in connection with any person, a group consisting of such person and all other persons under common control with such person. The determination of whether two or more persons are under "common control" shall be made under regulations of PBGC which are consistent and coextensive with regulations prescribed by the Secretary of the Treasury under subsections (b) and (c) of section 414 of the Internal Revenue Code. See ERISA § 4001(a)(14), 29 U.S.C. § 1301(a)(14).
- (7) The term "Plans" shall refer to the WCI Steel, Inc. -- USW Defined Benefit Plan and the Severstal Wheeling, Inc. Pension Plan.
- (8) The term "RG Steel" shall refer to RG Steel, LLC.
- (9) The term "USW" shall refer to the United Steelworkers of America.
- (10) The term "Wheeling Plan" shall refer to the Severstal Wheeling, Inc. Pension Plan.
- (11) The term "WCI Plan" shall refer to the WCI Steel, Inc. -- USW Defined Benefit Plan.

- (12) The term "You" or "Your" shall mean The Renco Group, Inc. and any other person or entity acting or purporting to act on behalf of The Renco Group, Inc., whether a current or former employee, attorney, accountant, financial advisor, agent, spokesman or otherwise.

SCHEDULE A- DOCUMENTS TO BE PRODUCED

1. All term sheets received from the potential investors in RG Steel.
2. All analyses and supporting information that determines the amount of the contribution to the WCI Plan necessary to implement the increase in the multiplier provided for under the collective bargaining agreement signed in 2011 with the USW.
3. All Financial Statements—including all balance sheets, income statements, and statements of cash flow—for Blue Turtles, Inc. for the fiscal years ended October 31, 2010, and October 31, 2011, on an audited basis. If an audited financial statement is not available, provide a draft audited or unaudited financial statement.
4. Actuarial Valuation Report for the 2011 plan year for the WCI Plan in final or draft form.
5. Form 5500 for the 2010 plan year for the WCI Plan in final or draft form.
6. Actuarial Valuation Report for the 2011 plan year for the Wheeling Plan in final or draft form.
7. Form 5500 for the 2010 plan year for the Wheeling Plan in final or draft form.



Pension Benefit Guaranty Corporation  
1200 K Street, N.W., Washington, D.C. 20005-4026

Office of the Chief Counsel

Mr. Ari Rennert  
President  
The Renco Group, Inc.  
One Rockefeller Plaza, 29<sup>th</sup> Floor  
New York, N.Y. 10020

JAN 06 2012

Re: Confidentiality Agreement

Dear Mr. Rennert:

This letter will confirm that the Pension Benefit Guaranty Corporation ("PBGC") has requested The Renco Group, Inc. ("Renco") to provide PBGC with certain information regarding Renco, its subsidiaries including RG Steel, LLC, and the WCI Steel, Inc. – USW Defined Benefit Plan and the Severstal Wheeling, Inc. Pension Plan (the "Plans"), in connection with PBGC's investigatory authority under the Employee Retirement Income Security Act of 1974 ("ERISA").

Renco has advised PBGC that in response to the PBGC request, it will be providing information which includes materials that Renco considers to be confidential commercial or financial information, and has asked PBGC to treat it as such. PBGC hereby agrees that any information disclosed or furnished by or on behalf of Renco to PBGC regarding Renco, or any of its subsidiary or related companies, or the Plans that is confidential commercial or financial information within the meaning of 5 U.S.C. § 552(b)(4) ("Confidential Information"), and is clearly designated by Renco as confidential commercial or financial information, e.g., via a cover page or a page-by-page stamp noting the confidential nature of the information, shall be treated by PBGC as confidential commercial or financial information pursuant to 29 C.F.R. § 4901.24.

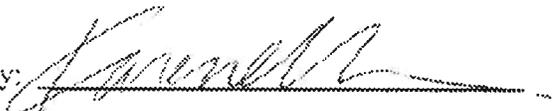
PBGC agrees not to disclose the Confidential Information to anyone other than the Executive Branch of the United States, the PBGC and PBGC Board of Directors, officials, advisors, consultants, and representatives who have a need to know the information as part of their job responsibilities ("Officials"), except as required by law or as may be necessary in connection with any court or administrative proceedings, request of Congress or any committee, joint committee or subcommittee thereof, or request of the Comptroller General. PBGC will inform all Officials having access to the Confidential Information subject to this agreement that the Confidential Information is confidential commercial and financial information, and PBGC will use its best efforts to protect the Confidential Information as confidential commercial and financial information for purposes of 29 C.F.R. § 4901.24.

Excepting such litigation as PBGC may initiate in the future on its own behalf or on behalf of any pension plan, PBGC agrees to notify Renco in writing through you, or any person you may designate, of any proceeding or request in which the disclosure of such information may be compelled, including any request made pursuant to the Freedom of Information Act ("FOIA") or litigation based on FOIA. Pursuant to 29 C.F.R. § 4901.24, Renco will have the opportunity to object to any FOIA disclosure, and if it is determined that disclosure is required, will be notified in advance a reasonable number of days before the disclosure date. Except with respect to a request of Congress or any committee, joint committee or subcommittee thereof, or request of the Comptroller General, PBGC will afford Renco the timely opportunity to seek a protective order or to take such other legal action to preserve the confidentiality of such information as Renco may deem appropriate. In addition, with respect to any litigation brought by PBGC, PBGC will use reasonable efforts to have any Confidential Information placed under seal, or afford Renco the timely opportunity to have any Confidential Information placed under seal.

This agreement does not apply to information that is available to the general public, information that was available to or in the possession of PBGC prior to the date of this agreement, or information that becomes available to PBGC on a non-confidential basis or from or in connection with any litigation between PBGC and Renco. Notwithstanding anything in this agreement, PBGC may disclose information about the amount of underfunding in any pension plan covered by Title IV of ERISA, including information about guaranteed benefit liabilities, unfunded benefit liabilities, plan assets and funding ratios, whether or not this information is contained in or derived from the Confidential Information provided under this agreement. In addition, PBGC may disclose analyses of Confidential Information to rebut publicly any public statement, release, or announcement by Renco or its affiliates.

If the foregoing correctly reflects our mutual understanding, please execute and return to us a counterpart of this letter agreement. The agreement is not effective unless signed by both parties.

PENSION BENEFIT GUARANTY CORPORATION

By: 

Karen L. Morris  
Deputy Chief Counsel

ACCEPTED AND AGREED

THE RENCO GROUP, INC.

By: .....

# Exhibit 13

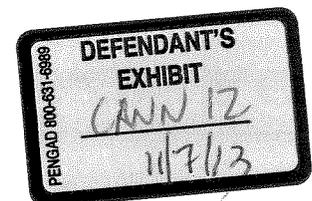
**From:** Cann Dana 3:22:13 PM  
**Sent:** Friday, January 06, 2012 8:22:13 PM  
**To:** Greenblatt Joel; Speicher Jeffrey  
**CC:** Palmer Jioni; Rae Michael; Messina Jennifer; Thomas Stephanie; Morris Karen; Gran Christopher; Butler Jack; Albaugh Colin  
**Subject:** Renco/RG Steel

**Attachments:** Summary and Recommendation Memo\_DRAFT\_RG Steel\_01.06.12.doc

Joel and Jeffrey,

I wanted to give you a heads up on a swift-moving situation that may require the quick issuance of two NODs next week. We are preparing a TWG package this weekend, which should be ready Monday. We may seek approval of the termination outside of the TWG. There are two plans—one with participants in Warren, OH, and one w/ participants in the Wheeling, WV area. Attached is a memo providing a summary of the situation. How much lead time do you need to publish in Warren, OH and Wheeling, WV? I was involved in NODs that were issued in each of these towns related to these same facilities within the last 10 years. In 2003, we issued an NOD (then rescinded) on the WHX plan, which, at the time, covered participants at the Wheeling facilities. In 2006, we issued an NOD (then rescinded) on a WCI Steel plan, which, at the time, covered participants at the Warren facility.

Dana Cann  
Corporate Finance & Restructuring Group  
Pension Benefit Guaranty Corp.  
1200 K Street, NW  
Washington, DC 20005  
Ph (202) 326-4070  
Fax (202) 842-2643  
cann.dana@pbgc.gov



PBGC-000050953

Renco Group

The Renco Group, Inc. (“Renco”) is a private holding company that invests in companies across a wide range of industries including steel and magnesium production, copper mining, lead smelting, automotive parts manufacturing and military vehicle production. The Renco controlled group consists of a number of holding companies and operating companies. In addition to the operating companies, Renco has a subsidiary named Blue Turtles, which owns Renco Chairman Ira Rennert’s large residential estate on Long Island, and an investment vehicle named Ilshar Capital that generates interest and investment income. We believe these holdings contain significant value.

RG Steel

In March, 2011, Renco acquired the stock of RG Steel, formed to hold steel-making assets in Sparrow’s Point (MD), Warren (OH) and Wheeling (WV). These facilities were previously owned by Severstal North America, the U.S.-based subsidiary of OAO Severstal, a Russian Steelmaker.

Renco paid approximately \$195 million in cash and notes for the equity. In addition, RG Steel financed its working capital requirements through a new bank facility, and Renco assumed approximately \$650 million in employee-related and environmental liabilities.<sup>1</sup> The purchase price was subject to working capital adjustments, and Renco has made a claim against Severstal for approximately \$80 million. Per the contract, the companies are supposed to arbitrate the issue, and arbitration is currently scheduled for this spring. In addition, Renco is pursuing litigation against Severstal for various misrepresentations regarding RG Steel’s contracts. Renco is pursuing an indemnification claim of \$170 million against Severstal.

## RG Steel LLC

Comparison of Actual versus Budgeted Financial Performance  
(For the 7 months ended 10/31/11)

(\$ in millions)	Actual	Budgeted	Variance	%
Sales	1,251.8	1,770.1	(518.3)	-29%
Net Income	(219.1)	35.9	(255.0)	-710%
EBITDA	(171.0)	113.6	(284.6)	-250%
<u>Debt</u>				
Revolving Lender and Severstal	605.2	660.1	54.9	
Renco	28.9	50.0	21.1	
Total Debt	634.1	710.1	76.0	

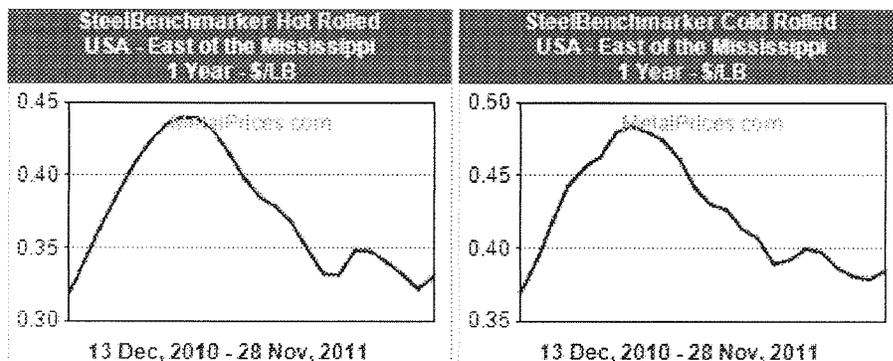
Source: Company

Since acquiring RG Steel in March 2011, Renco has advanced significant cash into the business to fund operating losses and working capital, partly resulting from reduced steel prices and increased raw-material and operating costs. Most of the advances, however, have occurred in the

<sup>1</sup> Per Severstal N.A.’s press release dated March 2, 2011.

last 60 days. According to RG Steel, Renco advanced \$63 million during the month of November alone.

As shown below, steel prices have dropped by more than 20% since earlier this year.



Other significant risks and issues related to the operations of RG Steel include the following:

- Sparrow's Point, the largest of the RG Steel facilities, was idle when Renco purchased it. RG Steel restarted the blast furnace, a process that incurred significant expense and negative cash flow.
- RG Steel contracted with Severstal to provide a customer for Sparrow's Point for the first 18 months after its restart. The 18 month period ends in September 2012. Renco contends that RG Steel doesn't make a profit on sales to Severstal; however, it's unclear how RG Steel will replace its Severstal sales.
- The Sparrow's Point blast furnace was idled just before Christmas for routine maintenance that was supposed to last 3 days. However, the furnace is still idle. According to Renco, the idling coincided with the acute liquidity crisis the company incurred. Renco says there's a "window" that will expire within a week or two, after which it will again become significantly more expensive to restart the blast furnace. Renco says they will restart the blast furnace when it receives an acceptable financing commitment to improve liquidity, hopefully within the next week. Renco seems to be holding receipt of this financing transaction over the union's head.

#### The Financing Transaction

On December 16, 2011, Renco filed a Form 10 – Change in Controlled Group, disclosing that Renco was pursuing a transaction that could result in RG Steel leaving the Renco controlled group. On December 29, 2011, Renco responded to PBGC's initial inquiry regarding the Form 10. Included in this response was a management presentation to potential investors in RG Steel. On January 4, 2012, DISC held a conference call with Renco, and learned that Renco has received proposals from two hedge funds. These proposals would infuse approximately \$125 million in new, subordinated secured debt into RG Steel. In addition to the secured note obligation from RG Steel, these potential investors are requiring that Renco give up a significant

amount of its equity (between 39-49%). Renco believes that, as a result of the transaction, RG Steel will no longer be a member of the Renco controlled group for ERISA purposes.

Pension Plan

RG Steel sponsors two pension plans—a salaried plan for workers in Wheeling and an hourly plan for USW members in Warren. The Warren plan is significantly larger. The plans cover approximately 1,400 participants, with estimated underfunding of \$60 million, although we are still calculating these numbers. PBGC does not have minimum funding projections for the RG Steel pension plans. For 2012, RG Steel expects to fund \$10 million into the plans

Long-Run Loss

RG Steel operates in a volatile industry. Steel prices fell precipitously in 2011, while raw material costs increased. The company incurred a \$215 million loss for the seven months ended 10/31/11 on sales of \$1.25 billion. Losses triggered a liquidity crisis in November and December, which forced Renco to invest more than \$60 million into the company during November and idle the Sparrow's Point blast furnace in December. While the financing transaction would provide fresh liquidity, the operational turnaround required to generate positive cash flow is unproven. Without a turnaround, the company will again face a liquidity crisis within a few months.

As mentioned earlier, the Renco controlled group includes a wide array of operating and investment companies with significant pockets of value. According to Renco's consolidated audited financial statement dated 10/31/10, Renco has total assets of \$2.3 billion, stockholder's equity of \$791 million and net sales of \$2.1 billion. Assets include Ira Rennert's private residence with a book value of approximately \$170 million (supposedly the largest home in the U.S.) and a significant stake in A.M. General, a former wholly-owned subsidiary that builds Humvees for the U.S. military.

REDACTED

Recommended Course of Action

REDACTED

# **Exhibit 14**

**From:** Ari Rennert <arennert@rencogrp.com>  
**Sent:** Monday, January 9, 2012 ~~1:57 PM~~ 8:57:00 AM  
**To:** Cann Dana <Cann.Dana@pbgc.gov>  
**Subject:** RE: Letter of Concern, Administrative Subpoena and Confidentiality Agreement

---

Nothing is imminent Dana. One of the two parties is scheduled to go down to meet with the management team for further diligence Wednesday or Thursday this week. They have indicated to us that they need approximately two more weeks to complete their diligence process. The other party who is further along from a diligence perspective has not sent us documentation and has not indicated when we should receive it. I thought we received a term sheet from this group but we in fact have not. Considering the discussions with this group last week the status of this transaction is unclear. Rest assured we will work with you and keep you apprised as soon as we learn anything.

---

**From:** Cann Dana [mailto:Cann.Dana@pbgc.gov]  
**Sent:** Monday, January 09, 2012 8:36 AM  
**To:** Ari Rennert  
**Subject:** RE: Letter of Concern, Administrative Subpoena and Confidentiality Agreement

Perhaps 4 pm.

I am concerned, however, regarding the timing of a transaction, noting that the presentation you sent Friday mentions closing on January 10 (now tomorrow). The presentation also has a note in the margin that the date is "a placeholder."

What's the latest on a buyer and closing?

---

**From:** Ari Rennert [mailto:arennert@rencogrp.com]  
**Sent:** Monday, January 09, 2012 8:31 AM  
**To:** Cann Dana  
**Subject:** RE: Letter of Concern, Administrative Subpoena and Confidentiality Agreement

Hi Dana Let me check with our guys and revert back to you. In case there is a scheduling conflict this morning do you have any other time after 1:00 today?

---

**From:** Cann Dana [mailto:Cann.Dana@pbgc.gov]  
**Sent:** Monday, January 09, 2012 8:05 AM  
**To:** Ari Rennert; John Grimaldi; Gran Christopher  
**Cc:** Roger Fay; levine.barry@principal.com; Butler Jack  
**Subject:** RE: Letter of Concern, Administrative Subpoena and Confidentiality Agreement

Ari,

I have a meeting with folks from out of town beginning at 1 today. Can we have a call earlier? Could do any time up to 12:30.

Dana

---

**From:** Ari Rennert [mailto:arennert@rencogrp.com]  
**Sent:** Sunday, January 08, 2012 7:05 PM  
**To:** Cann Dana; John Grimaldi; Gran Christopher  
**Cc:** Roger Fay; levine.barry@principal.com; Butler Jack  
**Subject:** Re: Letter of Concern, Administrative Subpoena and Confidentiality Agreement

Hi Dana, I spoke with our team. How would a call at 1:00 tomorrow work for you?

---

**From:** Cann Dana [mailto:Cann.Dana@pbgc.gov]  
**Sent:** Friday, January 06, 2012 02:16 PM  
**To:** John Grimaldi; Gran Christopher <Gran.Christopher@pbgc.gov>  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry <Levine.Barry@principal.com>; Butler Jack <Butler.Jack@pbgc.gov>  
**Subject:** Letter of Concern, Administrative Subpoena and Confidentiality Agreement

Ari, Roger, John and Barry—

Please find attached three documents that need your immediate attention. You will also receive these documents via Fedex. The first is a letter reiterating PBGC's concerns regarding the proposed financing transaction and the potential separation of RG Steel from the Renco controlled group. The second is an administrative subpoena requesting certain additional information. The third is PBGC's standard confidentiality agreement to allow you to share the term sheet(s) with us.

With regard to the projections you sent us this afternoon, will you have some time on Monday morning to speak with us and answer our questions?

Dana Cann

---

**From:** John Grimaldi [mailto:jgrimaldi@rencogrp.com]  
**Sent:** Friday, January 06, 2012 4:16 PM  
**To:** Cann Dana; Gran Christopher  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack  
**Subject:** RE: Conference Call

Dana,

There is nothing new to report since our conference call on Wednesday and negotiations are continuing.

*Regards,*

*John Grimaldi*

---

**From:** Cann Dana [mailto:Cann.Dana@pbgc.gov]  
**Sent:** Friday, January 06, 2012 3:55 PM  
**To:** John Grimaldi; Gran Christopher  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack  
**Subject:** RE: Conference Call

John and team—thanks for this. Is there any update on the investment—timing—and the restart of Sparrow's Point?

---

**From:** John Grimaldi [mailto:jgrimaldi@rencogrp.com]  
**Sent:** Friday, January 06, 2012 3:30 PM  
**To:** Cann Dana; Gran Christopher  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack  
**Subject:** RE: Conference Call

Dana,

In response to your email we have the following:

- 1) Attached is the latest model for RG Steel pro forma for the transaction. As you can see with the large capital infusion the company's prospects are strong. The company will have in excess of \$125 million in liquidity upon closing--the most availability since Renco has owned the Company. The new money will enable the company to restart the blast furnace at Sparrows Point and execute its business plan. Furthermore, the steel market has recently experienced a strong recovery and with the execution of the company's business plan, management expects to generate significant profits with 2012 EBITDA estimated at \$216 million.

Separately on the call you expressed concern about the relationship with Severstal. We believe that Severstal owes RG Steel significant money and that the working capital arbitration and indemnification claims against Severstal will result in large cash payments to RG Steel. As Severstal has signed a no-offset agreement, any dispute cannot be used by them as an offset in the supply agreement. The forecasts do not include any receipts from Severstal for the claims. The \$36 million liability to Severstal is shown as being paid in March 2012.

Finally, RG Steel has been given tremendous support from the US Steel Workers and its president Leo Gerard. Attached you will see letters sent by Leo to GE CEO Jeff Immelt to urge GE Capital to support RG Steel. At stake in the success of the company is employment to over 5,000 people which is of the utmost importance to Leo and the political leaders of the states in which RG operates. Leo is fully aware of the potential transaction and of the benefits to RG Steel. RG has the ardent support of Leo and the USW to pursue this financing. Letters were also sent by the USW to the various political leaders of the states in which RG operates. A copy of two such letters are enclosed.

- 2) Attached is the executed Memorandum of Understanding regarding pension funding entered into by RG Steel and the USW.
- 3) Our attorney will be forwarding a confidentiality agreement to be executed between The Renco Group, Inc. and the PBGC before we can send you the term sheet we have received.
- 4) We have requested a projection of the minimum funding requirements be prepared by the actuary. We have asked them to expedite this matter and we will forward it to you upon receipt. Please note that the scheduled minimum funding contributions for the WCI DB Plan for the 2011 plan year are; \$2,460,000 on 1/15/12, \$2,460,000 4/15/12, \$1,736,929 on 12/15/12. The minimum funding contributions for the 2012 plan year will not exceed \$2,769,743 per quarter commencing in July 2012 based on the latest valuation results.

Thank you,

*John G. Grimaldi*  
Vice President  
The Renco Group, Inc.  
One Rockefeller Plaza - 29th floor  
New York, NY 10020  
phone - 212-541-6000  
fax - 212-541-6197  
email - [jgrimaldi@rencogrp.com](mailto:jgrimaldi@rencogrp.com)

---

**From:** Cann Dana [<mailto:Cann.Dana@pbgc.gov>]  
**Sent:** Thursday, January 05, 2012 9:45 AM  
**To:** John Grimaldi; Gran Christopher  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry; Butler Jack

**Subject:** Conference Call

Thanks for speaking with us last night. I want to reiterate how concerned we are regarding the potential that RG Steel will leave the Renco controlled group as part of the financing transaction. PBGC is investigating all its options. These include actions that may be available to us before the transaction closes and actions that may be available to us after the transaction closes. We believe, however, that some form of a Renco guarantee of RG Steel pension liabilities will mitigate our concerns.

In the meantime, it's imperative that we immediately receive the information discussed last night, including:

1. The new model projecting RG Steel's operating results under the terms of the new financing.
2. Any term sheets received from the potential investors.
3. Any written agreement with the USW regarding deferment of the contribution obligation needed to improve the funding of the WCI Steel USW Defined Benefit Plan to allow for the increase in the multiplier agreed to under the CBA signed last year with the union.

We're available to speak today if you'd like. Thank you.

Dana Cann

---

**From:** John Grimaldi [<mailto:jgrimaldi@rencogrp.com>]  
**Sent:** Wednesday, January 04, 2012 8:28 AM  
**To:** Gran Christopher; Cann Dana  
**Cc:** Ari Rennert; Roger Fay; Levine, Barry  
**Subject:** Today's Conference Call

Christopher and Dana,

We have a meeting that needed to be scheduled for 2pm today. To avoid a possible conflict with our scheduled conference call at 3pm if the meeting runs late, we would like to move today's call to 4pm with the same call-in number. I apologize for the late notice, but it is unavoidable. Please confirm whether 4pm will work for both of you.

Thank you,

*John G. Grimaldi*

Vice President  
The Renco Group, Inc.  
One Rockefeller Plaza - 29th floor  
New York, NY 10020  
phone - 212-541-6000  
fax - 212-541-6197  
email - [jgrimaldi@rencogrp.com](mailto:jgrimaldi@rencogrp.com)

# **Exhibit 15**

Renco/RG Steel + Journal

DAB@MTG 1/9/12

Renco: Ira + Ari Rennert + Groom + Cadwalader

Roger Fay

John Grimaldi

Barry Levine?

Agenda: - timing of close  
- bank advance  
- projections

Minutes of meeting:

Dana: - Closing not imminent; what about the "window"?

Ari - One potential investor group just hired Mackenzie; not steel experts;

2 wks. diligence but wouldn't be 2 wks. to close necessarily; could be longer

- Never received term sheet from other group;

~~unclear~~ unclear whether they want to continue

- Renco provided \$2.5M to Sparrows Point

last week; ~~bank advanced~~ bank ~~advanced~~ <sup>matched</sup> funds;

Renco is unclear on operating window

~~(\$2.5M)~~ (\$2.5M) but will buy more time

Dana - What do you buy for \$5M?

Ari - Contractors "keeping stores warm"; not sure on other details

Dana - GE capital; will it be the senior lender going forward

Roger - Yes + other senior lenders

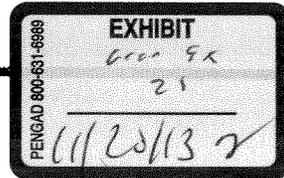
Roger - No written agreement for advancing those funds;

- have to read event-of-default document but

GE Cap. is still advancing funds; not sure why

they sent another notice

GE Capital says \$17.5M over-advanced



Projections

- mix of hot rolled + cold rolled - don't know (100+ products)
- \$780/ton ~~XXXXXXXXXX~~ → confusion over ~~whether~~ whether this is the hot-rolled price or average selling price
- Mgmt. @ RG Steel put forecast together with financial advisors
- Dana noted drivers
  - ~~cost~~ pricing
  - production costs
  - volume

- costs: volume driven vs. raw mat'l driven?

- have to go to RG Steel for details
- Iron ore + coke
  - ↓ \$40-50/ton ↓ \$100/ton

Each ton of steel = \$60 reduction from iron ore  
Each " " " =

(per ton) Steel price effect	Iron ore	↓ \$40/ton	coke	↓ \$100/ton
		↓ \$60/ton		↓ \$40/ton
	(ball park figures)			

→ Roger pointed out p. 30 of presentation showing savings on raw mat'l costs + volume

- Pricing for iron ore: previous quarter's average price = price for current quarter
- Sell steel on spot basis ; bought iron ore based on peak summer price in 3rd quarter
- Iron ore now based on very recent spot prices

\* - Monthly availability: any add'l sources if ~~total~~ projected liquidity is not enough? (total available to borrow)

next page

Ari's answer from previous page:

- raw material impact is being realized (#400M annualized)
- Nov. + Dec. order entry rate = 4M tons per year
- Steel price = \$770/ton
- Roger: pricing + costs fixed ("in the bag");

~~\_\_\_\_\_~~ will send out release when financing is obtained to build confidence

Forecast "cushion"

- doubts that RG Steel will pay \$36M to Severstal in March but wanted to be conservative.
- \$17.5M overadvance not shown in projections
- Ari: we overpaid Severstal because of w/c adjustments; believes 3-6 mos. to settle the \$80M claim

- Dana: For volume, how do you support those assumptions

- Ari: ~~\_\_\_\_\_~~ current order entry rate is good (4M tons annual run rate (all facilities combined))

- Dana: Can we see the reports showing the order entry?

- Ari: Yes

- Dana: What is effect on volume with SP shutdown

- Roger: SP expected to catch up; still 3.0M tons even though Jan. ~~\_\_\_\_\_~~ is lower

Next steps:

- Send e-mail with questions for RG Steel

- Guarantee?

Attorney:

- Ari: We are considering it. Clarify what you are thinking, what it would look like.

- Dana: ~~\_\_\_\_\_~~ Deep pockets separated from pension liability. You believe the projections; keep the status quo from pension backstop

- Guarantee from Lenco - CG, probably 5 years

Dana: If company went public + recapitalized,  
could structure ways to terminate

guarantee (e.g. credit risk)

BGC  
2/3 deliverables

- We will send an outline or term sheet

- We will also send pension calculation (PIP) ~~(PISC)~~

- E-mail with requested info (order book etc.)

- General terms of g'tee (PISC will provide bullet point outline)

- UBL at time of termination

- 5 years

- ways to terminate

Jack

- Dana will inform Jennifer + Michael

REDACTED

Chris - Dana will add anything missing

Jack - let actuaries know we are sending PIPs

# **Exhibit 16**

Message

From: Ryan, Mike [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MRYAN]  
Sent: 1/9/2012 8:43:12 PM  
To: McDermott, Christopher [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=CMCDERMO]; Stempler, Matthew [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=Mstemple]  
CC: 'Furst, Joseph' [Joseph.Furst@srz.com]; 'Goldberg, Lawrence' [Lawrence.Goldberg@srz.com]  
Subject: RE: RG Steel

Chris/Matt

Timing is ASAP.

Mike Ryan  
Cadwalader, Wickersham & Taft LLP  
One World Financial Center  
New York, NY 10281  
Tel: 212.504-6177  
Cell 917 324-1294  
[mryan@cwt.com](mailto:mryan@cwt.com)

---

From: Goldberg, Lawrence [mailto:Lawrence.Goldberg@srz.com]  
Sent: Monday, January 09, 2012 3:42 PM  
To: Ryan, Mike  
Cc: Furst, Joseph  
Subject: RG Steel

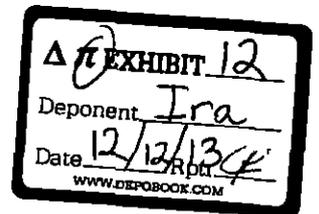
Mike, we have been asked to start drafting second lien loan documents for the RG Steel documents. It would speed matters if you could have Word versions of the primary documents executed in connection with the Senior Credit Agreement and the Renco Subordinated Indebtedness sent to us. I know that Chris McDermott worked on the documentation of the Senior Credit Agreement and related documents; perhaps he could provide these?

Also, we need to run UCC, judgment and tax lien searches. Could you have the last set of search results (I assume in March 2011) sent to us together with a list of the jurisdictions searched?

Thanks for your help, Larry

Lawrence S. Goldberg  
Partner  
212.756.2478  
[lawrence.goldberg@srz.com](mailto:lawrence.goldberg@srz.com)

Schulte Roth & Zabel LLP  
919 Third Avenue, New York, NY 10022  
212.756.2000 | 212.593.5955 fax



\*\*\*\*\*  
U.S. Treasury Circular 230 Notice: Any U.S. federal tax advice included in this communication was not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal tax penalties.

\*\*\*\*\*

NOTICE

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=====

# **Exhibit 17**

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MICHAEL RYAN  
UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK  
-----X  
PENSION BENEFIT GUARANTY CORPORATION,  
  
Plaintiff,  
v. Case No. 1:13-cv-00621-RJS  
THE RENCO GROUP, INC., et al.,  
Defendants.

-----X

VIDEOTAPED DEPOSITION OF MICHAEL RYAN  
New York, New York  
Thursday, November 21, 2013

REPORTED BY: BARBARA R. ZELTMAN  
Professional Stenographic Reporter

Job Number: 68042

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1 MICHAEL RYAN  
 2 you have any discussions with Cerberus?  
 3 A I don't believe so.  
 4 Q Were you aware of what proposal, if  
 5 any, was on the table with Cerberus in  
 6 December of 2011?  
 7 A No.  
 8 Q When was the first time that you  
 9 had any discussions with anyone at Cerberus  
 10 concerning a possible transaction with  
 11 RG Steel?  
 12 A January 15th.  
 13 Q And what about that date -- what  
 14 occurred on January 15th?  
 15 A January 14th. I'm sorry.  
 16 I recall a dinner meeting at Ira  
 17 Rennert's apartment.  
 18 Q We will get to that.  
 19 And at this point in time, that is  
 20 the first time you can recall having any  
 21 personal involvement in the Cerberus  
 22 transaction?  
 23 MR. PERRA: Objection to  
 24 the form.  
 25 A The question I answered, whether I

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1 MICHAEL RYAN  
 2 MR. PERRA: That's fine.  
 3 THE VIDEOGRAPHER: The time is  
 4 11:01 a.m. This is the end of Tape  
 5 Number 1. We are off the record.  
 6 (A brief recess was  
 7 taken.)  
 8 THE VIDEOGRAPHER: Time is  
 9 11:15 a.m. This is the start of tape  
 10 Number 2. We're on the record.  
 11 BY MS. REID:  
 12 Q Mr. Ryan, before we broke you were  
 13 saying that on January 10th, Renco had asked  
 14 Cadwalader to draft the liquidation support  
 15 agreement and the capital call agreement.  
 16 Do you recall?  
 17 A I think I said I believed it was on  
 18 January 10th.  
 19 Q Okay.  
 20 When were you -- was Cadwalader  
 21 asked to have these drafts ready?  
 22 A I don't recall.  
 23 Q How quickly, at that point in time,  
 24 was the transaction supposed to close?  
 25 MR. PERRA: Objection to the

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1 MICHAEL RYAN  
 2 had any communication with Cerberus about a  
 3 transaction.  
 4 Q Okay.  
 5 A And my first communication with  
 6 Cerberus about a transaction was  
 7 January 14th.  
 8 Q Thank you for the clarification.  
 9 When was the first time that  
 10 Cadwalader was asked to do anything in  
 11 connection with a Cerberus transaction  
 12 concerning RG Steel?  
 13 A I believe January 10th, Renco  
 14 requested that we draft two documents that  
 15 might be part of an overall transaction with  
 16 Cerberus.  
 17 Q What were those documents?  
 18 A One was a liquidation support  
 19 agreement and one was a capital call  
 20 agreement.  
 21 MR. PERRA: When you get to a  
 22 good breaking point, I'd appreciate  
 23 a break.  
 24 MS. REID: Sure. What time is  
 25 it? Do you want to break now?

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1 MICHAEL RYAN  
 2 form.  
 3 A I don't believe that on  
 4 January 10th I had any sense as to when a  
 5 transaction would close, other than if there  
 6 were going to be a transaction, it would be  
 7 as soon as possible.  
 8 Q Now, prior to January 10th, had  
 9 you personally known that there was a  
 10 possible transaction with Cerberus that was  
 11 being discussed?  
 12 A Prior to January 10th, there was  
 13 a point in time I understood that Cerberus  
 14 was considering a transaction and had  
 15 decided not to proceed at a subsequent point  
 16 in time when I understood Cerberus agreed to  
 17 reconsider.  
 18 Q And was the subsequent point in  
 19 time when Cerberus agreed to reconsider in  
 20 early January of 2 --  
 21 A I believe so.  
 22 Q Do you recall on January 8th,  
 23 which was a Sunday, being involved with due  
 24 diligence calls concerning a possible  
 25 Cerberus transaction?

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1 MICHAEL RYAN  
 2 sheet says, "Penny warrants of 49 percent."  
 3 Q Okay.  
 4 Did you ever hear anyone at  
 5 Cadwalader or Renco talk about a term sheet  
 6 with Cerberus prior to the deal closing?  
 7 A No.  
 8 Q If you had known about the term  
 9 sheet, would you have sent it to the PBGC or  
 10 had it sent to the PBGC?  
 11 MR. PERRA: Objection to the  
 12 form.  
 13 A It's a hypothetical question. I  
 14 wouldn't know how to begin to answer.  
 15 Q Were you aware that the PBGC had  
 16 requested all term sheets in connection with  
 17 the proposed transaction?  
 18 MR. PERRA: Objection to the  
 19 form.  
 20 A We previously looked at it in the  
 21 subpoena that requested documents by  
 22 January 9th.  
 23 Q Correct. That was Exhibit --  
 24 A That was Exhibit 6.  
 25 Q Exhibit 6.

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1 MICHAEL RYAN  
 2 all-day meetings during that first week in  
 3 January between Cerberus and Renco about a  
 4 possible business deal?  
 5 A I don't believe there were.  
 6 To my knowledge, there were no  
 7 all-day meetings during that week with  
 8 respect to terms.  
 9 Q Do you know whether there were  
 10 meetings, face-to-face meetings?  
 11 MR. PERRA: Objection to the  
 12 form.  
 13 A I don't know if there were  
 14 face-to-face meetings.  
 15 I do believe that Cerberus made a  
 16 diligence visit to Sparrow's Point. I  
 17 believe it was Friday, January 6th.  
 18 And I don't know who else was  
 19 there.  
 20 Q Were you aware of meetings on  
 21 January 9th between Renco and Cerberus in  
 22 which the business terms for a proposed  
 23 transaction were being negotiated?  
 24 A No.  
 25 Q Do you recall what time of day --

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1 MICHAEL RYAN  
 2 And the last page of that requested  
 3 term sheets, correct?  
 4 A Uh-huh.  
 5 Q And my question to you is: If  
 6 subsequent term sheets were to appear, would  
 7 you have sent them to the PBGC?  
 8 MR. PERRA: Objection to the  
 9 form.  
 10 A I believe I would have looked to  
 11 see if this was a subpoena that specifically  
 12 included a continuing obligation to produce  
 13 documents that were not available at the  
 14 time of the subpoena.  
 15 But it's a hypothetical question.  
 16 Q Okay.  
 17 Were you aware on January 6th  
 18 that Cerberus and Renco were in an all-day  
 19 meeting discussing the business terms of a  
 20 possible transaction?  
 21 A No. I believe that on  
 22 January 6th, I believe that's the date  
 23 that Cerberus was making a diligence visit  
 24 to RG Steel in Maryland.  
 25 Q Were you aware that there had been

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1 MICHAEL RYAN  
 2 well, when did you first learn that Renco  
 3 and Cerberus had reached an agreement in  
 4 principle to do a deal subject to the  
 5 documentation?  
 6 MR. PERRA: Objection to the  
 7 form.  
 8 A On January 9th or January 10th.  
 9 Q And do you recall whether you were  
 10 advised of that by a phone call?  
 11 A Excuse me?  
 12 Q Do you recall how you learned of  
 13 that fact?  
 14 A I don't recall.  
 15 Q And do you recall being told what  
 16 the business terms of the deal were at that  
 17 point in time?  
 18 A I recall some broad outline of  
 19 business terms.  
 20 I don't recall what all the broad  
 21 outline included.  
 22 Q At that point, was the deal purely  
 23 a penny warrant deal?  
 24 A I don't know.  
 25 Q Do you have any recollection in

Page 90

1 MICHAEL RYAN  
 2 BY MS. REID:  
 3 Q Have you seen these e-mails before?  
 4 A Yes.  
 5 Q And did you see them in or about  
 6 January 12th time frame?  
 7 A I'm sure. Uh-huh.  
 8 Q And I just want to get the  
 9 chronology down for the record.  
 10 Going to the first e-mail in the  
 11 chain from Lawrence Goldberg, is that e-mail  
 12 attaching the first draft of the second lien  
 13 credit agreement?  
 14 A Yes.  
 15 Q And am I correct that the draft for  
 16 the second lien credit agreement was  
 17 essentially a markup of the Wells Fargo  
 18 first lien credit agreement which the  
 19 bank -- for the bank group?  
 20 A Well, as Mr. Goldberg indicates in  
 21 his e-mail, it shows changes from the  
 22 execution copy.  
 23 Whether you could characterize it  
 24 as basically a markup or --  
 25 Q But that was --

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1 MICHAEL RYAN  
 2 form.  
 3 A This is not a list of people who  
 4 would be drafting documents. This is a list  
 5 of people who would receive drafts of  
 6 documents.  
 7 Q Okay.  
 8 So as far as you were concerned,  
 9 the drafting had already started on the  
 10 10th?  
 11 MR. PERRA: Objection to the  
 12 form.  
 13 A I believe I said earlier that I  
 14 believe it was January 10th when Renco  
 15 instructed us to address the liquidation  
 16 support agreement and the capital call  
 17 agreement.  
 18 Q And at the same time, Cerberus --  
 19 the Cerberus side was drafting the first  
 20 draft of the credit agreement, correct?  
 21 A Correct.  
 22 Q And so by mid-afternoon on the  
 23 11th, it appears that they are providing a  
 24 draft for Cadwalader comments.  
 25 Does that comport with your

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1 MICHAEL RYAN  
 2 I'm sorry, I didn't mean to  
 3 interrupt you.  
 4 That was the form that he started  
 5 with?  
 6 A Apparently.  
 7 Q And that was sent by Mr. Goldberg  
 8 to Cadwalader and Renco on January 11th at  
 9 2:50 p.m., correct?  
 10 A I assume that's correct.  
 11 And I say that because I know there  
 12 was some confusion with respect to the time  
 13 on some e-mails, but I believe that's  
 14 correct.  
 15 Q Your counsel will make that all  
 16 clear, if necessary.  
 17 MR. PERRA: I believe that's  
 18 correct.  
 19 MS. REID: At least I hope so.  
 20 Q And just going back to the prior  
 21 exhibit, that e-mail which is putting  
 22 together the team that would be drafting the  
 23 documents, your part was sent on Tuesday  
 24 night at 7:36, correct?  
 25 MR. PERRA: Objection to the

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1 MICHAEL RYAN  
 2 recollection as to what the turnaround time  
 3 was?  
 4 A Yes. And it would be for  
 5 Cadwalader and Renco comments, as well, I'm  
 6 sure.  
 7 Q Yes, correct. Thank you.  
 8 And it appears that at close to  
 9 1:00 in the morning on Thursday,  
 10 January 12th, Mr. McDermott does supply  
 11 comments, preliminary comments back to  
 12 Cerberus; is that correct?  
 13 A That's correct.  
 14 Q Is it correct to say that during  
 15 this time period, many of the deal team were  
 16 working around the clock to get this deal  
 17 documentation done?  
 18 MR. PERRA: Objection to the  
 19 form.  
 20 A It would be hard to be working  
 21 around the clock between 2:50 p.m. and 1:00  
 22 in the morning.  
 23 Q That's true.  
 24 A If you are asking me whether or  
 25 not between January 11th and January 17th

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1 MICHAEL RYAN  
 2 Q Okay. That's helpful. Let's start  
 3 at the beginning.  
 4 Were you ever involved in  
 5 discussions prior to January 14th where  
 6 the issue of equity versus warrants was  
 7 discussed?  
 8 MR. PERRA: Again, this is with  
 9 anyone, with his client, with  
 10 counterparty?  
 11 I think it's important for you to  
 12 parse that so that I can lodge an  
 13 appropriate --  
 14 BY MS. REID:  
 15 Q First, let's do it with your  
 16 client. And that's just a yes or no answer.  
 17 A Yes.  
 18 Q Do you recall when the first such  
 19 discussion was?  
 20 A No.  
 21 Q Do you recall whether that first  
 22 discussion was before or after you started  
 23 drafting documentation?  
 24 A I don't recall.  
 25 Q Do you recall with whom you had

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1 MICHAEL RYAN  
 2 MR. PERRA: I hope so.  
 3 MS. REID: Again, I disagree,  
 4 but I realize this is a tough  
 5 deposition and we just have to work  
 6 our way through. If we have  
 7 disagreements at the end, we can try  
 8 and resolve them.  
 9 MR. PERRA: Okay.  
 10 BY MS. REID:  
 11 Q Now, let me ask you whether you had  
 12 discussions with Schulte, counsel at Schulte  
 13 on the warrants versus equity issue.  
 14 A Yes.  
 15 Q And when were those discussions?  
 16 A January 11th.  
 17 Q And with whom?  
 18 A Stuart Freedman.  
 19 Q And do you recall about what time  
 20 of the day or night it was?  
 21 A I believe early evening.  
 22 It would be after we received  
 23 Schulte's first draft of the equity  
 24 documents.  
 25 Q And was this a phone call?

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1 MICHAEL RYAN  
 2 such a discussion?  
 3 A I don't recall.  
 4 Q Do you recall having any discussion  
 5 with other counsel for Renco, including  
 6 Mr. Ford, about the equity versus warrants  
 7 issue?  
 8 And that's just yes or no.  
 9 MR. PERRA: Look, I think  
 10 you've gone far enough on this and  
 11 you are now talking about a potential  
 12 discussion between two sets of  
 13 lawyers for Renco and you are getting  
 14 very specific.  
 15 You've asked about ERISA advice,  
 16 but when you start asking about  
 17 particular advice on a particular  
 18 subject, I think that does cross the  
 19 line, so I'm going to instruct the  
 20 witness not to answer that question.  
 21 (Directive.)  
 22 BY MS. REID:  
 23 Q And will you accept your counsel's  
 24 instruction?  
 25 A Yes.

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1 MICHAEL RYAN  
 2 A Yes.  
 3 Q Did you call him?  
 4 MR. PERRA: You need a verbal  
 5 response.  
 6 A I don't know who called whom.  
 7 Q Okay.  
 8 What was discussed by yourself and  
 9 Mr. Freedman concerning the equity versus  
 10 warrants issue?  
 11 A The set of equity documents they  
 12 provided contained a form of warrant.  
 13 I had reviewed the form of warrant.  
 14 I told Stuart Freedman that I didn't believe  
 15 it was a warrant, I believed it was a  
 16 warrant in name only; that the documents, as  
 17 structured, conveyed to the holder of all of  
 18 the characteristics of ownership of an LLC  
 19 interest; that it represented -- 24 and a  
 20 half percent represented permanent capital  
 21 in the company and not a warrant.  
 22 And that I felt that it was  
 23 appropriate that, you know, if something was  
 24 permanent equity, it would be labeled  
 25 permanent equity and documented that way.

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1 MICHAEL RYAN  
 2 I also said in that conversation  
 3 that I was mindful of the fact that my  
 4 client was giving up 49 percent of the  
 5 ownership interest in RG Steel, and that my  
 6 understanding of ERISA was that giving up  
 7 49 percent ownership interest would break  
 8 Renco out of the RG Steel control group.  
 9 And that I believed that the  
 10 documents should reflect the fact that what  
 11 were labeled as warrants were actually LLC  
 12 interests both because that's what they were  
 13 and because I wanted to protect my client  
 14 from the possibility that someone can make  
 15 an argument later on or the PBGC can make an  
 16 argument later on that something that was  
 17 permanent capital would have one result for  
 18 control group purposes merely because it was  
 19 mislabeled as a warrant.  
 20 Q Could you explain what you mean by  
 21 that last statement?  
 22 A I said the documentation, the  
 23 warrant that was provided was, in all  
 24 respects, the equivalent of permanent  
 25 capital LLC interests. It was ownership.

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1 MICHAEL RYAN  
 2 A Uh-huh. Yes.  
 3 Q Do I understand that the agreement,  
 4 the equity agreement on warrant agreement  
 5 you were discussing on the night of  
 6 January 11th, did not include provision  
 7 for penny warrants for 49 percent --  
 8 MR. PERRA: Objection to the  
 9 form.  
 10 Q -- of the fully diluted shares of  
 11 the company?  
 12 A What I stated is that they provided  
 13 a document that was labeled a warrant, but  
 14 that was not a warrant. That it was  
 15 permanent capital -- permanent equity in the  
 16 company.  
 17 Q Was it for 49 percent at this point  
 18 in time?  
 19 A No.  
 20 The deal terms on July 11th were  
 21 24 and a half percent of what I'm referring  
 22 to as "permanent capital" and 24 and a half  
 23 percent warrants, which were not permanent  
 24 because they would go away -- well, it's  
 25 actually -- the division is right here,

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1 MICHAEL RYAN  
 2 Q Let me go back for a second.  
 3 In that first draft, you said that  
 4 24 and a half percent was the equivalent of  
 5 a permanent -- an LLC ownership interest?  
 6 A Correct.  
 7 Q At that point in time --  
 8 MR. PERRA: Hold on.  
 9 Objection. Objection to the form on  
 10 that question.  
 11 Q At that point in time, had there  
 12 been a split from the -- or an alteration  
 13 from what the term sheet showed of  
 14 49 percent penny warrants?  
 15 MR. PERRA: I object to that.  
 16 The term sheet reflects what it  
 17 reflects, but I think you've  
 18 mischaracterized it.  
 19 Q Okay.  
 20 Do you have the term sheet in front  
 21 of you?  
 22 A Yes, I do.  
 23 Q You see under Warrants, it says,  
 24 "Penny warrants for 49 percent of the fully  
 25 diluted shares of the company"?

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1 MICHAEL RYAN  
 2 actually. I've never seen the term sheet  
 3 before.  
 4 They had 90 days, it was certain  
 5 credit support arrangements if they gave up  
 6 credit support arrangements, then here,  
 7 loosely drafted, it said the warrants would  
 8 have been reduced to 25 percent.  
 9 MR. PERRA: Just clarity on  
 10 that. I think you said July 11th for  
 11 purposes of the record.  
 12 We can all agree that that means  
 13 January 11th.  
 14 A January.  
 15 Q What was Mr. Freedman's response?  
 16 A He believed -- he said that they  
 17 didn't believe it made a difference whether  
 18 we called the instrument equity or warrants;  
 19 that the transaction documents they provided  
 20 us would affectively take Renco out of the  
 21 RG Steel control group.  
 22 And that with respect to my desire  
 23 to document it my way, he would have to get  
 24 back to me.  
 25 Q If I understood you correctly, you

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1 MICHAEL RYAN  
 2 were advising Mr. Freedman that you were  
 3 concerned about the PBGC reaction to the  
 4 warrant as he had drafted it --  
 5 A I don't believe I said that I was  
 6 concerned --  
 7 MR. PERRA: Hold on.  
 8 Is your question done?  
 9 MS. REID: No.  
 10 MR. PERRA: Okay. I didn't  
 11 think so.  
 12 Q Do I understand that correctly?  
 13 MR. PERRA: Objection to the  
 14 form.  
 15 A No. I don't believe that's what I  
 16 said.  
 17 Q Okay. Could you correct my  
 18 understanding.  
 19 What was the issue we're  
 20 identifying?  
 21 A What I said to Stuart was that what  
 22 had been labeled a warrant was, in fact, 24  
 23 and a half percent permanent capital; that  
 24 my client was giving up 49 percent ownership  
 25 interest in the company; that my

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1 MICHAEL RYAN  
 2 your client or other lawyers advising  
 3 your client.  
 4 THE WITNESS: And I can't  
 5 otherwise answer the question.  
 6 MR. PERRA: I instruct you not  
 7 to answer to the extent you discussed  
 8 specific subjects with your client.  
 9 (Directive.)  
 10 Q What I'm trying to find out is  
 11 whether this was your idea and reaction or  
 12 whether -- purely or whether anybody else  
 13 was involved?  
 14 A Certainly, the first part of my  
 15 reaction is purely my reaction.  
 16 I receive a set of equity  
 17 documents. I'm a corporate lawyer. I'm the  
 18 person in a position to review them and  
 19 reach a conclusion that it's not really a  
 20 warrant, it's permanent equity.  
 21 I don't recall when I shared that  
 22 conclusion with my client. I don't know.  
 23 MS. REID: Do you think it's  
 24 possible that we could break for  
 25 lunch in a moment, because I could

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1 MICHAEL RYAN  
 2 understanding of the applicable law was that  
 3 under that circumstance, a control group was  
 4 broken, and that it was, you know,  
 5 incomprehensible to me that you'd have a  
 6 different result for ERISA purposes merely  
 7 because you labeled something incorrectly.  
 8 But to eliminate, you know, even a  
 9 crazy concern on that issue because I'm  
 10 supposed to protect against crazy issues, as  
 11 well as real ones, that we would prefer to  
 12 style it as equity or warrants.  
 13 And I never said we wouldn't do the  
 14 deal if it weren't changed.  
 15 Q Before your call to Mr. Freedman --  
 16 strike that.  
 17 Were your comments concerning the  
 18 warrant and the control group comments that  
 19 were your comments only, or were these  
 20 comments that you had discussed with anyone  
 21 else before you made them to Mr. Freedman?  
 22 Yes or no?  
 23 MR. PERRA: You can answer that  
 24 question to the extent that you had  
 25 discussions with people other than

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1 MICHAEL RYAN  
 2 organize myself a little bit and I  
 3 think maybe progress a little faster  
 4 if I have a little bit of time.  
 5 THE WITNESS: I am always happy  
 6 to break for lunch. I break for  
 7 lunch regularly.  
 8 THE VIDEOGRAPHER: The time is  
 9 12:53 p.m. This is the end of tape  
 10 Number 2. We're off the record.  
 11 (Whereupon, a luncheon recess was  
 12 taken at 12:53 through 1:42.)  
 13 A F T E R N O O N S E S S I O N  
 14  
 15 THE VIDEOGRAPHER: The time is  
 16 1:42 p.m. This is the start of Tape  
 17 Number 3. We're on the record.  
 18 MR. PERRA: Before you resume,  
 19 Ms. Reid, I wanted to say something  
 20 on the record regarding the last  
 21 question and answer.  
 22 I think that the end of my client's  
 23 last answer surely went in order beyond  
 24 the scope of the question and comes to  
 25 close to if not invading the

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1 MICHAEL RYAN  
 2 attorney/client privilege.  
 3 We had discussed this at the break  
 4 and I will not object to that answer or  
 5 move to strike that testimony on  
 6 the basis that I believe you've agreed  
 7 that you will not use that last bit of  
 8 the answer, that he didn't recall when he  
 9 shared that conclusion with the client,  
 10 as an argument that we have somehow  
 11 waived the subject matter privilege in  
 12 this case.  
 13 MS. REID: That is correct.  
 14 MR. PERRA: Thank you.  
 15 MS. REID: So after all  
 16 that ...  
 17 CONTINUED EXAMINATION BY MS. REID:  
 18 Q Between January 11th, the time of  
 19 your conversation with Mr. Freedman, and the  
 20 13th, did Schulte and Cadwalader continue  
 21 to exchange drafts of the various deal  
 22 documentation for the Cerberus transaction?  
 23 A Yes.  
 24 Q At the same time, do you know  
 25 whether Mr. Grimaldi continued to be in

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1 MICHAEL RYAN  
 2 Mr. Grimaldi was waiting for that he felt  
 3 that he still owed the PBGC?  
 4 A I have no idea.  
 5 Q At this point in time, which is  
 6 Thursday, January 12th, was it your  
 7 understanding that Mr. Grimaldi was still  
 8 supplying information to the PBGC?  
 9 A I have no recollection other than  
 10 looking at an e-mail suggesting he was  
 11 providing information to them that day.  
 12 Q But you do have a recollection that  
 13 you knew that he was in contact with  
 14 the PBGC at that period in time?  
 15 A Yes.  
 16 Q And I believe you had also  
 17 mentioned in your earlier testimony that you  
 18 were aware that the PBGC had sent a form  
 19 standstill agreement to Renco on or about  
 20 the 13th?  
 21 A I think my prior testimony was I  
 22 knew they had provided a guarantee agreement  
 23 and it had not been executed, and they had  
 24 provided an standstill agreement and had not  
 25 been executed. In my previous testimony I

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1 MICHAEL RYAN  
 2 contact with the PBGC concerning its  
 3 questions about any proposed transaction?  
 4 A Which time frame?  
 5 Q After January 11th but before the  
 6 deal closed.  
 7 A Yes.  
 8 MS. REID: I'd like to mark as  
 9 Exhibit 11, Ryan Exhibit 11,  
 10 a document, e-mail from Mr. Grimaldi  
 11 to various Renco people and to  
 12 Mr. Ryan and Mr. Ford.  
 13 (Ryan Exhibit 11, E-mail  
 14 chain, top e-mail dated Thursday,  
 15 January 12, 2012, 10:14 a.m., Bates  
 16 Numbers RENGPR-12941 through  
 17 RENGPR-12943, was marked for  
 18 Identification.)  
 19 BY MS. REID:  
 20 Q Have you seen what's been marked as  
 21 Ryan Exhibit 11 before?  
 22 A I have no recollection of seeing  
 23 it. I see that I'm copied on the e-mail.  
 24 Q Looking at the top paragraph, do  
 25 you know or recollect what document

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1 MICHAEL RYAN  
 2 don't think I spoke to the date that either  
 3 one was provided.  
 4 Q Were you asked to review or comment  
 5 on either the guarantee agreement or the  
 6 standstill agreement?  
 7 MR. PERRA: Objection to  
 8 the form.  
 9 A I can recall reviewing the  
 10 guarantee agree agreement. I don't recall  
 11 reviewing the standstill agreement.  
 12 MS. REID: Let me mark  
 13 Exhibit 12, the standstill agreement,  
 14 and I can ask you some questions.  
 15 (Ryan Exhibit 12, E-mail  
 16 chain, top e-mail dated Friday,  
 17 January 13, 2012, 3:41 p.m., Bates  
 18 Number RENGPR-20661, was marked for  
 19 Identification.)  
 20 BY MS. REID:  
 21 Q What I've marked as Ryan Exhibit 12  
 22 is simply an e-mail from Mr. Rennert to you  
 23 forwarding an e-mail from Mr. Cann which  
 24 enclosed the standstill agreement.  
 25 And ask if you remember seeing that

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1 MICHAEL RYAN  
 2 MS. REID: Kevin, I understand  
 3 your position.  
 4 MR. PERRA: -- or whether he  
 5 learned it as being legal counsel in  
 6 this case?  
 7 MS. REID: I have been very  
 8 calm about the repeated interruptions  
 9 and the coaching, but bottom line, as  
 10 everyone at this table knows,  
 11 including the witness, the only time  
 12 I'm interested in is December and  
 13 January.  
 14 And if you have educated him in his  
 15 role as general counsel to the point  
 16 where he can no longer distinguish what  
 17 he knew in December and January from now,  
 18 he'll tell me that.  
 19 But I think there's no more need to  
 20 make that -- what is now must be  
 21 the tenth time we've said that in the  
 22 middle of my question.  
 23 So I think, you know, if the  
 24 witness will agree, unless I say  
 25 otherwise, all I'm interested now is

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1 MICHAEL RYAN  
 2 chain, top e-mail dated Friday,  
 3 January 13, 2012, 10:15 a.m., Bates  
 4 Numbers PBGC-17993 through  
 5 PBGC-17994, was marked for  
 6 Identification.)  
 7 BY MS. REID:  
 8 Q And I wanted to ask if you had seen  
 9 the first of these e-mails before.  
 10 A I have no recollection of receiving  
 11 the e-mail that's dated 3-38 a.m. on Friday,  
 12 January 13th, but I assume I received it  
 13 because I'm copied on it.  
 14 Q And I note that there is an e-mail  
 15 above that from Neil Rifkind at Schulte Roth  
 16 to Alex Benjamin and Tarek Ajouz at  
 17 Cerberus.  
 18 Do you see that?  
 19 A Yes.  
 20 Q And this e-mail reflects that, "The  
 21 draft LLC agreement is consistent with  
 22 Renco's position. It assumes that the  
 23 initial 24.95 percent tranche is equity in  
 24 the former membership interest rather than  
 25 warrants."

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1 MICHAEL RYAN  
 2 January of 2012. Okay. We have that as  
 3 an understanding.  
 4 MR. PERRA: To be clear, you  
 5 mean you are asking his  
 6 contemporaneous recollection, not  
 7 something he learned later as part of  
 8 this litigation.  
 9 Is that right?  
 10 MS. REID: Yes. And I can't  
 11 imagine I could be clearer on that  
 12 point.  
 13 MR. PERRA: Thank you.  
 14 MS. REID: Now we have to  
 15 figure out what I was asking him.  
 16 MR. PERRA: Do you know what  
 17 time the phone call took place.  
 18 Q Do you know what time the phone  
 19 call took place?  
 20 A I believe it was Friday morning.  
 21 MS. REID: Let me mark as Ryan  
 22 Exhibit 13, a document which is from  
 23 Tarek Ajouz, an e-mail chain dated  
 24 Friday, February 13, 10:15 a.m.  
 25 (Ryan Exhibit 13, E-mail

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1 MICHAEL RYAN  
 2 As of Friday, January 13th, was  
 3 that Renco's position?  
 4 MR. PERRA: Objection to the  
 5 form.  
 6 A This, I think, reflects the  
 7 conversation that I had with Stuart Freedman  
 8 on the evening of January 11th.  
 9 Q And so they're basically turning  
 10 around documents in response to that  
 11 conversation?  
 12 MR. PERRA: Objection to the  
 13 form.  
 14 A I'm not looking at the attachment.  
 15 Q Right.  
 16 A So I don't know whether it's  
 17 because we sent a document that reflected  
 18 the labeling of the permanent equity as LLC  
 19 interests, or it's merely them reflecting  
 20 the fact that we had an issue that was still  
 21 open.  
 22 Q And did the equity versus warrant  
 23 issue remain open until Sunday?  
 24 MR. PERRA: Objection to the  
 25 form.

1 MICHAEL RYAN

2 Q The 15th.

3 A Yes.

4 Q Let me show you another document  
5 from January 13th, which is Ryan 14.

6 (Ryan Exhibit 14, E-mail  
7 chain, top e-mail dated Friday,  
8 January 13, 2012, 11:33 a.m., Bates  
9 Numbers RENGPR-20648 through  
10 RENGPR-20650, was marked for  
11 Identification.)

12 BY MS. REID:

13 Q This is an e-mail chain that was  
14 forwarded to you at 11:33 in the morning on  
15 January 13th.

16 Do you recall receiving this  
17 e-mail?

18 A I don't recall receiving it, but I  
19 assume I received it because I'm copied on  
20 it.

21 Q The e-mail from Mr. Goldberg  
22 purports to summarize some of the open  
23 points from the discussions earlier today.

24 Number 3 says that "If the initial  
25 funding and closing date is Tuesday,

1 MICHAEL RYAN

2 Cerberus expects that the funding on Term  
3 Loan A will occur two business days later,  
4 Thursday."

5 A Uh-huh.

6 Q At this point in time, what was the  
7 anticipated closing date?

8 MR. PERRA: Objection to the  
9 form.

10 A Consistent with an earlier answer,  
11 at this point in time we were still hoping  
12 there would be a transaction.

13 Q Uh-huh.

14 A And the closing time would be the  
15 earliest possible time because of liquidity  
16 issues.

17 Q So if you had been able to close it  
18 earlier than Tuesday, that would have been  
19 the aim?

20 A I think -- yes.

21 Q Were you initially trying to close  
22 this transaction on Friday, January 13th?

23 A Documents were exchanged on  
24 Wednesday, January 11th, and by the  
25 morning of Thursday, January 12th, we

1 MICHAEL RYAN

2 didn't know if we had a deal. So to say we  
3 were aiming to close the next day would have  
4 been widely optimistic.

5 Q Did anyone at Renco tell you what  
6 closing date they were targeting?

7 A My only recollection is that we  
8 would close the earliest possible time  
9 because of liquidity problems.

10 (Ryan Exhibit 15, E-mail  
11 chain, top e-mail dated Saturday,  
12 January 14, 2012, 2:47 p.m., Bates  
13 Numbers PBGC-17232 through  
14 PBGC-17235, was marked for  
15 Identification.)

16 BY MS. REID:

17 Q So I would like to show you  
18 Exhibit 15. Moving right along.

19 This is, again, an e-mail chain.  
20 At the top from Tarek Ajouz, which says  
21 Saturday, January 14th.

22 But I want to direct you down to  
23 the bottom of the first page which is an  
24 e-mail from you, Friday January 13th at  
25 2:18 p.m.

1 MICHAEL RYAN

2 A Uh-huh.

3 Q Take a look at it and tell me if  
4 you -- that is your e-mail and if you  
5 recollect sending it.

6 A I do recollect sending it.

7 Q At this point in time -- first, let  
8 me ask you: At 2:18, you're referencing  
9 that Cerberus had put you guys on hold.  
10 What were you talking about?

11 A Sometime prior to this e-mail, not  
12 long before this e-mail, I had a phone  
13 conversation with Stuart Freedman in which  
14 Stuart Freedman said that Cerberus  
15 instructed Schulte to stop working on the  
16 deal because there was no deal.

17 Q And did he tell you why? Any  
18 particulars as to why there was no deal?

19 A There were significant issues with  
20 respect to the credit support arrangements.

21 Q And what did you respond, if  
22 anything, to him?

23 A I don't recall.

24 Q And I take it you then passed along  
25 Mr. Cruz's comments in case the deal came

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<p>1 MICHAEL RYAN 2 back to life? 3 Is that fair? 4 A Yes. 5 Q Did Renco ever put Cadwalader on 6 hold? 7 A Not in years. No. 8 Q Great for Cadwalader. 9 A Seriously, Renco had been expending 10 extraordinary effort and energy to keep 11 RG Steel afloat for several months in terms 12 of financial support, management assistance, 13 you know, until RG Steel, who otherwise 14 would end up in bankruptcy, Renco was not 15 going to stop in its efforts to try and keep 16 the company alive. 17 So we didn't receive any 18 instruction, and I was comfortable Renco 19 wanted to continue to get a deal done. 20 Q Now, this is at 2:18. 21 Shortly before the Sabbath began on 22 Friday evening, did you learn that there was 23 going to be a dinner meeting at the Rennerts 24 to discuss the outstanding deal points? 25 A I was asked if I was able to attend</p>	<p>1 MICHAEL RYAN 2 a dinner meeting on Saturday night at 3 Mr. Rennert's apartment. 4 Q And did you attend this dinner 5 meeting? 6 A Yes, I did. 7 Q Before we get to that, I want to 8 mark one final January 13th exhibit. 9 MS. REID: Ryan Exhibit 16. 10 (Ryan Exhibit 16, E-mail dated 11 January 13, 2012, 6:46 p.m., Bates 12 Number CWT-7930, was marked for 13 Identification.) 14 BY MS. REID: 15 Q Which is an e-mail from you to 16 Mr. Freedman and Mr. Rifkind. 17 Do you recall sending this e-mail? 18 A Excuse me? 19 Q Do you recall sending this e-mail? 20 A Yes. 21 Q Was that e-mail sent at or about 22 the time it's reflected on the e-mail 23 itself, 6:46? 24 A I believe so, yes. 25 Q What was your purpose in sending</p>
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<p>1 MICHAEL RYAN 2 this e-mail to Mr. Freedman and Mr. Rifkind? 3 MR. PERRA: Objection to the 4 form. 5 A Although there was no deal, at that 6 point in time to the extent that Renco was 7 hopeful that a deal could be completed, and 8 because of the liquidity pressure to get a 9 deal done quickly, simply sending back some 10 comments to keep the process moving. 11 Q And that included Comment 1 which 12 was a reiteration of your ongoing discussion 13 with Mr. Freedman about the desire -- your 14 desire and Renco's desire to have the deal 15 24.5 percent equity and 24.5 percent 16 warrants? 17 MR. PERRA: Objection to the 18 form. 19 A I wouldn't describe it as an 20 ongoing discussion. 21 We had made the request on the 22 11th. It was more incidental than 23 central, but the issue remained on the table 24 and remained on the table and hoping they 25 would label the permanent equity, permanent</p>	<p>1 MICHAEL RYAN 2 equity and not warrants. 3 Q So this was going to be one of the 4 items for the dinner on January 14th? 5 A This was a lawyer's point. This is 6 not one of the issues that had prompted the 7 deal to go on hold. 8 Those issues related to the credit 9 side of the agreement, particular the credit 10 support issues, like -- credit support 11 issues. 12 MS. REID: Let me just quickly 13 mark this one as the next exhibit, as 14 Ryan 17. 15 This is an e-mail chain. Chris 16 McDermott to Larry Goldberg, at the top, 17 January 14, 10:14. 18 (Ryan Exhibit 17, E-mail 19 chain, top e-mail dated January 14, 20 2012, 10:14 p.m., Bates Numbers 21 RENCO-13068 through RENCO-123069, 22 was marked for Identification.) 23 BY MS. REID: 24 Q I'm showing this to you because you 25 were cc'ed in the middle of the first page</p>

1 MICHAEL RYAN

2 on the primary e-mail.

3 Do you recall seeing this e-mail  
4 before?

5 A There's four e-mails here. Give me  
6 a second.

7 Q Well, the middle e-mail is what you  
8 are actually cc'ed on.

9 A There's three -- well, there's  
10 four.

11 Q There's four.

12 A Yeah, I don't have a specific  
13 recollection, but I clearly received it  
14 because I'm copied on the e-mail.

15 Q And is it fair to say that as of  
16 10:38 on Saturday, the 14th, as far as  
17 Renco and Cadwalader were concerned, they  
18 had submitted their final comments on the  
19 second lien credit agreement?

20 MR. PERRA: Objection to the  
21 form.

22 A On the face of the e-mail, I would  
23 say that's not correct because Chris says in  
24 the e-mail, "Renco, let me know if there are  
25 outstanding comments I missed."

1 MICHAEL RYAN

2 recollection as to what may have moved in  
3 that agreement between that point in time  
4 and the closing.

5 Q Okay. All right.

6 So let's turn to the dinner on  
7 Saturday, January 14th.

8 What time did you meet -- it was  
9 Mr. Ira Rennert's house?

10 A Mr. Ira Rennert's apartment.

11 Q Apartment.

12 A I want to answer two ways in light  
13 of counsel's prior dividing.

14 My recollection from back then I  
15 would say was earlier evening, because the  
16 process we'd been through I guess I have a  
17 recollection it was 7:00. But for the  
18 process we'd been through, I wouldn't able  
19 to tell you it was 7:00.

20 Q And who attended the dinner?

21 A Ira Rennert, Ari Rennert, myself,  
22 Chris McDermott, Steve Feinberg, Dan Wolf  
23 and two attorneys, at least one from Schulte  
24 and I don't recall whether the other was  
25 from Schulte or from Cerberus.

1 MICHAEL RYAN

2 Q But at this point, Mr. McDermott is  
3 basically forwarding the agreement and it is  
4 close to final from the point of view of  
5 Cadwalader and Renco?

6 MR. PERRA: Objection to the  
7 form.

8 A Remember that the credit portion of  
9 the transaction had different documents, and  
10 we've discussed earlier --

11 Q I'm only asking about the credit  
12 agreement.

13 A My recollection is that we did not  
14 have -- that the deal was falling apart over  
15 issues that related to the other  
16 credit-related documents with respect to  
17 credit support.

18 Q But assuming you could work out  
19 those other credit support issues, the  
20 credit agreement at least was in  
21 close-to-final form?

22 A To be able to answer that  
23 correctly, I guess we'd have to go look at  
24 the draft from 10:38 Saturday morning and  
25 compare to the final. I just have no

1 MICHAEL RYAN

2 Q And how long did the dinner last?

3 A A few hours.

4 Q And how long did the business  
5 portion of the dinner last?

6 A An hour.

7 Q What was said, to the best of your  
8 recollection, about the business -- during  
9 the business portion of the dinner?

10 A The business principals discussed a  
11 variety of issues that related to the credit  
12 support arrangements, significant issues in  
13 particular with respect to the capital call  
14 agreement, whether or not Cerberus basically  
15 had a right to call for Renco to produce  
16 additional capital, you know, under any  
17 circumstance that Cerberus would have  
18 desired.

19 And Renco, on the other hand,  
20 looking for a more objective standard, such  
21 as cash and credit availability beneath a  
22 certain threshold.

23 The liquidation support issues  
24 related to a guarantee being provided and  
25 collateral on the conditions under which the

1 MICHAEL RYAN

2 guarantee went into effect, with the  
3 extremes being -- again oversimplifying --  
4 Cerberus having guarantee protection  
5 whenever it needed it. And on the other  
6 extreme, Renco basically looking at what  
7 they would refer to as liquidation support.

8 So if at the end of the day you are  
9 out of pocket, then come see us. Don't  
10 bother us, Day One.

11 And a variety of issues, subsets of  
12 those issues with respect to those two  
13 credit arrangements.

14 Q And what did you say during that  
15 business portion of the dinner?

16 A Very little. I don't recollect  
17 if -- I don't recollect, you know, with  
18 respect to these credit support issues.

19 Q Did you speak to any issue, whether  
20 it was credit-support-related or not?

21 A Yes.

22 Q Which issue did you or issues did  
23 you speak to?

24 A When the meeting was over and the  
25 significant business issues had been

1 MICHAEL RYAN

2 resolved, I asked if Cerberus would have any  
3 problem with our labeling the permanent  
4 equity as LLC interest as opposed to  
5 warrants, and got a quick response that we  
6 should just check with Schulte. It's up to  
7 them.

8 Q Who did you ask at Cerberus?

9 A Steve Feinberg and Dan Wolf were  
10 there from Cerberus and two lawyers.

11 Q So you asked them as a group?

12 A Yeah, it was a meeting.

13 Q And was there any other issue that  
14 you raised or spoke to, that you recollect?

15 A Not that I recollect.

16 Q Was there any discussion of the  
17 PBGC at this meeting?

18 A No.

19 Q Any discussion of control group?

20 A No.

21 Q How was it left in terms of  
22 resolving your request that there be  
23 24.5 percent equity and --

24 A My request that 24 and a half  
25 percent of the warrants be labeled as LLC

1 MICHAEL RYAN

2 interests, it was left with it was not a  
3 problem for Cerberus if it was not a problem  
4 for Schulte.

5 Q And what happened -- how did you  
6 resolve it with Schulte?

7 A We arranged a phone call with  
8 Schulte.

9 Q And was this the phone call that  
10 occurred on Sunday morning of  
11 January 15th?

12 A Yes.

13 Q And did you set that phone call up  
14 yourself?

15 A I believe I initiated the call.

16 MS. REID: Let me just mark as  
17 our next exhibit, Ryan Exhibit 18  
18 which is an e-mail from Mr. Ryan to  
19 Mr. Freedman on January 15th at  
20 10:01, which has been forwarded by  
21 Mr. Freedman to Mr. Benjamin.

22 (Ryan Exhibit 18, E-mail  
23 chain, top e-mail dated Sunday,  
24 January 15, 2012, 10:35 a.m., was  
25 marked for Identification.)

1 MICHAEL RYAN

2 BY MS. REID:

3 Q And have you seen or is this your  
4 e-mail, middle part of it?

5 A The 10:01 e-mail is my e-mail, yes.

6 Q And do you know who Mr. Benjamin  
7 is?

8 A I believe he's an attorney with  
9 Cerberus.

10 He may have been at the meeting. I  
11 don't know who the two lawyers were at the  
12 meeting the night before. He may have been  
13 there. When I said one of them might have  
14 been from Cerberus, it might have been him.  
15 I don't recall.

16 Q And looking at your first  
17 bulletpoint where you say, "On the basis of  
18 the meeting last night, I believe it is  
19 clear that we were doing equity and  
20 warrants."

21 What is the basis you are referring  
22 to?

23 A The two-minute conversation at the  
24 end of the meeting when I said we have a  
25 problem if we label the permanent capital as

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<p>1 MICHAEL RYAN 2 equity rather than warrants. 3 They said check with Schulte. 4 This e-mail I believe follows the 5 phone call we had with Schulte in which 6 Schulte said they shouldn't have a problem. 7 MS. REID: Let's clarify that. 8 Let me mark as exhibit -- Ryan 9 Exhibit 19. 10 (Ryan Exhibit 19, E-mail 11 chain, top e-mail dated January, 12 15, 2012, 4:35 p.m., Bates Numbers 13 RENCO-1196 through RENCO-1198, was 14 marked for Identification.) 15 BY MS. REID: 16 Q Ryan 19, which is a series of 17 e-mails, some of which are from you and to 18 you concerning I believe the setting up of 19 the phone call. 20 Take a look at that. 21 And looking at this, first of all, 22 have you seen this and does it refresh your 23 recollection as to what time you had the 24 call with counsel? 25 A Well, I think I already said that</p>	<p>1 MICHAEL RYAN 2 after the meeting Saturday evening, I 3 reached out to schedule a call with Schulte 4 to discuss the issue. 5 Q And who else besides Schulte was on 6 the phone call? 7 A Gary Ford and Michael Prame. 8 Q And why did you include them in the 9 call? 10 A I know that on the call -- I know 11 from the call Sunday morning, but I don't 12 distinctly remember it from Saturday 13 evening -- that the Cerberus concern was 14 whether ERISA implications for Cerberus and 15 then holding the equity portion labeled as 16 LLC interest as opposed to warrants. 17 And since that's an ERISA issue -- 18 I'm surmising now because that was the call 19 that morning -- it came up the night before 20 and that's why we invited them to the call. 21 Q How long did that call last? 22 A I don't believe it lasted five 23 minutes. 24 Q And let me just go through who was 25 on the call. There was Ron Richman from</p>
<p>Page 144</p> <p>1 MICHAEL RYAN 2 Schulte; is that correct? 3 A Ron Richman was on the call. 4 Q And, of course, Gary Ford and 5 Michael Prame? 6 A That's correct. 7 Q You? 8 A Yes. 9 Q And who else? 10 A I don't know which of Larry 11 Goldberg or Stuart Freedman were on the 12 call. I'm sure one or both were on the 13 call. 14 Q What was said on the call? 15 A I began the call by saying Cerberus 16 said last night that they don't have a 17 problem labeling permanent capital LLC 18 interest as opposed to warrants if it was 19 not a problem for Schulte. 20 And whether it was -- I don't know 21 whether it was Larry Goldberg or Stuart 22 Freedman, I remember a discussion, the quick 23 question was: Will this be an ERISA problem 24 for Cerberus? 25 Ron Richman said no, and the call</p>	<p>Page 145</p> <p>1 MICHAEL RYAN 2 was over. 3 Q Did Gary Ford or Michael Prame say 4 anything? 5 A No. 6 Q And did Mr. Richman explain or say 7 anything as to why it would not be a problem 8 for Cerberus? 9 A No. 10 Q Did anyone on the call ask why 11 Renco wanted the LLC membership interest 12 instead of warrants? 13 MR. PERRA: Objection to the 14 form. 15 A I don't believe there was any 16 discussion on the call as to why we wanted 17 to label the permanent equity LLC interest 18 as opposed to warrants. 19 Q Do you recall ever having a 20 discussion with Schulte on that subject as 21 to why Renco wanted to label, as you say, it 22 as LLC, permanent equity as an LLC interest 23 as opposed to warrants? 24 MR. PERRA: Objection to the 25 form.</p>

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1 MICHAEL RYAN  
 2 A Yes. I previously testified that  
 3 on the evening of January 11th, I reviewed  
 4 the equity documents. I called Stuart  
 5 Freedman who was at Schulte, told him that  
 6 having reviewed the documents, that the  
 7 documents that were labeled as a warrant  
 8 were in substance permanent capital, that  
 9 the holder, the instrument would have all  
 10 the characteristics of an LLC holder, and  
 11 that I believed it was appropriate to label  
 12 appropriately what the document was  
 13 substantively.  
 14 And I also told him, as I said  
 15 before in that conversation, that we were  
 16 aware that Renco was entering into a  
 17 transaction where it was giving up  
 18 49 percent of the ownership interest in  
 19 RG Steel, and that, as I understood the law,  
 20 when they gave up 49 percent of the  
 21 ownership interest, that would remove Renco  
 22 from RG Steel's control group.  
 23 And that although I did not believe  
 24 it would make any sense that because  
 25 something was labeled a warrant as opposed

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1 MICHAEL RYAN  
 2 Q Do you recollect that e-mail?  
 3 A I recollect seeing this e-mail  
 4 recently. I don't recollect the e-mail back  
 5 in the contemporaneous time frame.  
 6 Q And when did you recollect seeing  
 7 it recently?  
 8 A I'm going to assume in production  
 9 of our documents. I don't -- I may have  
 10 seen this yesterday as well.  
 11 Q What did you mean when you wrote,  
 12 "We've reintroduced capital accounts because  
 13 we think it's important to demonstrate that  
 14 Renco has less than 80 percent of capital"?  
 15 A I think two things: The first was  
 16 that in an LLC, other experiences, it is  
 17 important to have capital accounts, and I  
 18 don't think we had them in the agreements.  
 19 The agreements were made quickly.  
 20 And to the extent there was any  
 21 sensitivity to this 80 percent, it's no  
 22 different than my request that what was  
 23 permanent capital be labeled LLC interest as  
 24 opposed to warrants.  
 25 Renco was giving up 49 percent

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1 MICHAEL RYAN  
 2 to equity, it would affect a different  
 3 outcome for purposes of control group  
 4 analysis, for the sake of clarity and to  
 5 avoid any crazy argument sometime down the  
 6 road, we would prefer to label the permanent  
 7 capital as LLC and not warrants.  
 8 Q Was the crazy argument that you are  
 9 referring to there an argument by the PBGC  
 10 that the control group had not been broken  
 11 if the --  
 12 A I guess it would be a PBGC  
 13 argument, sure.  
 14 Q Now, is there anything else you can  
 15 recollect occurring on that Sunday phone  
 16 call that you haven't already told us about?  
 17 A No. It was a very fast phone call.  
 18 MS. REID: Let me mark as  
 19 Ryan 20, a one-page document which is  
 20 an e-mail from you on January 15th.  
 21 (Ryan Exhibit 20, E-mail dated  
 22 January 15, 2012, 9:41 p.m., Bates  
 23 Number CWT-7795, was marked for  
 24 Identification.)  
 25 BY MS. REID:

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1 MICHAEL RYAN  
 2 ownership interest, you know, in a  
 3 transaction.  
 4 And I didn't want it to be the case  
 5 that there'd be some inconsistency in flow  
 6 of the agreement where someone would argue  
 7 where the economic reality was they gave up  
 8 an ownership interest, that the control  
 9 group outcome was not consistent.  
 10 Q So this is essentially the same  
 11 concern and argument as you had with wanting  
 12 the LLC --  
 13 A First of all, I've never said I had  
 14 a concern. And more significantly, I never  
 15 had an argument with Stuart Freedman. He  
 16 agreed with me both with respect to outcome  
 17 and as to the characterization of the  
 18 documents.  
 19 Q As of January 15th, that Sunday,  
 20 what was the anticipated closing date?  
 21 A As soon as possible.  
 22 Q At that point, did you think it was  
 23 going to be feasible to close on Tuesday?  
 24 A I don't know. An awful lot of work  
 25 had to be done to get the transaction

# **Exhibit 18**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x  
PENSION BENEFIT GUARANTY CORPORATION,  
Plaintiff,  
-against- Civil Action No.  
THE RENCO GROUP, INC., et al., 1:13-cv-00621-RJS  
Defendants.

-----x

VIDEOTAPED DEPOSITION OF:  
ALEXANDER D. BENJAMIN  
Tuesday, December 3, 2013  
New York, New York  
10:01 a.m. - 12:31 p.m.

Reported in stenotype by:  
---- Rich Germosen, CCR, CRCR, CRR, RMR ----  
NCRA & NJ Certified Realtime Reporter  
NCRA Realtime Systems Administrator  
Job No. 68587

Page 2

1  
2 Videotaped Deposition of ALEXANDER D. BENJAMIN,  
3 taken in the above-entitled matter before RICH GERMOSEN,  
4 Certified Court Reporter, (License No. 30XI00184700),  
5 Certified Realtime Court Reporter-NJ, (License No.  
6 30XR00016800), NCRA Registered Merit Reporter, NCRA  
7 Certified Realtime Reporter, Certified LiveNote  
8 Reporter, NCRA Realtime Systems Administrator, and a  
9 Notary Public within and for the States of New York, New  
10 Jersey and Delaware, taken at the offices of KELLEY DRYE  
11 & WARREN, LLP, 101 Park Avenue, New York, New York  
12 10178, on Tuesday, December 3, 2013, commencing at  
13 10:01 a.m.  
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Page 4

1  
2 **A P P E A R A N C E S: (CONT'D.)**  
3  
4 **CADWALADER WICKERSHAM & TAFT**  
5 **Attorneys for the Defendants**  
6 **One World Financial Center**  
7 **New York, New York 10281**  
8 **BY: JOSHUA WEISS, ESQ.**  
9  
10  
11  
12 **PROSKAUER ROSE**  
13 **Attorneys for the Defendants**  
14 **11 Times Square**  
15 **New York, New York 10036**  
16 **BY: BRADLEY BOBROFF, ESQ.**  
17  
18  
19  
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21  
22  
23  
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Page 3

1  
2 **A P P E A R A N C E S:**  
3  
4 **PENSION BENEFIT GUARANTY CORPORATION**  
5 **Attorneys for the Plaintiff**  
6 **1200 K Street, N.W.**  
7 **Washington, D.C. 20005**  
8 **BY: JOHN MENKE, ESQ.**  
9 **COLIN ALBAUGH, ESQ.**  
10  
11  
12  
13  
14  
15  
16 **KELLEY DRYE & WARREN**  
17 **Attorneys for the Plaintiff**  
18 **101 Park Avenue**  
19 **New York, New York 10178**  
20 **BY: SARAH REID, ESQ.**  
21  
22  
23  
24  
25 ///

Page 5

1  
2 **A P P E A R A N C E S: (CONT'D.)**  
3  
4 **SCHULTE ROTH & ZABEL**  
5 **Attorneys for Alexander D. Benjamin**  
6 **919 Third Avenue**  
7 **New York, New York 10022**  
8 **BY: HOWARD GODNICK, ESQ.**  
9  
10  
11  
12 **ALSO PRESENT:**  
13 **ROBERT RINKEWICH, Legal Video Specialist**  
14  
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16  
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Page 30

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 advice concerning this issue?  
 3 A. I can answer that yes solely based  
 4 on business information if I'm -- yeah, I can.  
 5 MR. GODNICK: Then I'll allow Sarah  
 6 to press the question.  
 7 A. My recollection, and this isn't my  
 8 primary charge in these transactions, but our deal  
 9 team was looking very closely at all the current  
 10 obligations in the company to try to understand  
 11 whether, consistent with the projections the  
 12 management team were presenting, the company  
 13 really had enough liquidity and bandwidth to make  
 14 it through to a period where they thought the  
 15 revenue would start to increase.  
 16 So there was a lot of focus on all  
 17 the current obligations of the company, including  
 18 one of which, which was significant, were the  
 19 current pension obligations.  
 20 COURT REPORTER: Which was what?  
 21 THE WITNESS: Which was  
 22 significant.  
 23 COURT REPORTER: Which --  
 24 THE WITNESS: Which significant  
 25 obligations were the pension obligations.

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 her?  
 3 A. Because my recollection is we were  
 4 finalizing internal summaries of the potential  
 5 transaction and she had prepared -- this refreshes  
 6 my memory. I think she participated in any  
 7 diligence calls dealing with HR and pension  
 8 matters. She prepared a summary that was included  
 9 in the presentation, the internal presentation  
 10 which I reviewed, and there were questions, and I  
 11 asked her for more clarity because she was not  
 12 very specific in her summary.  
 13 Q. I note that this E-mail was sent at  
 14 approximately 8:07 in the morning on Tuesday,  
 15 January 10th. Were you -- strike that.  
 16 Did you know -- strike that.  
 17 Was there a meeting around 8  
 18 o'clock on Tuesday, January 10th at Cerberus to  
 19 make the final decision as to whether to go ahead  
 20 with the transaction?  
 21 MR. WEISS: Objection.  
 22 A. I am not -- I'm not certain. I  
 23 know that early that week there was some early  
 24 morning meeting scheduled to come to a  
 25 determination on the transaction. I don't recall

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 A. So this is one of many focuses of  
 3 current obligations of the company relative to the  
 4 business projections.  
 5 Q. Thank you.  
 6 MS. REID: I'd like to mark as  
 7 Benjamin Exhibit 2 an E-mail from you to Jayne  
 8 Binzer, B-i-n-z-e-r, dated January 10th.  
 9 (Whereupon, one-page document  
 10 bearing Bates stamp PGBC 000032346, is received  
 11 and marked as Benjamin Exhibit 2 for  
 12 Identification.)  
 13 MS. REID: Okay. Let me give one  
 14 to Howie.  
 15 MR. GODNICK: Thanks.  
 16 BY MS. REID  
 17 Q. Mr. Benjamin, do you recognize this  
 18 E-mail as being one you sent?  
 19 A. I do.  
 20 Q. First, who is Ms. Binzer?  
 21 A. Ms. Binzer is a member of our  
 22 operations team who is an HR specialist who often  
 23 participates in diligence of transactions from an  
 24 HR perspective.  
 25 Q. Why did you send this E-mail to

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 if it was Tuesday.  
 3 Q. Okay.  
 4 (Whereupon, one-page document  
 5 bearing Bates stamp PBGC 000021152, is received  
 6 and marked as Benjamin Exhibit 3 for  
 7 Identification.)  
 8 BY MS. REID  
 9 Q. Mr. Benjamin, I'm showing you what  
 10 has been marked as Benjamin Exhibit 3, which is an  
 11 E-mail from Mr. Ajouz to various people at  
 12 Cerberus, including you.  
 13 Does this refresh your recollection  
 14 as to whether there was a meeting on Tuesday  
 15 morning, January 10th to make a final decision on  
 16 the RG Steel transaction?  
 17 A. I recall this E-mail. It refreshes  
 18 my recollection that there was the intent to have  
 19 a meeting on Tuesday morning. I cannot say for  
 20 certain whether it happened at 8 or later. There  
 21 were a series of meetings to talk about the  
 22 transaction.  
 23 Q. And does it refresh your  
 24 recollection that the decision to go forward with  
 25 the transaction was made by the team on January

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 10th?  
 3 MR. WEISS: Objection.  
 4 A. This E-mail, I can't actually  
 5 discern from this E-mail, but I do recall that the  
 6 decision was likely made at some point on the  
 7 10th.  
 8 Q. And at that point did you -- did  
 9 you start preparing documentation for the deal?  
 10 MR. WEISS: Objection.  
 11 A. I believe at some point late on the  
 12 10th Schulte Roth started preparing the core  
 13 documents for the transaction.  
 14 (Whereupon, one-page document  
 15 entitled term sheet RG Steel/Renco, bearing Bates  
 16 stamp CRG-PBGC0022360, is received and marked as  
 17 Benjamin Exhibit 4 for Identification.)  
 18 BY MS. REID  
 19 Q. I'm going to show you what has been  
 20 marked as Benjamin 4, which is labeled Term sheet,  
 21 RG Steel, Renco, which I will represent it came  
 22 from Mr. Wolf's files, and ask if you've seen that  
 23 document before?  
 24 A. I have.  
 25 Q. Okay. When did you see it first?

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 A. I was not on a call, I don't  
 3 believe I was on a call where this term sheet was  
 4 discussed. I know I was on calls where the terms  
 5 reflected in this term sheet were discussed.  
 6 Q. Were you ever asked by Renco or its  
 7 attorneys not to send a term sheet to them?  
 8 A. To Renco?  
 9 Q. To Renco or its attorneys?  
 10 A. Not -- not that I'm aware.  
 11 Q. Is it unusual to close a  
 12 transaction without a term sheet shared in writing  
 13 between both sides to the transaction?  
 14 MR. WEISS: Objection.  
 15 A. Generally, yes.  
 16 Q. During the time that you've been  
 17 working at Cerberus, how many times have you --  
 18 has Cerberus closed a transaction without having a  
 19 term sheet shared between both sides of the  
 20 transaction?  
 21 MR. WEISS: Objection.  
 22 A. Several.  
 23 Q. And when you say several, can you  
 24 give me a sense of what percentage of the deals?  
 25 MR. GODNICK: Sarah, I'm sorry, I

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 A. I can't recall which day that week  
 3 I first saw this, but it was prepared by Dan to  
 4 summarize the transaction that we were discussing.  
 5 Q. And looking down at the section  
 6 labeled Warrants, at this point in time does the  
 7 term sheet accurately reflect your recollection of  
 8 what the deal terms were concerning warrants;  
 9 namely, that there would be penny warrants for  
 10 forty-nine percent of the fully diluted shares of  
 11 the company?  
 12 MR. WEISS: Objection.  
 13 A. Yes.  
 14 Q. Was this term sheet shared with  
 15 Renco or its attorneys?  
 16 A. I am not aware of whether this term  
 17 sheet was shared with Renco or its attorneys. My  
 18 recollection is Dan provided this to the internal  
 19 team and this was the basis from which Schulte  
 20 Roth drafted our initial documents.  
 21 Q. Were you ever on any call in which  
 22 the term sheet was discussed?  
 23 MR. WEISS: Objection.  
 24 MR. GODNICK: With?  
 25 Q. With Renco or its attorneys?

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 missed the beginning of that.  
 3 Q. When you say several, can you give  
 4 me a sense of what percentage of the deals?  
 5 MR. GODNICK: Thank you.  
 6 MR. WEISS: Objection.  
 7 A. That I worked on?  
 8 Q. That you've worked on?  
 9 MR. GODNICK: In which a term sheet  
 10 was not exchanged?  
 11 MS. REID: Right.  
 12 MR. GODNICK: Thank you.  
 13 A. I'd say no more than fifteen  
 14 percent.  
 15 BY MS. REID  
 16 Q. Turning back to the term sheet for  
 17 a moment, if you could read through it. My  
 18 question to you is: What, if anything, what --  
 19 take that back.  
 20 Let me start over.  
 21 How does the final deal between RG  
 22 Steel and Renco and Cerberus differ, if at all,  
 23 from the terms that are reflected on the term  
 24 sheet?  
 25 MR. WEISS: Objection.

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 A. Relative to -- I just need to  
 3 ask -- can I ask a question of you?  
 4 Q. Sure.  
 5 A. Are you asking the deals that were  
 6 closed on the initial closing date or the  
 7 ultimate -- there were modifications to the deal  
 8 post-closing?  
 9 Q. The deal on the closing date.  
 10 A. On the closing date.  
 11 MR. WEISS: Same objection.  
 12 A. So going through the term sheet,  
 13 the ultimate deal did not involve forty-nine  
 14 percent -- penny warrants for forty-nine percent  
 15 of the company, but rather penny warrants for  
 16 twenty-four point five percent and equity --  
 17 direct equity was granted in RG Steel or I think  
 18 actually in RG Steel Holding Company for the other  
 19 twenty-four point five percent.  
 20 Q. Okay.  
 21 A. I'm not entirely sure if this  
 22 statement that talks about releasing the  
 23 enhancements -- the warrants are reduced  
 24 twenty-five percent -- well, it certainly  
 25 doesn't -- it doesn't correspond to the final

Page 40

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 with the PBGC prior to the closing on January  
 3 17th?  
 4 A. I did not, but I did not review all  
 5 the -- all the core legal diligence documents. I  
 6 deferred to Schulte Roth on some of the diligence.  
 7 Q. At any point in time prior to the  
 8 closing were you told by anyone at all that Renco  
 9 had filed such a form?  
 10 A. I don't believe I was.  
 11 Q. Okay. Were you told by anyone at  
 12 Renco or by their attorneys that employees of  
 13 Renco were in active discussion with the PBGC  
 14 concerning the PBGC's concern over the filing of  
 15 the Form 10?  
 16 MR. WEISS: Objection.  
 17 A. No.  
 18 Q. Okay. I believe that you mentioned  
 19 that you had conversations with Ari Rennert at  
 20 some point in the documentation phase of the deal;  
 21 is that correct?  
 22 MR. WEISS: Objection.  
 23 A. I believe I participated, and by  
 24 that I mean I was probably in the room and  
 25 announced on the call in some conversations

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 transaction because obviously there are only  
 3 twenty-five percent of warrants -- twenty-four  
 4 point five percent of warrants, but the ultimate  
 5 structure was, I believe, a little more  
 6 complicated in terms of how the warrants could be  
 7 exercised.  
 8 I think the rest of the term sheet  
 9 reflects the deal that closed on January 17th?  
 10 Q. 17th.  
 11 A. 17th.  
 12 Q. Right. Thank you. I think we're  
 13 done with that one for a moment.  
 14 During the period of your due  
 15 diligence on the weekend of the 7th and 8th and on  
 16 into the 9th, were you or anyone at Cerberus, to  
 17 your knowledge, told that Renco had filed a Form  
 18 10 notice of advance reportable event with the  
 19 PBGC in December of 2011?  
 20 A. Not to my knowledge.  
 21 Q. Okay. And are you aware of what a  
 22 Form 10 notice of advance reportable event is?  
 23 A. I am today.  
 24 Q. Did you ever see the Form 10 notice  
 25 of advance reportable event that had been filed

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 between Ari and Dan Wolf.  
 3 Q. Okay.  
 4 A. I didn't have any direct  
 5 conversations with Ari until that Saturday.  
 6 Q. Okay. And that would be at the  
 7 dinner that was held at Ira Rennert's house on  
 8 Saturday?  
 9 A. Yes, yes.  
 10 Q. At any point did Ari Rennert tell  
 11 anyone at Cerberus, to your knowledge, that he  
 12 personally had been having discussions with  
 13 personnel at the PBGC?  
 14 A. Prior to the transaction closing?  
 15 Q. Prior to the transaction closing.  
 16 A. No.  
 17 Q. Okay. Did you know that the PBGC  
 18 had sent a letter on January 6th to Mr. Ari  
 19 Rennert indicating that the PBGC planned to  
 20 terminate the single employee pension plans absent  
 21 a guarantee from Renco --  
 22 MR. WEISS: Objection.  
 23 Q. -- of the plan's liabilities?  
 24 MR. WEISS: Sorry. Objection.  
 25 A. I did not.

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 Q. Okay. And did you ever see that  
 3 document prior to -- that letter prior to the  
 4 closing?  
 5 A. No.  
 6 Q. And January 6th was the day that  
 7 you were first asked to get involved in this  
 8 matter?  
 9 A. That is correct.  
 10 Q. Okay. And did you know that an  
 11 administrative subpoena had been served by the  
 12 PBGC on Renco on January 6th requesting further  
 13 information from Renco concerning the proposed  
 14 transaction?  
 15 A. I did not.  
 16 Q. Did you -- did anyone at Cerberus,  
 17 and this is just a yes or no answer, ever tell you  
 18 that they knew that such an administrative  
 19 subpoena had been served on Renco?  
 20 A. No.  
 21 Q. Did you ever know prior to the  
 22 closing that the administrative subpoena requested  
 23 all term sheets from potential investors in the RG  
 24 Steel transaction?  
 25 MR. WEISS: Objection.

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 MR. GODNICK: Can you just refine  
 3 that a little bit?  
 4 MS. REID: Yes.  
 5 Q. I mean after speaking -- yeah,  
 6 that's a fair question.  
 7 After speaking -- in fact, leaving  
 8 aside after speaking, let me start over.  
 9 Did you ever speak to anyone at  
 10 Renco after the receipt of the subpoena from the  
 11 PBGC concerning the receipt of the subpoena?  
 12 A. At any time after?  
 13 Q. Yes.  
 14 A. Yes.  
 15 Q. Who did you speak to?  
 16 A. We had a meeting several weeks  
 17 later, I don't recall the date, with Ira Rennert,  
 18 Ari Rennert, Roger Fay. I apologize. I'm  
 19 completely -- the name of one of the other senior  
 20 executives, I can't recall. Renco was there.  
 21 And from Cerberus was Dan Wolf, me,  
 22 Tarek Ajouz, and I believe part of the meeting  
 23 Steve Feinberg.  
 24 Q. Where did the meeting take place?  
 25 A. That meeting took place at

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 A. I did not.  
 3 Q. When did you first learn of the  
 4 PBGC's involvement and concern about the RG Steel  
 5 transaction?  
 6 MR. WEISS: Objection.  
 7 A. So the transaction closed on  
 8 Tuesday, January 17th, and I believe we received a  
 9 subpoena on Wednesday -- Cerberus received a  
 10 subpoena on Wednesday, January 18th, and I found  
 11 out from my colleague first thing in the morning.  
 12 Q. And when you say your colleague,  
 13 who are you referring to?  
 14 A. Sheila Peluso, who is one of our  
 15 in-house counsel.  
 16 Q. What did you do?  
 17 A. I spoke to our general counsel,  
 18 Mark Neporent.  
 19 Q. And I don't want to have the  
 20 substance of those discussions.  
 21 A. And we spoke to Schulte Roth.  
 22 MR. GODNICK: I can tell you the  
 23 color Mark turned.  
 24 Q. And did you do anything else?  
 25 A. That day?

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 Cerberus.  
 3 Q. And how long did the meeting last?  
 4 A. Maybe an hour.  
 5 Q. And what was the subject of the  
 6 meeting?  
 7 A. The subject of the meeting was the  
 8 capital call agreement that it was entered into in  
 9 connection with the transaction.  
 10 Q. And did the subject of the PBGC  
 11 inquiry come up in that conversation?  
 12 A. It did.  
 13 Q. And what was said on that subject?  
 14 A. I told Ari Rennert that if we had  
 15 had any knowledge of any of the discussions that  
 16 were going on with the PBGC, we never would have  
 17 closed the transaction.  
 18 Q. And what was his response, if any?  
 19 A. His response I believe was they  
 20 were operating at the advice of counsel and felt  
 21 that they had handled information appropriately.  
 22 MR. GODNICK: Mr. Court Reporter,  
 23 can you read back the last two sentences of  
 24 Mr. Benjamin's response? I'm not sure I heard it.  
 25 MS. REID: You can let him read it

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 if you want or I can read it.  
 3 "I told Ari Rennert that if we had  
 4 had any knowledge of any of the discussions that  
 5 were going on with the PBGC, we never would have  
 6 closed the transaction.  
 7 "And what was his response, if any?  
 8 "His response I believe was they  
 9 were operating on the advice -- at the advice of  
 10 counsel and felt that they had handled the  
 11 information appropriately."  
 12 MR. GODNICK: Thank you.  
 13 I didn't know there was a negative  
 14 modifier in there. That's what I couldn't hear.  
 15 BY MS. REID  
 16 Q. Was anything further said on this  
 17 topic by you? Did you respond?  
 18 A. I don't believe I said anything  
 19 further at that meeting on that topic.  
 20 Q. And did anyone else at the meeting  
 21 speak to this topic?  
 22 A. Not specifically, to my  
 23 recollection.  
 24 Q. When you say not specifically, I  
 25 have to follow up and to say do you have any

Page 48

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 benefit representations in Section 4.11?  
 3 A. It was referred to. It wasn't  
 4 discussed in detail at the meeting.  
 5 Q. And that representation, among  
 6 others, at D was a representation by Renco and the  
 7 borrowers that were signatories that there had  
 8 been no -- nor to the knowledge of any loan party  
 9 is there reasonably expected to occur any ERISA  
 10 event other than those that in the aggregate could  
 11 not reasonably be expected to result in either ten  
 12 million dollars of liability in the aggregate or  
 13 material adverse change. Am I correct that that  
 14 was one of the representations and warranties?  
 15 A. Without the document in front of  
 16 me, I believe that's a rep -- a standard rep in  
 17 our agreements.  
 18 Q. And I'm happy to give you the  
 19 document if you would like to have it. Would  
 20 that -- I mean I have copies of it.  
 21 MR. GODNICK: Well, let's see what  
 22 the next question is and then we'll --  
 23 MS. REID: Okay.  
 24 MR. GODNICK: -- we can decide.  
 25 A. I'm not sure. I know RG Steel made

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 general recollection?  
 3 A. The meeting was to discuss the  
 4 terms of this capital call agreement and the  
 5 company needed additional funding. There was a  
 6 disagreement about -- between Cerberus and Renco  
 7 as to how that capital agreement -- capital call  
 8 agreement worked, and there was also some level of  
 9 discussion as to whether RG Steel was in default  
 10 under the credit agreement for a number of  
 11 reasons.  
 12 So there was general discussions  
 13 about the status of the loan which involved the  
 14 issue of whether covenants and representations and  
 15 warranties had been breached on the agreement and  
 16 some of those related to the PBGC subpoena and  
 17 what had been disclosed to us prior to the  
 18 transaction.  
 19 Q. When you refer to the credit  
 20 agreement, you're referring to the credit  
 21 agreement that was signed on January 17th as part  
 22 of the closing?  
 23 A. Yes.  
 24 Q. And was one of the representations  
 25 and warranties that was discussed the employee

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 that representation. I just don't recall --  
 3 BY MS. REID  
 4 Q. If Renco did?  
 5 A. -- if Renco is a loan party, but  
 6 just the way you phrased it, I think RG Steel  
 7 definitely made that representation.  
 8 Q. And had Renco guaranteed, in  
 9 essence, RG Steel's --  
 10 A. Yes.  
 11 MR. GODNICK: Just let her --  
 12 MR. WEISS: Objection.  
 13 MR. GODNICK: Hang on. Let her  
 14 finish the question. You can give your answer  
 15 and --  
 16 MR. WEISS: I don't even see the  
 17 question.  
 18 BY MS. REID  
 19 Q. The question is: And had Renco  
 20 guaranteed RG Steel's performance or under the --  
 21 at the closing? That's not a good question.  
 22 MR. WEISS: I'm going to object to  
 23 that question, but just for clarity of the record,  
 24 is that the question the witness was answering?  
 25 MS. REID: Yes, that was what we

Page 50	Page 51
<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 were trying to answer. 3 MR. GODNICK: Well, now we have a 4 complete question. 5 MS. REID: Let me do it again -- 6 MR. GODNICK: Okay. 7 MS. REID: -- because it's not a 8 good question. 9 BY MS. REID 10 Q. What had Renco guaranteed, what was 11 Renco's guarantee of RG Steel's obligations -- 12 MR. WEISS: Objection. 13 Q. -- in this transaction? 14 MR. WEISS: Sorry. Objection. 15 A. Renco had provided -- I believe 16 Renco had provided certain limited guarantees of 17 RG Steel's performance under the loan, and I 18 believe there was a guarantee from -- a limited 19 guarantee from Renco, as well as from one of its 20 affiliates. 21 Q. Am I correct that if RG Steel 22 breached its representations and warranties, that 23 that constituted an event of default under the 24 credit agreement? 25 MR. GODNICK: I'm going to object</p>	<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 to the extent the question calls for a legal 3 conclusion in response. 4 Subject to that objection, you may 5 answer. 6 MR. WEISS: I'm joining in that 7 objection. 8 A. Can you repeat the question? 9 Q. Am I correct that if RG Steel 10 breached its representations and warranties under 11 the credit agreement, that that constituted an 12 event of default under the credit agreement? 13 A. Yes, I believe so, yes. 14 Q. And am I correct that that subject 15 was a part of the discussion at the meeting we've 16 been discussing between Cerberus and Renco which 17 occurred several weeks later? 18 A. It was part of that conversation. 19 Q. And were there other 20 representations and warranties that Cerberus 21 expressed at the meeting they believed had been 22 breached as a result of the failure to disclose 23 the PBGC negotiations and the Form 10? 24 MR. WEISS: Objection. 25 A. I don't recall that at the meeting</p>
<p>Page 52</p> <p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 there was any specific references to the credit 3 agreement. Given the participants of the meeting 4 that would be unusual. There were discussions 5 about issues with information disclosure and there 6 was -- obviously the PBGC subpoena was a topic 7 that we've addressed, and there was discussion 8 about disappointment over the significant misses 9 in a very short time of the company's performance 10 projections, but I don't believe any 11 representations in the credit agreement were 12 specifically discussed. 13 Q. Were the representations and 14 warranties in the credit agreement that was signed 15 on January 17th the same as those that were 16 contained in the senior lending documents? 17 MR. WEISS: Objection. 18 A. I didn't negotiate the senior 19 lending documents. My -- and I did review them 20 quickly. My recollection is they were intended to 21 be parallel. 22 Q. Thanks. 23 MS. REID: If you want, this would 24 be a good time to take a quick break, maybe five 25 or ten minutes, and then we're going into a</p>	<p>Page 53</p> <p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 different area, so. 3 MR. GODNICK: That's fine. We 4 probably could push through subject to -- 5 THE WITNESS: I'm fine. 6 MR. GODNICK: Yeah. 7 MS. REID: I know, I just -- 8 MR. GODNICK: If you want a break, 9 that's another -- no, no, that's -- you're asking 10 me if we need a break. I think the answer is no, 11 but if you do -- 12 MS. REID: Okay. It will just take 13 a second. 14 MR. GODNICK: Okay. 15 THE VIDEOGRAPHER: The time is 16 11:03 a.m. This is the end of Tape Number 1. We 17 are off the record. 18 (Whereupon, a short recess is 19 taken.) 20 THE VIDEOGRAPHER: Stand by, 21 please. 22 The time is 11:10 a.m. This is the 23 start of Tape Number 2. We are on the record. 24 MS. REID: I'm going to mark as 25 Benjamin Exhibit 5 an E-mail chain which is, the</p>

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 top E-mail is dated January 11th and the E-mail  
 3 below that is January 10th from Tarek Ajouz to Jim  
 4 Reitzig, c.c. to you.  
 5 (Whereupon, multipage document  
 6 bearing Bates stamps RENGRP0005372 through 5374,  
 7 is received and marked as Benjamin Exhibit 5 for  
 8 Identification.)  
 9 BY MS. REID  
 10 Q. Do you recollect receiving this  
 11 E-mail -- these E-mails on or about January 10th?  
 12 A. Not specifically, but I recollect  
 13 at some point at this stage we were working very  
 14 hard.  
 15 Q. And that was what I was going to  
 16 direct your attention to, on the second E-mail, on  
 17 the first page where Mr. Ajouz says to Jim  
 18 Reitzig, c.c. to you: Quick update on the timing.  
 19 We are working through the night on the docs with  
 20 a goal of getting you your side of draft in the  
 21 early part of the day tomorrow.  
 22 Does that comport with your  
 23 recollection as to the speed at which you were  
 24 preparing the documentation?  
 25 A. Yes.

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 Identification.)  
 3 BY MS. REID  
 4 Q. Let me mark as Benjamin 6 an E-mail  
 5 chain from January 13th starting with an E-mail  
 6 from you, and ask if you recognize that chain of  
 7 E-mails?  
 8 A. I do.  
 9 Q. And going to the first E-mail of  
 10 the chain, which is -- appears to be an E-mail  
 11 from you, is this the point in time when Cerberus  
 12 stopped working on the deal on Friday?  
 13 A. It's the point in time where we  
 14 told Schulte Roth to stop working on the deal.  
 15 And I believe we asked Schulte to communicate that  
 16 to Cadwalader.  
 17 Q. Okay. Did you continue to receive  
 18 communications from Cadwalader concerning the  
 19 deal?  
 20 A. On that Friday?  
 21 Q. That Friday or Saturday?  
 22 A. I believe -- well, I don't believe  
 23 I did.  
 24 Q. Do you believe Schulte did?  
 25 A. I think Schulte may have received

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 Q. How many nights did you work  
 3 between the time January 10th and the day the deal  
 4 closed on the 17th?  
 5 MR. WEISS: Objection.  
 6 A. Every night except for that Friday  
 7 the 13th.  
 8 Q. And was there a hiatus on Friday --  
 9 starting Friday afternoon on the 13th in terms of  
 10 the work that you were doing on this, the deal?  
 11 MR. WEISS: Objection.  
 12 A. Personally, yes.  
 13 Q. Okay.  
 14 A. Well, yes.  
 15 Q. And how long did that hiatus last?  
 16 MR. WEISS: Objection.  
 17 A. Several hours in the afternoon and  
 18 I don't recall there being much work done that  
 19 evening --  
 20 Q. Okay.  
 21 A. -- if any.  
 22 (Whereupon, two-page document  
 23 bearing Bates stamps SRZ0004470 and 44711, also  
 24 bearing Bates stamps PGBC 000017268 and 17269, is  
 25 received and marked as Benjamin Exhibit 6 for

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 some E-mails on Saturday.  
 3 Q. By -- stop.  
 4 When was the dinner that was held  
 5 on Friday night first set up -- Saturday night,  
 6 excuse me, first arranged?  
 7 A. Some time later that afternoon on  
 8 Friday.  
 9 Q. So by the close of -- I shouldn't  
 10 say close of business since you never close. By  
 11 the end of the day on Friday, before sundown, was  
 12 the dinner arranged?  
 13 A. Yes.  
 14 Q. And were you going to that dinner?  
 15 Were you invited to that dinner?  
 16 A. Unfortunately, yes.  
 17 Q. This is 6; right?  
 18 MS. REID: I'm going to mark as  
 19 Benjamin Exhibit 7 an E-mail from Dan Wolf, which  
 20 you're c.c.'ed on, from Thursday, January 12,  
 21 2012.  
 22 (Whereupon, multipage document  
 23 bearing Bates stamps Ari NGRP0013513 through  
 24 13515, is received and marked as Benjamin Exhibit  
 25 7 for Identification.)

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 MR. GODNICK: 7?  
 3 MS. REID: Huh?  
 4 MR. GODNICK: 7.  
 5 MS. REID: 7, yes. Did I say the  
 6 wrong --  
 7 MR. GODNICK: No, no, I just --  
 8 MS. REID: It's 7.  
 9 BY MS. REID  
 10 Q. Mr. Benjamin, have you seen this  
 11 E-mail before?  
 12 A. Yes.  
 13 Q. I'm going to direct your attention  
 14 to about halfway down the page, the paragraph that  
 15 starts: We have always discussed warrants. We  
 16 are a lender and we should not -- should be not --  
 17 be forced to hold direct equity. That was always  
 18 the discussion.  
 19 Was that your understanding of the  
 20 deal terms as of the morning of January 12th?  
 21 MR. WEISS: I'm going to object and  
 22 just note for the record that's not what the  
 23 E-mail actually says.  
 24 MR. GODNICK: Well, Mr. Wolf  
 25 testified that the word not should have been

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 and negotiations on the documents and this was a  
 3 point that was outstanding, to my recollection,  
 4 very late in the process, so.  
 5 Q. And was -- sorry, I didn't mean to  
 6 interrupt you.  
 7 A. So it was something that I was  
 8 involved in and discussed with Schulte Roth a  
 9 number of times.  
 10 Q. Was this the first time that Renco  
 11 had asked that twenty-four point five percent  
 12 equity be part of the transaction?  
 13 MR. GODNICK: Sarah, if you could  
 14 just speak clear as to what this is? You say is  
 15 this the first time.  
 16 MS. REID: January 12th.  
 17 MR. GODNICK: Thank you.  
 18 MR. WEISS: Objection.  
 19 A. I believe so, yes.  
 20 BY MS. REID  
 21 Q. Were you aware of any discussion of  
 22 Mike Ryan with Mr. Freedman at Schulte concerning  
 23 this issue prior to January 12th?  
 24 MR. WEISS: Objection.  
 25 A. My recollection is the first time

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 included in the E-mail, so I'll make that  
 3 representation if that was the focus of the  
 4 objection.  
 5 MS. REID: Okay.  
 6 MR. GODNICK: I don't want to  
 7 quibble about what it says.  
 8 MR. WEISS: Just making sure the  
 9 record is clear.  
 10 MS. REID: Thank you.  
 11 BY MS. REID  
 12 Q. So I think the question was: Was  
 13 that your understanding of the deal terms  
 14 concerning the warrants as of the morning of  
 15 January 12th?  
 16 MR. WEISS: I'm going to object.  
 17 A. Yes.  
 18 Q. What role, if any, did you have in  
 19 resolving this issue of the equity versus  
 20 warrants -- we'll just leave it at that.  
 21 What role, if any, did you have in  
 22 resolving the issue of the equity versus warrants  
 23 with Renco or its counsel?  
 24 MR. WEISS: Objection.  
 25 A. I was overseeing negotiations of it

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 it was raised was in the credit agreement comments  
 3 that we got in this E-mail dated Thursday, January  
 4 12, 12:52 a.m.  
 5 Q. Okay.  
 6 A. And that was what prompted Dan's  
 7 response that morning. I don't know if Stuart  
 8 Freedman and Mike Ryan had a conversation before,  
 9 but I don't believe so.  
 10 Q. Let's -- was this issue outstanding  
 11 as of the time of the Saturday dinner at Ira  
 12 Rennert's apartment?  
 13 MR. WEISS: Objection.  
 14 A. Yes.  
 15 Q. Can you describe for me the  
 16 business part of that meeting?  
 17 MR. GODNICK: The dinner meeting?  
 18 MS. REID: The dinner meeting.  
 19 MR. GODNICK: Starting with  
 20 appetizers.  
 21 MS. REID: Only the business part.  
 22 A. Yes. Dan Wolf and I and  
 23 subsequently joined by Mr. Feinberg met at the  
 24 Rennert's home sometime after sundown, I want to  
 25 say 7 or 7:30. Larry Goldberg from Schulte joined

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 us. Chris McDermott and Mike Ryan were there from  
 3 Cadwalader. Ira Rennert, Ari Rennert and Ari  
 4 Rennert's wife were present. We exchanged  
 5 pleasantries and then there was a conversation  
 6 about the business terms that were open,  
 7 specifically I believe some of the interest terms  
 8 in the credit facility, as well as what additional  
 9 collateral would be offered by Renco to support  
 10 these facilities. I believe that took about  
 11 thirty minutes, and then there was some discussion  
 12 generally about the company's performance and  
 13 small talk.

14 Q. And at the end of the thirty-minute  
 15 discussion concerning the additional collateral  
 16 Cerberus wanted to obtain in order to support the  
 17 credit facilities, did Mr. Rennert -- the  
 18 Mr. Rennerts agree to the terms that Cerberus  
 19 wanted?

20 MR. WEISS: Objection.

21 A. My recollection is there were  
 22 concessions on both sides on business points, but  
 23 that there was a meeting of the minds on those  
 24 core business points by the end of the dinner.

25 Q. Do you have any recollection of

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 what concession Cerberus made?

3 A. I believe Renco agreed that the  
 4 guarantees would cover and the pledge collateral  
 5 would cover accrued interest and that they would  
 6 increase the amount of collateral pledged in the  
 7 form of certain hedge fund interests, but that  
 8 subject to certain conditions occurring, that  
 9 collateral could be reduced subsequently from  
 10 seventy to fifty million dollars, which was a  
 11 request of Renco, and I cannot recall that  
 12 condition pressing to the reduction of the  
 13 collateral amount, but that was a concession we  
 14 made.

15 Q. Can you recall any others?

16 A. No.

17 Q. Was there discussion of any other  
 18 issues pertaining to the deal other than what  
 19 you've described as the business term part of the  
 20 discussion?

21 A. My recollection was that at some  
 22 point one of the outside counsel in the room  
 23 reminded the group that there were other open  
 24 issues, including the equity versus warrants  
 25 issue, and the agreement was on that point to have

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 a call amongst outside specialist counsel the next  
 3 day to try to resolve the issues, and I can't  
 4 remember if there were any other open issues that  
 5 were discussed. I don't think they were in  
 6 detail, and essentially it was left to the lawyers  
 7 to wrap it up.

8 Q. Okay. Was the liquidity support  
 9 agreement discussed --

10 MR. WEISS: Objection.

11 Q. -- during this dinner?

12 A. It was such -- I -- it may have  
 13 been. I can't recall -- I know that it was an  
 14 open issue until late in the negotiations. I just  
 15 can't recall if we talked about it at that dinner.

16 Q. Do you recall when that issue was  
 17 resolved, the issue being the liquidity support  
 18 agreement?

19 MR. WEISS: Objection.

20 A. Well, the liquidity support  
 21 agreement was the approach that Renco wanted to  
 22 take that we, Cerberus, found unacceptable. I  
 23 think -- so to be specific, I think what happened  
 24 was we agreed that it would be a capital call  
 25 agreement, not a liquidity support agreement some

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 time prior to the Saturday dinner, and the  
 3 specific triggers for which the capital call  
 4 agreement would be exercised were probably agreed  
 5 to at the dinner, I believe.

6 It was a very important issue  
 7 because we wanted to ensure that the company had  
 8 enough liquidity under, we hoped, any circumstance  
 9 to have enough runway to succeed and so that  
 10 capital call agreement was a big point in the  
 11 negotiations.

12 Q. What was the purpose -- going back  
 13 again to the equity versus warrant issue, what was  
 14 the purpose of the call that counsel was going to  
 15 have on Sunday on that topic?

16 MR. WEISS: Objection.

17 A. No one in the room was an ERISA  
 18 lawyer. Certainly no one from our side because  
 19 Larry Goldberg is a finance lawyer and myself.  
 20 Ron Richmond who is our senior ERISA lawyer at  
 21 Schulte we use for most of these issues wasn't  
 22 available and for the dinner. I don't know if we  
 23 even invited him. I don't think we anticipated  
 24 having a conversation. And we needed, we needed  
 25 to have the specialist discuss and fundamentally

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<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 get Schulte comfortable that by accepting direct 3 equity we were not, Cerberus was not as a lender 4 in way enhancing its exposure towards control 5 group liability. 6 Q. You mentioned control group 7 liability. What are you referring to? 8 A. Referring to what I understand is 9 statute and case law that if a pension plan is 10 terminated that the PBGC can seek recourse against 11 the ultimate equity owners if they owned eighty 12 percent or more of the company. 13 Q. And did the Sunday call occur? 14 A. My understanding is it did. 15 Q. And were you on that call? 16 A. I was not. 17 Q. Did you become comfortable that 18 Cerberus would not be exposed to control group 19 liability if it accepted the twenty-four point 20 five percent equity? 21 MR. GODNICK: Can I hear the 22 question again, please? I was coughing for the -- 23 Q. Did you become comfortable that 24 Cerberus would not be exposed to control group 25 liability if it accepted the twenty-four point</p>	<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 five percent equity? 3 MR. GODNICK: Do you want to chat? 4 THE WITNESS: Yeah. 5 MR. GODNICK: Okay. Give us one 6 second on this issue. 7 MS. REID: Sure. 8 THE VIDEOGRAPHER: The time is 9 11:34 a.m. We're off the record. 10 (Whereupon, a short recess is 11 taken.) 12 THE VIDEOGRAPHER: Stand by, 13 please. 14 The time is 11:35 a.m. We are on 15 the record. 16 MR. GODNICK: We're dancing around 17 a privilege concern on our side. If the question 18 is read back I think he will respond and then 19 we'll have to take it incrementally from there. 20 BY MS. REID 21 Q. The question was: Did you become 22 comfortable that Cerberus would not be exposed to 23 control group liability if it accepted the 24 twenty-four point five percent equity? 25 MR. WEISS: Objection.</p>
Page 68	Page 69
<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 A. We became comfortable proceeding 3 with the transaction structured with twenty-four 4 point five percent warrants and twenty-four point 5 five percent equity. 6 Q. And this is just a yes or no 7 question: Was the basis -- 8 MR. GODNICK: Maybe. 9 Q. Subject to your counsel's 10 instruction, was the basis for your becoming 11 comfortable proceeding with the structure, this 12 structure based on advice of counsel? 13 MR. GODNICK: That you can answer 14 yes, no, or I don't recall. 15 A. Yes. 16 Q. Counsel being Schulte? 17 A. Yes, Schulte. 18 Q. Let me go back for a moment to the 19 pace of the closing of the transaction. I believe 20 that you said you were basically working day and 21 night from the 10th until the 17th to close the 22 transaction with the exception of a hiatus on 23 Friday; is that correct? 24 MR. WEISS: Objection. 25 A. That is correct.</p>	<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 Q. At any point in time was there a 3 target date set for closing? 4 A. I do not recall there being a fixed 5 target date. It was always as soon as we could. 6 I think the original goal was Friday and if not 7 Friday as soon as we could after that. 8 MR. GODNICK: Just a clarity, 9 Friday the 13th? 10 A. Friday the 13th. 11 Q. And when did the transaction close 12 on January 17th? 13 A. I think we, I believe we finalized 14 documents very late on the 16th or on the morning 15 of the 17th. We needed the bank group to approve 16 certain amendments to permit the financing which I 17 believe happened maybe on the 12th -- on the 16th, 18 but possibly the morning of the 17th and documents 19 were signed and funding occurred before noon on 20 the 17th, funding of I think one of the tranches 21 of debt. 22 Q. Who told you that January 13th was 23 the initial target date? 24 MR. WEISS: Objection. 25 Mischaracterizes the witness' testimony.</p>

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<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 Foundation as well. 3 MR. GODNICK: You may answer. 4 A. I don't believe anyone ever 5 specifically made the 13th a target date. My 6 mandate was to work with the team to get the 7 transaction as close, closed as quickly as 8 possible from the evening of the 6th on, and once 9 we had revolved issues over the weekend it was all 10 hands on deck to close it as quickly as possible. 11 Q. Did anyone tell you that the deal 12 had to be closed no later than Tuesday the 17th? 13 A. My understanding was that there was 14 some risk of a default under the senior debt or 15 not making payroll, some significant event for the 16 company if they didn't receive funding as soon as 17 possible. I never -- I'm not sure I was aware 18 that there was a specific date or not. 19 Q. Do you recall Mr. Rennert, Ari 20 Rennert expressing to you the sense of urgency and 21 the desire to have the deal closed as quickly as 22 possible? 23 MR. WEISS: Objection. 24 Q. At the Saturday dinner? 25 A. I actually believe it came more</p>	<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 from Ira Rennert at the Saturday dinner. 3 Q. Okay. And what did Mr. Ira Rennert 4 say? 5 A. I can't -- I wouldn't be able to 6 recall the exact words, the sense was: All right, 7 we've revolved these issues. Lawyers talk. This 8 has to get done ASAP. 9 Q. I think you mentioned that you 10 needed consent from the senior bank group; is that 11 correct? 12 A. I believe they needed a consent and 13 I think they needed amendments, allow for some 14 amendments to the senior documents to permit the 15 extra debt to come in. 16 Q. Did you ever have any discussions 17 with any of the bank group or their counsel? 18 A. Not prior to the closing of the 19 transaction. 20 Q. Did you have any discussions after 21 the closing? 22 A. I participated in discussions much 23 later I think starting in late February or March. 24 Q. And what was the purpose of those 25 discussions?</p>
<p>Page 72</p> <p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 A. Well, at that point I was 3 intimately familiar with the transaction. We, 4 Cerberus also had a piece of the senior debt, the 5 last piece of the revolver and as the company was 6 struggling I worked with our lending team on 7 trying to -- to think about work out scenarios for 8 the senior debt as well as what we were, ongoing 9 discussions with Renco about funding through the 10 specific facility we close on the 17th, so. 11 Q. After the 17th did your role change 12 with regard to the transaction? 13 A. With regard to the transaction 14 question, no. 15 Q. Okay. Did you assume 16 responsibility for the monitoring the progress of, 17 you know, the RG Steel matter? 18 MR. WEISS: Objection. 19 A. RG Steel was a loan closed by our 20 Cerberus business finance unit. They have 21 hundreds of positions, they monitored them very 22 closely. I was kept current on what was going on, 23 but I wasn't responsible for monitoring the 24 performance of the company. 25 Q. You mentioned that you were</p>	<p>Page 73</p> <p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 involved in looking at work out scenarios. And my 3 question really is how did that come about and who 4 asked you to do that? 5 A. Well, we -- I stayed with the 6 transaction. Sorry, the microphone fell. 7 Q. You were the in-house counsel? 8 A. Yes. 9 Q. Who was supporting -- 10 A. This was my -- 11 (Unintelligible, simultaneous 12 testimony interrupted by the court reporter.) 13 COURT REPORTER: I need one at a 14 time, please. 15 MR. GODNICK: He said it was my 16 responsibility. 17 A. It was my responsibility. 18 MS. REID: Can you give us like two 19 minutes? 20 MR. GODNICK: Sure. 21 MS. REID: And then I don't think I 22 will have -- 23 MR. GODNICK: Or as my grandmother 24 would say: Sure. 25 THE VIDEOGRAPHER: The time is</p>

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<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 Z-Pak. 3 MS. REID: Jesus Christ. Why isn't 4 your thing working? This may be why you didn't 5 have it on. 6 MR. GODNICK: There is something 7 wrong with that clip; right? Do you know what? 8 Just switch sides. 9 MS. REID: Yeah, it doesn't work. 10 MR. GODNICK: That's why I was -- 11 MS. REID: It's literally two 12 questions. 13 MR. WEISS: No problem. 14 THE VIDEOGRAPHER: The time is 15 12:19 p.m. We're off the record. 16 (Whereupon, a short recess is 17 taken.) 18 THE VIDEOGRAPHER: Stand by, 19 please. 20 The time is 12:19. We're back on 21 the record. 22 23 EXAMINATION BY MS. REID: 24 Q. Mr. Benjamin, Mr. Weiss asked you 25 some questions about the Saturday night dinner and</p>	<p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 who raised the issue about equity and warrants. 3 Was it Mr. Ryan who raised the issue from 4 Cadwalader? 5 A. I don't recall. Most likely it 6 was. 7 Q. Okay. 8 A. I don't think Larry Goldberg raised 9 it. I don't believe I raised it. I don't think 10 Chris McDermott would have raised it as that 11 wasn't his focus in the transaction. 12 Q. Okay. 13 A. My recollection it was lawyers 14 which I was supportive of saying there are some 15 more things to talk about before we leave. 16 Q. Okay. And so am I correct that the 17 lawyers then discussed the issue of the equity 18 versus warrants and the need to resolve it; is 19 that correct? 20 MR. WEISS: Objection. 21 A. My recollection is that the issue 22 was raised as an open issue and everyone quickly 23 said there is no one here to discuss it; and 24 everyone being the lawyers really kind of amongst 25 themselves, we need to have a call; and I</p>
<p>Page 92</p> <p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 personally deferred to Ron Richmond and we asked 3 to set up that call and it just wasn't, the 4 conversation -- there was no point in having the 5 conversation at that forum. 6 Q. Okay. And that was the call that 7 occurred Sunday morning? 8 A. Correct. 9 Q. Okay. Let me go back. Sorry, I 10 just have to find this. Why is this not working? 11 Waiting for data. Oh, well. This is what I'm 12 going to do. I'll just do it from my notes. All 13 right. 14 Mr. Weiss asked you whether anyone 15 at Renco had communicated to you personally that 16 they would not close the deal unless the equity 17 component was half direct equity and half warrants 18 and I believe your answer to that was no. 19 Do you remember that testimony? 20 A. I do. 21 Q. My question is is did anyone at 22 Renco or Renco's attorneys communicate that they 23 would not close the deal unless the equity 24 component was half a direct ownership interest to 25 anyone at Cerberus, to your knowledge?</p>	<p>Page 93</p> <p>1 ALEXANDER D. BENJAMIN - 12.03.13 2 A. No, I think those conversations 3 were between Mike Ryan and Stuart Freedman -- 4 Q. Okay. 5 A. -- for handling the equity 6 documents. 7 Q. Okay. 8 Do you know whether Mr. Ryan 9 communicated that fact to Mr. Freedman namely that 10 Renco was not prepared to close unless the equity 11 component of twenty-four point five percent was 12 part of the deal? 13 MR. WEISS: Objection. 14 A. I don't know if he communicated 15 that Renco wasn't prepared to close. I know he 16 communicated that it was their position that they 17 needed equity to Mr. Freedman. 18 Q. And they needed equity in an amount 19 of twenty-four point five percent? 20 MR. WEISS: Objection. 21 A. They wanted half of the warrants to 22 be rather than warrants in the form of direct 23 equity in the company or its holding company. 24 Q. And as far as you know -- well, 25 strike that.</p>

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 Did Mr. Ryan ever communicate to  
 3 Mr. Freedman why Renco needed the equity?  
 4 MR. WEISS: Objection.  
 5 A. I think I can only answer yes, no  
 6 on that.  
 7 MR. GODNICK: Right, so far. She  
 8 just asked if you know, yeah.  
 9 A. I believe so.  
 10 Q. What did Mr. Ryan say was the  
 11 reason? Not any advice or any --  
 12 MR. GODNICK: The problem is going  
 13 to be that communication presumably, I don't know,  
 14 came from Freedman, but let me step outside as  
 15 much as it pains me to extend this.  
 16 MR. WEISS: Sure.  
 17 THE VIDEOGRAPHER: The time is  
 18 12:26 p.m. We're off the record.  
 19 (Whereupon, a short recess is  
 20 taken.)  
 21 THE VIDEOGRAPHER: Stand by,  
 22 please.  
 23 The time is 12:28 p.m. We're on  
 24 the record.  
 25 MR. GODNICK: I'm going to let him

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 actually not responsive to your question, Sarah.  
 3 (Direction not to answer the  
 4 question.)  
 5 MS. REID: Final question.  
 6 BY MS. REID  
 7 Q. Did Mr. Freedman tell you what  
 8 Mr. Ryan had said to him?  
 9 MR. GODNICK: You can get what Ryan  
 10 said.  
 11 MR. ALBAUGH: Right. That's what  
 12 we just asked.  
 13 BY MS. REID  
 14 Q. And that's all I'm asking.  
 15 A. I don't recall. I don't recall. I  
 16 know that it was relayed to me that Cadwalader and  
 17 Mike Ryan was directing the equity conversations,  
 18 was insistent that they needed equity versus  
 19 warrants. I don't know whether there was any more  
 20 substance to that conversation.  
 21 Q. Okay. All right.  
 22 MS. REID: Thank you.  
 23 MR. GODNICK: That was a long two  
 24 questions.  
 25 Anything else?

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1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 testify as to what Ryan said to Freedman as  
 3 reported by freedom -- Freedman, but he can't  
 4 testify as to Freedman's suppositions based on  
 5 that conversation. So why don't you re-read the  
 6 question so he has it clearly framed in mind and  
 7 then we can proceed.  
 8 MR. WEISS: Let me restate it  
 9 because it actually was two questions.  
 10 MR. GODNICK: Uh-huh.  
 11 BY MR. WEISS  
 12 Q. What did Mr. Ryan communicate to  
 13 Mr. Freedman about why Renco needed the equity  
 14 component --  
 15 MR. WEISS: Objection.  
 16 Q. -- in the deal?  
 17 A. I can't -- there is nothing I can  
 18 state other than Mr. Freedman's --  
 19 MR. GODNICK: Supposition?  
 20 A. -- supposition relative to his  
 21 conversation with Mr. Ryan.  
 22 Q. Okay.  
 23 MS. REID: So you're going to  
 24 direct him not to answer.  
 25 MR. GODNICK: Yeah, yes. And it's

Page 97

1 ALEXANDER D. BENJAMIN - 12.03.13  
 2 MR. WEISS: No.  
 3 MR. GODNICK: Let's all go to bed.  
 4 MS. REID: Not together though.  
 5 THE VIDEOGRAPHER: The time is  
 6 12:31 p.m.  
 7 We're off the record.  
 8 (Time noted: 12:31 p.m.)  
 9  
 10  
 11 \_\_\_\_\_  
 12 ALEXANDER D. BENJAMIN  
 13  
 14 Subscribed and sworn to before me  
 15 this \_\_\_\_ day of \_\_\_\_\_ 2013.  
 16  
 17 \_\_\_\_\_  
 18 Notary Public  
 19 My Commission Expires:  
 20 /  
 21 /  
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# Exhibit 19

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----x

PENSION BENEFIT GUARANTY  
CORPORATION,

Plaintiffs,

v.

1:13-cv-0621 RJS

THE RENCO GROUP, INC., et al.,

Defendants.

-----x

DEPOSITION OF DANIEL WOLF

New York, New York

November 12, 2013

Reported by:

MARY F. BOWMAN, RPR, CRR

JOB NO. 67700

November 12, 2013  
10:10 a.m.

Deposition of DANIEL WOLF, held at  
the offices of Kelley, Drye & Warren, 101  
Park Avenue, New York, New York, before Mary  
F. Bowman, a Registered Professional  
Reporter, Certified Realtime Reporter, and  
Notary Public of the State of New Jersey.

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IT IS HEREBY STIPULATED AND AGREED,  
by and between the attorneys for the  
respective parties herein, that filing  
and sealing be and the same are hereby  
waived.

IT IS FURTHER STIPULATED AND AGREED  
that all objections, except as to the  
form of the question, shall be reserved  
to the time of the trial.

IT IS FURTHER STIPULATED AND AGREED  
that the within deposition may be sworn  
to and signed before any officer  
authorized to administer an oath, with  
the same force and effect as if signed  
and sworn to before the Court.

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1 Wolf

2 A. OK.

3 Q. I would note that you're not on

4 this e-mail. Do you recall ever having seen

5 this one before?

6 A. No.

7 Q. Does this refresh your recollection

8 about further discussions with Renco and RG

9 Steel?

10 A. Yes.

11 Q. What did those further discussions

12 entail?

13 A. We had a meeting where the new ask

14 was for a term loan of 125 million dollars

15 relative to 200 million dollars.

16 Q. When you said we had a meeting, who

17 was at that meeting?

18 A. Tarek, myself, Steve Feinberg. I

19 don't know if anyone else from our side, and

20 then with Ira Rennert, perhaps, Ari Rennert.

21 Q. Do you recall when that meeting

22 was?

23 A. In the new year. I don't know the

24 date.

25 Q. Right around the time of this

Page 48

1 Wolf

2 can you describe this document for the

3 record?

4 A. Sure. It's an e-mail from Tarek

5 indicating that we were going to go down for

6 a due diligence trip. And he tried to firm

7 up a decision whether they wanted to go

8 forward on this smaller term loan. That was

9 discussed in the prior e-mail.

10 Q. The smaller term loan you're

11 referring to is the 125 million dollar loan

12 that apparently Mr. Rennert proposed to

13 Mr. Feinberg?

14 A. Versus the 200.

15 MR. WEISS: Objection.

16 MR. GODNICK: Go ahead.

17 A. It's a 125 million dollar term loan

18 versus the 200 one that was proposed prior.

19 Q. Right. OK. You say in this

20 e-mail, as you described it, that this

21 reflects the plan to have a full day meeting

22 with management on, it appears, Friday,

23 January 6?

24 A. I assume that's the day, yes.

25 Q. Did you attend that meeting?

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1 Wolf

2 January 3 e-mail?

3 A. Yes.

4 Q. I see reference -- in the e-mail

5 I've shown to you, it says, about the fourth

6 sentence or so, and I'll read it for the

7 record, it says, "Steve," referring I assume

8 to Steve Feinberg?

9 A. Yes.

10 Q. "Has a meeting with Ira tomorrow

11 afternoon to discuss our rationale for

12 passing and he has asked me and Dan Wolf to

13 join the meeting to walk Renco through our

14 issues."

15 Is that the meeting you're talking

16 about?

17 A. Yes.

18 Q. Let me show you another document,

19 Exhibit 10.

20 (Exhibit 10, document Bates stamped

21 CRG PBGC 20474 marked for identification,

22 as of this date.)

23 Q. Have you seen this document before?

24 A. Yes.

25 Q. This document refers to -- well,

Page 49

1 Wolf

2 A. I did.

3 Q. Did they answer your questions

4 about the --

5 A. Let me step back, I believe I did.

6 I attended two or three management meetings

7 down there. I can't remember if -- which

8 one. But I believe. I can't be certain.

9 Q. OK.

10 (Exhibit 11, document Bates stamped

11 PGBC 21101 marked for identification, as

12 of this date.)

13 Q. I will show you what we have marked

14 as Wolf Exhibit 11. Have you seen, after you

15 review that document, can you tell me whether

16 you have seen that before.

17 A. OK, I'm sorry.

18 Q. Have you seen the document marked

19 as Exhibit 11 before?

20 A. Yes.

21 Q. Did you prepare this document?

22 A. I did.

23 Q. Is this document -- what does this

24 document reflect?

25 A. This is a term sheet of a proposed

1 Wolf

2 term loan facility consisting of two tranches  
3 of debt term A and term B. The term A would  
4 have current cash pay interest. Term B would  
5 have PIK interest. The term A would have  
6 certain credit support and enhancements. And  
7 the A and B would both be secured by a second  
8 lien on the assets of the firm, of the  
9 company.

10 Q. When you refer to credit  
11 enhancements with respect to the term B  
12 loan -- or term A loan, excuse me, what are  
13 you referring to?

14 A. Two things. There is a pledge of  
15 Millenium Hedge Fund investments that -- it  
16 says here hedge fund investments, but it was  
17 Millenium, that we would get to secure our  
18 term loan A, I believe, as well as a pari  
19 passu interest in Mag Corp. LLC interest. I  
20 don't know what form took, but equity  
21 interest in Magnesium Corporation of America  
22 to secure our position.

23 Q. Who was pledging that collateral?

24 A. I can't remember if it was Ira  
25 Rennert personally or Renco Group.

1 Wolf

2 MR. MENKE: I am sorry.

3 MR. GODNICK: It is actually for  
4 her benefit.

5 Q. I notice there is no date on this  
6 term sheet, do you know when it was prepared?

7 A. No.

8 Q. Was it prepared -- I assume it was  
9 prepared -- I will say this, do you believe  
10 it was prepared after this January 3, 2012  
11 e-mail which talked about the discussion with  
12 Mr. Feinberg?

13 A. I don't know when it was. It was  
14 two years ago to be honest.

15 Q. Do you know whether it was prepared  
16 after the meeting you had at RG Steel?

17 A. Yes, after RG Steel or Renco?

18 Q. After the meeting that you had  
19 with -- let's take it after the meeting --  
20 was it prepared after or before the meeting  
21 you had with Renco?

22 A. Clearly after.

23 Q. Before the meeting or after the  
24 meeting with RG Steel?

25 A. I don't know. I don't recall.

1 Wolf

2 Q. That wasn't RG Steel?

3 A. It was not RG Steel.

4 Q. You got credit support from Renco  
5 or Rennert?

6 A. That's right.

7 Q. And that's just for half of the 125  
8 million?

9 A. That's correct.

10 Q. The rest -- the whole 125 million,  
11 of course, was to be pledged had security  
12 pledged from RG Steel?

13 A. Had second lien and all tangible  
14 and intangible assets.

15 Q. That lien was behind -- that lien  
16 was behind the first lien of the bank loans,  
17 is that it?

18 A. The Wells Fargo Foothill first lien  
19 loan facility.

20 MR. GODNICK: Guys, you have to  
21 wait for one to finish before the other  
22 starts.

23 MR. MENKE: I apologize.

24 MR. GODNICK: It is his record.  
25 I'm just trying to trying to help.

1 Wolf

2 Q. Going back to Exhibit 11, which is  
3 the term sheet, did you share this term sheet  
4 with anyone?

5 MR. GODNICK: Outside of Cerberus?

6 Q. Did you share it with anyone?

7 MR. GODNICK: You got it.

8 MR. MENKE: My question. We will  
9 get to the next part.

10 MR. GODNICK: I mean, he shared it  
11 with you. You have it.

12 A. I can't remember who I shared it  
13 with.

14 Q. Did you -- do you recall whether  
15 you shared it with anyone at RG Steel at the  
16 time it was created or shortly after?

17 A. It's possible.

18 Q. Do you recall ever having any  
19 discussions with anyone at either Renco or RG  
20 Steel about the content of this term sheet?

21 A. Yes.

22 Q. And when did those discussions  
23 occur?

24 A. Again, when is really hard. But  
25 clearly after I created the term sheet.

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1 Wolf

2 Q. Which of the terms on this term

3 sheet were the discussion, all of them or

4 particular ones?

5 A. Generally, I'm 100 percent sure

6 this is consistent, you just walk the

7 prospect or the potential borrower or sponsor

8 down each of the terms, very matter of

9 factually.

10 Q. Did they suggest that any of these

11 terms were unacceptable to them?

12 A. I don't recall.

13 Q. Do you recall if they asked that

14 any of these terms be changed?

15 A. At the time we issued this initial

16 term sheet?

17 Q. Yes, at that time.

18 A. I can't remember. I mean, things

19 changed along the way. I just can't remember

20 a timeline.

21 Q. I would direct your attention to

22 the third item on the term sheet labeled

23 "Warrants." Do you see that?

24 A. Yes.

25 Q. And are you -- you're familiar with

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1 Wolf

2 MR. GODNICK: If you are going to

3 press the question, I don't think I heard

4 the whole thing. If you could read it

5 back please.

6 (Record read)

7 MR. MENKE: Just for the record, I

8 will note that in his immediately

9 previous answer, he referred to the fact

10 that we issued this term sheet. And I

11 was just restating what his testimony

12 was.

13 MR. WEISS: Fair enough. I am

14 referring to earlier, if you shared it

15 with anyone, he said he didn't recall, he

16 said he didn't recall sharing it with

17 anyone. That's what I am referring to in

18 my objection.

19 MR. MENKE: Oh, OK.

20 Q. You did share with someone?

21 A. Yes, I said I didn't recall who I

22 shared it with.

23 Q. But you shared it with somebody

24 from Renco?

25 A. Yes, Renco or RG.

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1 Wolf

2 that term?

3 A. Yes.

4 Q. I see that term refers to penny

5 warrants for 49 percent of the fully diluted

6 shares of the company. Was the company that

7 you are talking about there RG Steel?

8 A. Yes.

9 Q. And penny warrants are the warrants

10 that we talked about earlier in this

11 deposition?

12 A. Yes.

13 Q. Do you recall any discussion about

14 this term?

15 A. At that time, no. I mean, at the

16 time we issued this term sheet, I did not.

17 The first time any of this discussion of --

18 is when we got technical and into

19 documentation.

20 Q. Right, right. I know there was

21 further development of this, but at the time

22 you issued the term sheet, was there any of

23 this --

24 MR. WEISS: Objection, foundation.

25 I don't think he testified he issued it.

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1 Wolf

2 Q. OK. Somebody from Renco or

3 somebody from RG Steel?

4 A. One or the other.

5 Q. And these conversations that we are

6 talking about now that occurred around the

7 time that it was prepared by you and given to

8 either Renco and RG Steel -- now I've lost

9 track of my question.

10 During those conversations that you

11 previously testified about, there was no

12 discussion -- or strike that.

13 During those conversations, to your

14 best recollection, neither Renco nor RG Steel

15 representatives expressed any comment or

16 opposition to this paragraph headed warrants?

17 A. I don't believe so. I don't recall

18 any at that time.

19 Q. So following these conversations

20 that occurred in early January of 2012 and

21 led to the development of this 125 million

22 dollar proposal, did Cerberus, the Cerberus

23 team engage in due diligence again on this

24 second transaction?

25 A. Yes.

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1 Wolf

2 Q. Did there come a time when that due

3 diligence was completed and a decision was

4 made, about whether Cerberus would go ahead?

5 A. Yes, we decided to go forward.

6 Q. Do you recall when that decision

7 was made?

8 A. There was stops and starts. So we

9 decided to go forward into documentation.

10 Then we had some issues in documentation, so

11 we had to stop.

12 Q. I'm talking about the first

13 decision to start with documentation. Do you

14 recall when that occurred?

15 A. No.

16 (Exhibit 12, document Bates stamped

17 PGBC 21105 marked for identification, as

18 of this date.)

19 Q. I will show you a document that I

20 have marked as Wolf Exhibit 12. I ask you to

21 review that.

22 A. OK.

23 Q. I would ask you, have you ever seen

24 this e-mail before, Mr. Wolf?

25 A. I don't recall seeing it.

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1 Wolf

2 Crandall, Ethan Klemperer and Alex Benjamin

3 with copies to Leonard Tessler, Mr. Ingersoll

4 and Steven Mayer.

5 Were all of those people that I

6 have listed there members of the team looking

7 at this RG Steel transaction?

8 A. Yes. They were all involved. I

9 mean, some more involved than others.

10 Q. You were part of that team as well?

11 A. Yes.

12 Q. The e-mail says, "Steve F. stopped

13 by and wants to meet at 8 a.m. tomorrow

14 morning to make a final decision on RG,"

15 referring, I assume, to the morning of

16 January 10, 2012. Does this refresh your

17 recollection as to when a decision was made?

18 A. It doesn't, but it seems that there

19 was a meeting the next morning or on the

20 10th.

21 Q. Do you recall a meeting on the 10th

22 with Mr. Feinberg and other members of the RG

23 Steel team, deal team?

24 A. I don't remember to be honest, but

25 I was working 18 hours a day at that time,

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1 Wolf

2 Q. For the record, this is an e-mail

3 written by Brett Ingersoll, and again, could

4 you tell me who Mr. Ingersoll is?

5 A. He is a managing director in our --

6 senior managing director in our private

7 equity group.

8 Q. Would he have had input on a

9 decision as to whether Cerberus went forward

10 with this RG Steel transaction that was under

11 consideration?

12 A. He is one of the members of the

13 team. He did not go to any of the due

14 diligence meetings. He wasn't one of the

15 primary deal team members.

16 Q. But he --

17 A. But he is a senior person at the

18 firm.

19 Q. And you would have heard his input?

20 A. Yes.

21 Q. He says in this e-mail -- well,

22 let's go first before we start on that, let's

23 go to the bottom e-mail of the two that are

24 on this page. The bottom e-mail is an e-mail

25 from Tarek Ajouz to David Glen, Brett

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1 Wolf

2 so.

3 Q. We have all been there.

4 Do you recall being aware that

5 Mr. Ingersoll thought that Cerberus should

6 not proceed with the transaction?

7 A. No, I don't, to be honest with you.

8 Q. Were you aware that Mr. Ajouz

9 thought that Cerberus should not proceed with

10 the transaction?

11 A. As --

12 MR. GODNICK: At this time point in

13 time?

14 Q. At this point in time, that's

15 correct.

16 A. That's what I was going to say, as

17 structured at this point in time, yes, I was

18 aware.

19 Q. Did you have a view as to whether

20 Cerberus ought to proceed with this

21 transaction?

22 A. I did. I thought we should, with

23 some structural improvements.

24 Q. What structural improvements did

25 you think ought to occur?

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1 Wolf

2 they were proposing or were they not

3 proposing a cap at all?

4 A. I don't remember what their cap was

5 or if it was unlimited.

6 Q. Do you recall how this was

7 resolved?

8 A. No. No.

9 Q. Back to the management fees, do you

10 recall how the management fee was resolved?

11 A. I don't recall how it was resolved.

12 I mean, that's -- I mean, I can make a guess,

13 but --

14 MR. GODNICK: No, he is not asking

15 for guesses.

16 A. I don't recall.

17 Q. You don't need to make a guess. I

18 assume the resolution would be reflected in

19 the final documentation of the deal?

20 A. That's right, that's right.

21 Q. Whatever it might have been, we can

22 look at it up.

23 A. Yes, sir.

24 Q. Next comment says, "No

25 cross-default is absurd." What did you --

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1 Wolf

2 A. Typically there is a threshold

3 where you can default on certain debts below

4 a certain amount and it wouldn't trigger it.

5 And over a certain amount, it would.

6 Q. Which debts were you talking about

7 that you wanted a cross-default with?

8 A. I don't remember what this referred

9 to.

10 Q. Next point starts off, "We have

11 always discussed warrants." And it goes on

12 from there. Do you see that?

13 A. Yes.

14 Q. Can you describe what was, what the

15 problem was that you were talking about with

16 respect to this comment?

17 A. Yeah, they marked up the document

18 to have us take our equity in whole or in

19 part in stock.

20 Q. In stock of RG Steel?

21 A. That's right. Or the holding

22 company. I didn't know which entity in the

23 chain.

24 Q. Right, OK. This was different than

25 what you discussed before?

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1 Wolf

2 A. Absurd.

3 Q. Absurd, what did you mean with

4 respect to that?

5 A. Typically when you have different

6 tranches of debt on a company, if one tranche

7 of debt over a certain threshold is in

8 default, that would trigger a default in my

9 document which would allow me, subject to any

10 restrictions and interlender agreements, to

11 pursue my rights and remedies.

12 They didn't want a cross-default

13 and I didn't think that was market or

14 customary or something we were going to

15 accept.

16 Q. You did want a cross-default?

17 A. Of course, yes.

18 Q. Do you recall how that was

19 resolved?

20 A. Again, you would have to check the

21 final document. I have a sense how it was

22 resolved. I don't remember specifically.

23 Q. What's your sense? How would it

24 typically be resolved?

25 MR. WEISS: Objection, speculative.

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1 Wolf

2 A. We just issued a term sheet with

3 warrants. There wasn't really much

4 discussion on it prior to this receipt of the

5 document.

6 Q. OK. You don't remember -- prior to

7 this, these documents, which apparently came

8 in on or about January 12, you had never --

9 Renco had never told you that they wanted to

10 issue stock as opposed to warrants?

11 A. I don't know if it came up. It

12 didn't come up with me that I remember.

13 Q. You say here, "We are a lender and

14 we should be forced to hold direct equity."

15 Is that --

16 A. That should say, "We are a

17 lender" --

18 Q. Is that what you meant to say there

19 in that sentence?

20 A. No, we shouldn't be forced.

21 Q. There is a "not" missing from that

22 sentence, right?

23 A. Yeah.

24 Q. Why do you say that -- why does it

25 matter that you are a lender?

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1 Wolf

2 A. Well, as a lender, sometimes you

3 want to avoid issues where you would be

4 deemed having control of the company for

5 environmental purposes, pension purposes. We

6 didn't want to be a control party. We were

7 very careful not to be.

8 Q. Is that why you took warrants --

9 strike that.

10 Holding direct equity would raise

11 those risks, create cross risks?

12 MR. GODNICK: I am going to object

13 to the extent it calls for a legal

14 conclusion. But you can answer based on

15 your understanding.

16 A. It doesn't de facto do that, but

17 what I did at this point, because I'm not an

18 equity person, I turn it over to Schulte to

19 handle.

20 Q. When you say that was always the

21 discussion, what are you referring to there?

22 A. Well, I issued a term sheet that

23 said warrants.

24 Q. And they had not objected to that?

25 Is that what you mean?

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1 Wolf

2 A. I don't.

3 Q. Next one was dividends. "As for

4 dividends, there should not be any without

5 our consent." Do you see that?

6 A. Yes.

7 Q. What do you mean there?

8 A. There should be no dividends paid

9 by the company while we have loans

10 outstanding.

11 Q. That would be dividends paid by RG

12 Steel?

13 A. Yes.

14 Q. Presumably dividends up to Renco,

15 is that what you are concerned about?

16 A. To shareholders.

17 Q. Renco is the only shareholder?

18 A. We were going to be.

19 Q. Until this loan was signed at the

20 time?

21 A. No dividends without our consent.

22 Q. Do you know how this got resolved?

23 A. I don't recall.

24 Q. The next paragraph talks about the

25 liquidation support agreement. I believe

Page 83

1 Wolf

2 A. I don't -- I never got a markup. I

3 don't recall them ever saying they wanted one

4 versus the other.

5 Q. OK. Was this issue resolved?

6 A. Well, we had -- we closed the deal

7 with half warrants and half stock.

8 Q. So it was resolved different than

9 what you proposed here?

10 A. Correct.

11 Q. We will get back to that topic as

12 you might imagine, but moving on, the next

13 point talks about assigning loans without

14 borrower consent. Do you see that?

15 A. Yes.

16 Q. What does that refer to?

17 A. Well, oftentimes, the lender likes

18 the ability to sell all or a portion of the

19 loans they made, and they wanted to restrict

20 our ability to do that. And my view was

21 they're not my portfolio manager, if I want

22 to sell a portion or all of my loan, that's

23 what I am going to do.

24 Q. Do you recall how this issue was

25 resolved in the final deal?

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1 Wolf

2 that's something we had talked about in

3 connection with the previous exhibit we

4 showed you, is that correct?

5 A. Yes.

6 Q. And you see the sentence in this

7 e-mail, it says, "For the liquidation support

8 agreement, that is a show stopper." What do

9 you mean by that?

10 A. It means there is zero chance we

11 are going to go forward with this form of

12 agreement.

13 Q. So this loan would have -- if the

14 RG Steel comments stayed in the documents,

15 you wouldn't have closed the deal?

16 A. That's correct.

17 Q. What were the issues that you were

18 particularly concerned about as reflected in

19 this e-mail?

20 A. Well, there was a waiting period

21 where we had to pursue all sorts of other

22 remedies before we can access the collateral.

23 We had to use what's called commercially

24 reasonable efforts to enforce our position on

25 the collateral of RG before, and this kind of

<p style="text-align: right;">Page 98</p> <p>1 Wolf</p> <p>2 Cerberus needed protection from events of</p> <p>3 default and BK, which I assume refers to</p> <p>4 bankruptcy?</p> <p>5 A. Yes.</p> <p>6 Q. And Ira stated his position that</p> <p>7 the only trigger it would accept for the</p> <p>8 capital call obligations was a liquidity call</p> <p>9 test, is that right?</p> <p>10 A. Yes.</p> <p>11 Q. Do you know what the capital call</p> <p>12 agreement was?</p> <p>13 A. It was a tranche of debt that</p> <p>14 required if certain events took place, that's</p> <p>15 what the negotiation is here, that either</p> <p>16 Renco or Ira Rennert, I can't remember</p> <p>17 whether it was personally or the entity,</p> <p>18 would have to provide additional capital in a</p> <p>19 term C. Or if he didn't do it, he would have</p> <p>20 to pledge collateral to us and we would</p> <p>21 provide that level of capital to insure the</p> <p>22 company had enough liquidity.</p> <p>23 Q. So far we have been talking about</p> <p>24 term A and term B. This a third term?</p> <p>25 A. Yes.</p>	<p style="text-align: right;">Page 99</p> <p>1 Wolf</p> <p>2 Q. Term C is a third loan that was</p> <p>3 part of this transaction that was being</p> <p>4 discussed?</p> <p>5 A. It was a delayed draw term loan</p> <p>6 that would only be triggered upon certain</p> <p>7 events.</p> <p>8 Q. Was this something that was</p> <p>9 important to Cerberus?</p> <p>10 MR. GODNICK: Object to form of the</p> <p>11 question.</p> <p>12 You may answer.</p> <p>13 A. Yes.</p> <p>14 Q. Why?</p> <p>15 A. We wanted to make sure the company</p> <p>16 had enough liquidity to meet their business</p> <p>17 objectives.</p> <p>18 Q. You were concerned that the</p> <p>19 liquidity the company had plus this</p> <p>20 additional infusion of liquidity from the 125</p> <p>21 million dollars still might not be adequate</p> <p>22 for the business?</p> <p>23 A. I wouldn't say it that way, but we</p> <p>24 wanted just to make sure, and the fact that</p> <p>25 it was going to be either coming from Renco</p>
<p style="text-align: right;">Page 100</p> <p>1 Wolf</p> <p>2 or from us with the security package, that</p> <p>3 was very comfortable. We wanted just to make</p> <p>4 sure there was, you know, enough there.</p> <p>5 People don't always hit their business plans.</p> <p>6 We wanted to be extra careful. It was really</p> <p>7 to protect our investment.</p> <p>8 Q. Was there agreement reached on this</p> <p>9 term C loan?</p> <p>10 A. Ultimately.</p> <p>11 Q. Do you recall whether Steve's views</p> <p>12 or Ira's views were the -- which of those was</p> <p>13 the resolution? Or somewhere in between?</p> <p>14 A. I don't. I'm not sure where it</p> <p>15 came out.</p> <p>16 Q. Is it fair to say that Steve and</p> <p>17 Ira didn't see eye to eye on this?</p> <p>18 MR. GODNICK: Object to the form of</p> <p>19 the question.</p> <p>20 You may answer.</p> <p>21 A. They didn't agree, they each had a</p> <p>22 different perspective on what the trigger</p> <p>23 should be.</p> <p>24 Q. At least in this call, apparently,</p> <p>25 there was no agreement on the terms?</p>	<p style="text-align: right;">Page 101</p> <p>1 Wolf</p> <p>2 A. That's correct.</p> <p>3 Q. Failure to reach agreement on the</p> <p>4 terms was a deal stopper from Cerberus'</p> <p>5 position?</p> <p>6 A. Yes.</p> <p>7 Q. I see, for instance, that the final</p> <p>8 sentence of this e-mail says, "Steve has told</p> <p>9 us to stop working and we sold SRZ to go</p> <p>10 pencils down immediately." Is that accurate?</p> <p>11 A. Yes.</p> <p>12 Q. What does "pencils down" mean?</p> <p>13 A. Stop working.</p> <p>14 Q. Did they?</p> <p>15 A. I believe so, yes.</p> <p>16 Q. I would like to direct your</p> <p>17 attention to the e-mail --</p> <p>18 (Phone rings)</p> <p>19 A. I apologize. Let's --</p> <p>20 MR. GODNICK: Take your mic off.</p> <p>21 THE VIDEOGRAPHER: The time is</p> <p>22 12:20 we are going off the record.</p> <p>23 (Pause)</p> <p>24 THE VIDEOGRAPHER: Back on the</p> <p>25 record, 12:21 p.m.</p>

Page 102	Page 103
<p>1 Wolf</p> <p>2 Q. Turning your attention to --</p> <p>3 continuing with Wolf Exhibit 16 and turning</p> <p>4 your attention to an e-mail a couple further</p> <p>5 up the chain from Steve Mayer dated Friday,</p> <p>6 January 13, 2012 at 1:49 p.m. Do you see</p> <p>7 that e-mail?</p> <p>8 A. Yes.</p> <p>9 Q. Five minutes after the pencils down</p> <p>10 e-mail?</p> <p>11 A. Yes.</p> <p>12 Q. What does that e-mail say?</p> <p>13 A. From Steve, it says, "I assume Dan</p> <p>14 is going to open a back channel to see if we</p> <p>15 can revive this."</p> <p>16 Q. By Dan, they are referring to you</p> <p>17 there?</p> <p>18 A. Yes.</p> <p>19 Q. Did you seek to open a back</p> <p>20 channel?</p> <p>21 A. Did I seek to open a back channel?</p> <p>22 Well, as I said here, I just placed the call</p> <p>23 and basically told them we have told our</p> <p>24 attorneys pencils down and the only way we</p> <p>25 will rekindle this thing is if you guys</p>	<p>1 Wolf</p> <p>2 rethink the open points which I can't</p> <p>3 remember what all the open points were, but</p> <p>4 they had to reconsider those points.</p> <p>5 Q. You are referring -- with respect</p> <p>6 to call, you are referring to your e-mail a</p> <p>7 minute later after your, after Mr. Mayer's</p> <p>8 e-mail noting that you already placed a call</p> <p>9 to Ari Rennert, is that correct?</p> <p>10 A. Yes.</p> <p>11 Q. Was this litany of points on the</p> <p>12 capital call and guarantee, are these the</p> <p>13 points that we were -- were raised in -- or</p> <p>14 were discussed both in the e-mail from</p> <p>15 earlier in the day, Mr. Benjamin's e-mail</p> <p>16 from earlier, slightly earlier in the day on</p> <p>17 Friday and the points we have talked about in</p> <p>18 connection with your e-mail from January 12?</p> <p>19 A. I can't tell you if it's</p> <p>20 exclusively limited to those points. There</p> <p>21 could have been others. But there was a host</p> <p>22 of points that needed to be resolved that</p> <p>23 were made -- that were substantive.</p> <p>24 Q. So Friday, January 13 at -- as of</p> <p>25 1:44, and as of this call at slightly before</p>
<p>Page 104</p> <p>1 Wolf</p> <p>2 1:50 p.m. with Ari, the deal was at a stand</p> <p>3 still?</p> <p>4 A. Yes.</p> <p>5 Q. Ultimately the deal ultimately</p> <p>6 occurred, is that correct?</p> <p>7 A. It did occur, yes.</p> <p>8 Q. How did it get restarted?</p> <p>9 A. Later that night or early evening,</p> <p>10 right around sundown, they called and said</p> <p>11 can we get together after Sabbath. I checked</p> <p>12 with Steve and our counsel to see when they</p> <p>13 were available and we scheduled a meeting at</p> <p>14 Mr. Rennert's house on Saturday after</p> <p>15 sundown.</p> <p>16 Q. Is it significant that it was after</p> <p>17 sundown?</p> <p>18 A. He is religious and Sabbath --</p> <p>19 Q. We previously heard that both the</p> <p>20 Rennerts observe Sabbath and don't work on</p> <p>21 the Sabbath. Is that your understanding as</p> <p>22 well?</p> <p>23 A. I'm not sure what they do.</p> <p>24 Q. Did that meeting occur?</p> <p>25 A. Yes.</p>	<p>Page 105</p> <p>1 Wolf</p> <p>2 Q. Who attended?</p> <p>3 A. From our side, Steve Feinberg,</p> <p>4 myself, Alex and I believe Larry Goldberg</p> <p>5 from Schulte Roth &amp; Zabel, and the Rennert</p> <p>6 side, Ira Rennert, Ari Rennert and I believe</p> <p>7 Michael Wright.</p> <p>8 Q. Mike Ryan?</p> <p>9 A. Mike Ryan, yes.</p> <p>10 Q. Anybody else that you recall?</p> <p>11 A. There could have been somebody</p> <p>12 else. I just don't, I don't know.</p> <p>13 Q. Do you recall how long the meeting</p> <p>14 lasted?</p> <p>15 A. I don't, to be honest with you.</p> <p>16 Q. Did you have dinner during the</p> <p>17 meeting?</p> <p>18 A. They served dinner. I can't work</p> <p>19 and eat, so I don't think I ate.</p> <p>20 Q. It lasted at least an hour?</p> <p>21 A. Yeah, that's fair.</p> <p>22 (Exhibit 17, document Bates stamped</p> <p>23 PBGC 17239 through 240 marked for</p> <p>24 identification, as of this date.)</p> <p>25 Q. Mr. Wolf, I am handing you a</p>

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1 Wolf  
 2 document we have marked as Wolf Exhibit 17.  
 3 A. Stuart Freedman --  
 4 MR. GODNICK: There is no question  
 5 yet.  
 6 THE WITNESS: Sorry.  
 7 MR. GODNICK: I don't care what you  
 8 were about to say, but let's just have a  
 9 Q and A.  
 10 THE WITNESS: I am sorry.  
 11 Q. I would ask you to take a look at  
 12 that document. Have you seen this before?  
 13 A. I don't remember the document.  
 14 Q. Would you describe it for the  
 15 record, please.  
 16 A. Sure. It's -- I guess a letter or  
 17 e-mail saying, "Ira, as promised, I'm  
 18 confirming our meeting tomorrow at 7.  
 19 Attendees will include Steve Feinberg, Alex  
 20 Benjamin, Stuart Freedman and myself. I  
 21 disconnected with Steve. He said he just  
 22 received your voice mail and will see you  
 23 tomorrow. He did not want to call and  
 24 disturb you given shabbat. Best regards,  
 25 Dan."

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1 Wolf  
 2 A. OK.  
 3 Q. This is an exchange of e-mail on  
 4 Sunday, January 15. Are these e-mails --  
 5 well, can you describe them for the record,  
 6 please?  
 7 A. Yes. Larry Goldberg from Schulte  
 8 Roth e-mailed Wells Fargo's counsel that the  
 9 deal is back on. I made a sarcastic remark  
 10 saying fun night. And then Larry said the  
 11 food was good and I missed out.  
 12 Q. What did you miss out on?  
 13 A. The food.  
 14 Q. You didn't eat?  
 15 A. I didn't eat.  
 16 Q. Am I understanding that you were  
 17 ill at that --  
 18 A. I was sick the whole week.  
 19 Q. Is that why you didn't eat?  
 20 A. I usually don't eat and work. But  
 21 probably a combination of the two.  
 22 Q. Got it. Why did you say it was an  
 23 fun night?  
 24 A. That was sarcastic. Spending  
 25 Saturday night talking business.

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1 Wolf  
 2 Q. This is, I guess it appears to be a  
 3 letter attached to an e-mail sent via e-mail  
 4 to Mr. Rennert confirming the meeting that  
 5 you were just talking about on Saturday, the  
 6 14th of January, 2012?  
 7 A. Yes.  
 8 Q. You were, you -- before you were  
 9 interrupted by counsel, you noted that Stuart  
 10 Freedman did not attend?  
 11 A. No. He did not.  
 12 Q. But someone else did?  
 13 A. Larry Goldberg from Schulte Roth.  
 14 Q. Stuart Freedman is from Schulte  
 15 Roth?  
 16 A. Yes.  
 17 Q. A different Schulte lawyer?  
 18 A. A different lawyer at Schulte.  
 19 MR. GODNICK: Very different.  
 20 (Exhibit 18, document Bates stamped  
 21 PBGC 17193 through 94 marked for  
 22 identification, as of this date.)  
 23 Q. I will show you another document  
 24 marked as Exhibit 18, Mr. Wolf. I will have  
 25 you review that.

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1 Wolf  
 2 Q. Following -- obviously following  
 3 this meeting, Mr. Goldberg said the deal was  
 4 back on. Was that your understanding as  
 5 well?  
 6 A. Yes, subject to documentation.  
 7 Q. Issues had been discussed and  
 8 resolved during this meeting?  
 9 A. They were resolved verbally. The  
 10 devil is in the detail. Now that had to be  
 11 translated into documentation.  
 12 Q. We lawyers always know the devil is  
 13 in the details.  
 14 Do you recall the issues that were  
 15 discussed on this Saturday night meeting?  
 16 A. In broad strokes, guarantee,  
 17 capital call issues, big picture, that's what  
 18 I remember. I don't remember what the  
 19 resolutions were and all those sort of  
 20 nuances.  
 21 Q. Was the equity versus warrants or  
 22 stock versus warrants issue shall we call it,  
 23 discussed?  
 24 A. No, not that I recall.  
 25 (Exhibit 19, document Bates stamped

Page 110	Page 111
<p>1 Wolf</p> <p>2 CRG PBGC 31929 marked for identification,</p> <p>3 as of this date.)</p> <p>4 Q. I will show you what we have marked</p> <p>5 as Wolf Exhibit 19.</p> <p>6 A. Sure.</p> <p>7 Q. The document we have marked as</p> <p>8 Exhibit 19 is a document dated January 15 at</p> <p>9 10:01 a.m. from Mike Ryan?</p> <p>10 A. Yes.</p> <p>11 Q. To Stuart Freedman.</p> <p>12 A. OK.</p> <p>13 Q. Have you seen this e-mail before,</p> <p>14 Mr. Wolf?</p> <p>15 A. No.</p> <p>16 Q. I see, bullet one, "On the basis of</p> <p>17 meeting last night, I believe it is clear</p> <p>18 that we are doing equity and warrants."</p> <p>19 Do you see that?</p> <p>20 A. Yes.</p> <p>21 Q. Does this refresh your recollection</p> <p>22 as to whether the question of equity versus</p> <p>23 warrants was discussed at the meeting?</p> <p>24 A. I wasn't part of that discussion</p> <p>25 frankly. I was much more focused on other</p>	<p>1 Wolf</p> <p>2 things. It could have been discussed. I</p> <p>3 don't remember it.</p> <p>4 Q. Who would have been the part of</p> <p>5 that discussion?</p> <p>6 MR. GODNICK: I didn't hear the</p> <p>7 question.</p> <p>8 Q. Who would have been part of that</p> <p>9 discussion?</p> <p>10 MR. GODNICK: I am sorry, just so I</p> <p>11 understand, at the dinner meeting or</p> <p>12 generally?</p> <p>13 MR. MENKE: Yes, at the dinner</p> <p>14 meeting.</p> <p>15 A. Alex Benjamin.</p> <p>16 Q. You didn't, you don't recall</p> <p>17 participating at all in that discussion with</p> <p>18 regard to the --</p> <p>19 A. I was there. I am sorry, I didn't</p> <p>20 mean to interrupt.</p> <p>21 Q. You don't recall participating at</p> <p>22 all in that discussion?</p> <p>23 A. No.</p> <p>24 Q. Do you recall hearing that</p> <p>25 discussion?</p>
<p>Page 112</p> <p>1 Wolf</p> <p>2 A. I don't.</p> <p>3 Q. Our understanding, based on</p> <p>4 previous documents and testimony we have</p> <p>5 seen, that it was Cerberus' position that</p> <p>6 they wanted solely warrants. Is that</p> <p>7 correct?</p> <p>8 A. Can you say that again, I'm sorry.</p> <p>9 Q. Based on the testimony I've heard</p> <p>10 from you earlier and particularly, in</p> <p>11 particular, your comments in your e-mail that</p> <p>12 we previously marked as Wolf Exhibit 14 --</p> <p>13 A. Yes.</p> <p>14 Q. -- it was your -- it was Cerberus'</p> <p>15 position that the deal should be -- should</p> <p>16 only involve warrants, is that correct?</p> <p>17 MR. WEISS: Objection.</p> <p>18 A. That was our proposal and our term</p> <p>19 sheet, yes.</p> <p>20 Q. That was your position, at least</p> <p>21 through Thursday, the 12th of January 2012?</p> <p>22 A. Yes, it was.</p> <p>23 Q. And continued to be your position</p> <p>24 until the Saturday meeting at least?</p> <p>25 A. Yes.</p>	<p>Page 113</p> <p>1 Wolf</p> <p>2 Q. And it was Renco or RG Steel's</p> <p>3 position that the deal should involve 25</p> <p>4 percent of actual equity or 24.5 percent of</p> <p>5 actual equity?</p> <p>6 A. That was the request and that's</p> <p>7 what was negotiated ultimately.</p> <p>8 Q. Did, in connection with the</p> <p>9 discussions about this, did anyone from Renco</p> <p>10 or RG Steel ever tell you why they wanted it</p> <p>11 to be stock rather than warrants?</p> <p>12 A. No.</p> <p>13 Q. Did you ever ask?</p> <p>14 A. No.</p> <p>15 Q. Do you know whether Mr. Benjamin</p> <p>16 ever asked?</p> <p>17 A. I have no idea.</p> <p>18 Q. Are you familiar with the concept</p> <p>19 of control group?</p> <p>20 A. I am now.</p> <p>21 MR. GODNICK: If you could just --</p> <p>22 "control group" has a lot of applications</p> <p>23 in a lot of different areas of the law</p> <p>24 and other things. I know where you are</p> <p>25 going, but just for the sake of the</p>

# **Exhibit 20**

TERM SHEET

RG STEEL/RENCO

Term Loan Amount: \$125MM second lien term loan (junior to banks, but senior to Renco, Severstal and all other debt). \$62.5MM of the \$125MM ("Term Loan A") shall benefit from Renco limited guaranty and related collateral (the "Credit Support") which shall include a combination of a pari-passu Mag-Corp Pledge and other liquid hedge fund investments acceptable to Cerberus (they will provide us a proposal today on this aspect but are in agreement). An additional \$62.5MM shall have no support ("Term Loan B").

Renco Sub Debt: Shall be on terms acceptable to Cerberus.

Warrants: Penny warrants for 49% of the fully diluted shares of the company. Within 90 days from closing, Cerberus can elect to release the Credit Support in which case it retains 49%. If it does not release the enhancements, the Warrants are reduced to 25%.

Rate: Term Loan A: 11% cash pay  
Term Loan B: 11% PIK

Term: Term Loan A - 5 Years. Term Loan B - 10 Years.

Additional Liquidity: For a period of 15 months, \$60MM shall be made available by either (1) Renco on junior secured basis (below us) with no add'l equity; or (2) Cerberus, provides such additional liquidity, provided, Cerberus is secured by enhancements provided by Renco and acceptable to Cerberus (Renco agreed and is going to provide the proposed collateral package to us later today). Such \$60MM shall be drawn when the company's liquidity is less than \$\_\_\_\_.

Banks Agreements: Asking banks to agree to \$35MM permanent overadvance, waive default if Severstal note not paid, no additional availability reserves such that our money is used to improve their position, etc.



# **Exhibit 21**

**From:** Roger Fay  
**To:** laurence.forte@wellsfargo.com; robert.strack@wellsfargo.com; herb.korn@wellsfargo.com  
**Cc:** Ira Rennert; Ari Rennert; John Binko; James Reitzig  
**Subject:** RG Steel  
**Date:** Tuesday, January 10, 2012 4:25:55 PM

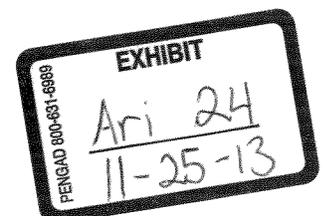
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As a follow-up to our call with Bob, below are what I believe to be the needs from the Lenders:

- Allow for Cerberus loans, liens etc.
- Waive the existing Events of Default
- Reduce \$60 million covenant block to \$50 million and change the 12.5% to 10.0%
- Remove the Seller Trade Payable Reserve
- "Freeze" current methodology for borrowing base preparation and calculations
- For any current reserves that exist, agree that the amounts or percentages will be frozen for a 120 day period
- Increase current overadvance allowance from \$17.5 million to \$35 million for 18 months; then amortizing at \$2 million per month.
- Any necessary consent/release of security interest for the sale of Allenport, Steubenville North and capital spares.
- Termination of company being responsible for Carl Marks and bank legal counsel bankruptcy costs.

Cerberus' attorneys are drafting documents. It is imperative that Lenders approval be obtained immediately.

Regards,  
Roger L. Fay



# **Exhibit 22**

Message

**From:** James Reitzig [/O=MICROSOFTONLINE/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=704A9F6B-248C-497D-8460-0803C4B34FCE]  
**Sent:** 1/11/2012 8:47:48 PM 3:47:49 PM  
**To:** Donald S. MacKenzie [dmackenzie@conwaymackenzie.com]; Ari Rennert [/O=MICROSOFTONLINE/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=596cf97f-7b41-47b2-834d-f8979dfbbb4f]; Rich Caruso [Rich.Caruso@rg-steel.com]  
**CC:** Andrea L. Kindorf [akindorf@conwaymackenzie.com]; Kenneth T. Latz [klatz@conwaymackenzie.com]  
**Subject:** RE: Status of Due Diligence

I spoke to Dave Miller at Elliott and informed him that at this time he should not spend significant time or money on this opportunity and that I would keep him posted if that should change.

-----Original Message-----

**From:** Donald S. MacKenzie [mailto:dmackenzie@conwaymackenzie.com]  
**Sent:** Wednesday, January 11, 2012 12:41 PM  
**To:** Ari Rennert; Rich Caruso  
**Cc:** James Reitzig; Andrea L. Kindorf; Kenneth T. Latz  
**Subject:** Status of Due Diligence

Ari and Rich:

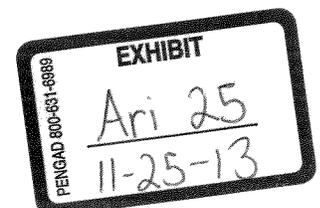
Is there an announcement out today about the contemplated transaction?

What shall we do today with Elliott and HIG/Bayside. We can't string them along further without any communication without incurring damage and need the Company's and Renco's guidance as to the appropriate messaging.

Please advise ASAP.

Thank you.

Don.



# Exhibit 23

**From:** Daniel Wolf  
**To:** "McDermott, Christopher"; "Goldberg, Lawrence"; Roger Fay; John Binko; Ari Rennert; Ira Rennert; "Ryan, Mike"; "Stempler, Matthew"; "Brown, Phillip"; "Miller, David"; "Stroud, Shane"; "Weger, Matthew"  
**Cc:** "Furst, Joseph"; "Adams, James"; David Glenn; Tarek Ajouz; Alex Benjamin; Steven Mayer  
**Subject:** RE: RG Steel: Second Lien Credit Agreement  
**Date:** Thursday, January 12, 2012 8:32:46 AM

---

Guys

The Term A must be cash pay. That is how our funds are set up. If PIK, do you think we would settle for the level of support we suggested. In fact, if PIK, we would have to increase by \$6.875MM in year 1 and more in each subsequent year.

As for tax payments to Renco, we understood RG to be a C corporation at this time. What tax payments are you talking about?

As for management fees, do you think it is fair to accrue \$12MM more a year ahead of our equity in addition to all the RENCO NOTES and PIK? We do not.

Investments in JVs. We believe \$5MM is fair in the context of the conversations with Renco, SF and myself

No cross default is absurd

We have always discussed warrants. We are a lender and we should be forced to hold direct equity. That was always the discussion.

Need right to assign our loans without Borrower consent. We are not relying on Rich Caruso and team to define how we manage our portfolio.

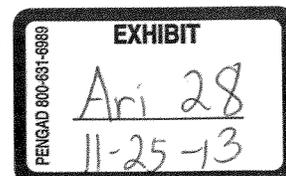
As for dividends, there should not be any without our consent.

As for the liquidation support agreement, that is a show stopper. Our lending funds cannot have a borrower in default and waiting for extensive periods of time. As I told both Ari and Ira, we would require a Limited Recourse Guaranty supported by the collateral (\$50MM hedge fund investment – Millennium and the Mag Corp pledge). If Renco want the ability to buy a non-voting participation in this the Term A, that would be fine. That way, they can protect their interests. Again, the lending funds CANNOT live with anything even close to the structure you presented and will only be able to provide the financing on the basis we have presented. Larry Goldberg will send those docs out today.

Happy to chat with you and these are only the highlights and not all inclusive of our comments.

---

**From:** McDermott, Christopher [mailto:Chris.McDermott@cwt.com]  
**Sent:** Thursday, January 12, 2012 12:52 AM  
**To:** 'Goldberg, Lawrence'; 'Fay, Roger L.'; 'John Binko'; 'Ari Rennert'; 'Ira Rennert'; Ryan, Mike; Stempler, Matthew; Brown, Phillip; Miller, David; Stroud, Shane; Weger, Matthew



**Cc:** 'Furst, Joseph'; 'Adams, James'; David Glenn; Tarek Ajouz; Alex Benjamin; Steven Mayer; Daniel Wolf  
**Subject:** RE: RG Steel: Second Lien Credit Agreement

All,

At the request of Renco, attached please find preliminary comments on the draft Second Lien Credit Agreement (marked pages only of the blackline copy sent earlier today).

Please note that these comments are still under review and discussion by Renco.

Larry, please note the general comment on the cover page, that the references to the Renco credit support arrangements should be removed from the Second Lien Credit Agreement. As a priority matter, could your team prepare a revision of the draft Credit Agreement without those references to the Renco credit support? We would like to provide the draft to company and senior lenders' counsel only after it has been sterilized of those references.

We look forward to discussing these comments with you. We will provide you addition comments as we receive them.

Best regards,

Chris

Christopher M. McDermott  
Cadwalader, Wickersham & Taft LLP  
227 West Trade Street, Suite 2400  
Charlotte, North Carolina 28202  
NC tel.: 704 348 5184  
NY tel.: 212 504 6184  
Fax: 704 348 5200  
[chris.mcdermott@cwft.com](mailto:chris.mcdermott@cwft.com)

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**From:** Goldberg, Lawrence [mailto:Lawrence.Goldberg@srz.com]  
**Sent:** Wednesday, January 11, 2012 2:50 PM  
**To:** Fay, Roger L.; John Binko; Ari Rennert; Ira Rennert; Ryan, Mike; Stempler, Matthew; Brown, Phillip; McDermott, Christopher; Miller, David; Stroud, Shane; Weger, Matthew  
**Cc:** Furst, Joseph; Adams, James; David Glenn; Tarek Ajouz; Alex Benjamin; Steven Mayer; dwolf@ablecofinance.com  
**Subject:** RG Steel: Second Lien Credit Agreement

Attached is a draft of the Second Lien Credit Agreement. The marked copy shows changes from the execution copy of the Wells Fargo First Lien Credit Agreement.

The draft is for discussion purposes only. It has not been fully reviewed by representatives of Cerberus and, therefore, is subject to their review and comment.

<<DVComparison\_#17902809v1\_NEWYORK\_ - RG Steel - Second Lien Credit Agreement-  
#17902809v4\_NEWYORK\_ - RG Steel - Second Lien Credit Agreement.doc>>  
<<#17902809v4\_NEWYORK\_ - RG Steel - Second Lien Credit Agreement.DOC>>

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\*\*\*\*\*  
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# Exhibit 24

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
PENSION BENEFIT GUARANTY  
CORPORATION,

Plaintiff,

v.

No. 1:13-cv-0621(RJS)

THE RENCO GROUP, et al.,  
Defendants.

-----X

VIDEOTAPED DEPOSITION

OF

MICHAEL RAE

New York, New York

Wednesday, December 18, 2013

Reported by:  
ANNETTE ARLEQUIN, CCR, RPR, CRR, CLR  
JOB NO. 68990

Page 2

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5           December 18, 2013  
6           2:44 p.m.  
7  
8           Videotaped deposition of MICHAEL RAE,  
9 held at the offices of Kelly Drye & Warren,  
10 101 Park Avenue, New York, New York, before  
11 Annette Arlequin, a Certified Court  
12 Reporter, a Registered Professional  
13 Reporter, a Certified LiveNote Reporter, a  
14 Certified Realtime Reporter, and a Notary  
15 Public of the State of New York.  
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Page 4

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2   A P P E A R A N C E S (Cont'd.):  
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4   A L S O P R E S E N T:  
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6           DALE SWINDELL, Certified Legal Video Specialist  
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Page 3

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2   A P P E A R A N C E S:  
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4           PENSION BENEFIT GUARANTY CORPORATION  
5           Attorneys for Plaintiff  
6           1200 K Street, N.W.  
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14           New York, New York 10036  
15           BY: BRADLEY BOBROFF, ESQ.  
16           KEVIN PERRA, ESQ.  
17           JASON RICHMOND, ESQ.  
18           - and -  
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20           Attorneys for Defendants  
21           One World Financial Center  
22           New York, New York 10281  
23           BY: JONATHAN HOFF, ESQ.  
24  
25

Page 5

1  
2           IT IS HEREBY STIPULATED AND AGREED by  
3 and between the attorneys for the  
4 respective parties herein, that filing and  
5 sealing be and the same are hereby waived;  
6           IT IS FURTHER STIPULATED AND AGREED  
7 that all objections, except as to the form  
8 of the question, shall be reserved to the  
9 time of the trial;  
10           IT IS FURTHER STIPULATED AND AGREED  
11 that the within deposition may be sworn to  
12 and signed before any officer authorized to  
13 administer an oath, with the same force and  
14 effect as if signed and sworn to before the  
15 Court.  
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<p style="text-align: right;">Page 90</p> <p>1 M. Rae 2 A. I don't know what intervened. 3 Obviously there was an information collection 4 process, which is typical following the receipt 5 of a reportable event notice, information to 6 assess the transaction, the risk, the funded 7 status of the plan, some analysis, a need to 8 develop some options, some discussion with the 9 plan sponsor. That's the typical process. 10 Whether conversations took place 11 before that seeking from Renco alternatives or 12 whether we proposed alternatives in advance of 13 that, I don't know. 14 Q. That would have been something that 15 Dana Cann was dealing with? 16 A. Dana would likely be the conduit for 17 those proposals and for the discussion to the 18 extent Renco had any ideas to propose. 19 Q. And would that filter its way up to 20 you if Renco had ideas to propose? 21 A. It depends on what they were, the 22 significance. 23 Q. But you don't recall any, do you? 24 A. I don't. 25 (Defendant's Exhibit Rae 4, Email</p>	<p style="text-align: right;">Page 91</p> <p>1 M. Rae 2 chain beginning with email dated 1/13/12 3 from Speicher to Cann and others, Bates 4 stamped PBGC 50456 through 58, marked for 5 identification, as of this date.) 6 BY MR. BOBROFF: 7 Q. I'm going to show you a document 8 marked Rae Exhibit 4. This is an email chain 9 beginning on Friday, January 6th and going 10 through Friday, January 13th. It's Bates 11 stamped PBGC 50456 through 58. 12 I'm going to direct your attention to 13 Dana Cann's email on the second page from 14 7:57 p.m. at night on Thursday, January 12th. 15 Do you see that? 16 A. I do. 17 Q. So he sends an email to Joel 18 Greenblatt in CPAD along with cc to a host of 19 others, including yourself and Ms. Messina. 20 Do you see that? 21 A. I do. 22 Q. And so Dana writes, "Yes, we should 23 have an approved termination tomorrow. My plan 24 is to tell the company we're moving forward but 25 they can stop it with an agreement."</p>
<p style="text-align: right;">Page 92</p> <p>1 M. Rae 2 You see that? 3 A. I do. 4 Q. "Will let you know when Josh signs 5 and how the company responds." 6 You see that? 7 A. Um-hmm. Yes. 8 Q. Were you at all involved in this plan 9 of Dana's? 10 A. "My plan is to tell..."? 11 Q. Um-hmm. 12 A. It's consistent with the approach we 13 were taking at the time. 14 Q. The approach Dana was taking or the 15 approach you were taking? 16 A. The approach that the PBGC was 17 taking, which was to be prepared to terminate 18 the plan but still attempting to enter into a 19 standstill agreement, at that point I assume it 20 was a standstill agreement, to provide 21 additional time to negotiate a different 22 resolution. 23 Q. Okay. As of this date on Thursday, 24 January 12th, are you prepared to terminate? 25 A. What do you mean by prepared to</p>	<p style="text-align: right;">Page 93</p> <p>1 M. Rae 2 terminate? 3 Q. Well, you just said you were 4 preparing to terminate. 5 A. Well, we had not -- if I have that 6 sequence right, we had not received the 7 director's approval of the action to terminate 8 on Thursday the 12th. So in terms of whether 9 all the steps had been accomplished to initiate 10 termination, not on this day, no, but in terms 11 of our approach, we were preparing for that if 12 the need arose. 13 Q. And do you recall any specific 14 conversations with Dana Cann at or around this 15 time discussing what he was going to tell Renco? 16 A. On this evening? 17 Q. Yes. 18 A. No. 19 Q. The day before? 20 A. No. 21 The day after, as I've testified, 22 either by email or face to face or both, I 23 communicated with Dana. 24 Q. Okay. So let's look at the email 25 that starts on the first page and carries over.</p>

1 M. Rae  
2 It's from Dana Cann from Friday, January 13th,  
3 the morning at 10:30 a.m. He writes to the  
4 group -- well, first of all, were you aware that  
5 Dana Cann was going to be making a call to Renco  
6 on January 13th?  
7 A. No, I don't recall it at this point.  
8 Q. Other than the email here that  
9 reflects he was going to tell the company?  
10 A. Right, and I don't know what the  
11 timing of that was. Right.  
12 Q. So Dana writes in this email at 10:34  
13 on the 13th, "As an update, Renco is amenable to  
14 entering into a standstill agreement with us.  
15 OCC is drafting and we expect to send it to  
16 Renco soon."  
17 You see that?  
18 A. Um-hmm.  
19 Q. Is that the email you're referring  
20 to?  
21 A. Which email?  
22 Q. Is this the email you're referring to  
23 where Dana Cann told you that Renco was amenable  
24 to entering into a standstill agreement?  
25 A. I think there was a subsequent

1 M. Rae  
2 into a standstill to give us more time to  
3 discuss the alternatives.  
4 Q. Did Dana Cann give Renco a deadline  
5 to return the standstill?  
6 A. I don't know.  
7 Q. Could he have said it's Friday  
8 afternoon, today is the last business day before  
9 the expiration of the 30-day period under the  
10 Form 10, here's a draft standstill agreement, if  
11 it's not signed and returned to me in two hours,  
12 we're terminating?  
13 MR. MENKE: Objection to form.  
14 A. I guess he could have said any one of  
15 a million things and the relevance of the 30-day  
16 notification period, I don't understand at that  
17 particular point in time.  
18 That's a requirement to provide  
19 information to the PBGC. It's not a date that  
20 would prohibit our taking action or constrain  
21 the parties from closing the transaction, so I  
22 don't understand the significance of that date,  
23 but Dana could have said any one of many things.  
24 Q. Okay. I guess where I'm a little  
25 stuck here is that he says, "If we get an

1 M. Rae  
2 message, I can't recall whether it was to the  
3 public affairs staff, that includes an  
4 additional statement that we're, in some words  
5 we're holding off on plan termination or holding  
6 off on the notices. Something to that effect.  
7 Q. We can take a look at that.  
8 A. Okay.  
9 Q. So a question for you. He writes  
10 then, "If we get an acceptable standstill in  
11 place, we can wait on the notices," and that's  
12 underlined.  
13 You see that?  
14 A. I do.  
15 Q. It's a big if, right?  
16 A. It's an if.  
17 Q. Right.  
18 Did you get an acceptable standstill  
19 in place?  
20 A. We did not.  
21 Q. And you still waited on the notices  
22 though, right?  
23 A. Right. We got what I perceived to be  
24 assurances from Renco that no transaction was  
25 imminent and that they were amenable to entering

1 M. Rae  
2 acceptable standstill in place, we can wait on  
3 the notice," and he underlines that.  
4 And in fact you did not get an  
5 acceptable standstill in place and you still  
6 waited on the notices.  
7 So when did the strategy change?  
8 A. I don't know the time of -- I think  
9 it was a subsequent email on that same day, so  
10 sometime on that day Dana communicated to me and  
11 to others, I believe, his understanding that no  
12 transaction was imminent; that Renco was  
13 amenable to a standstill to provide more time to  
14 negotiate, and so presumably at that point,  
15 that's when his decision, and he communicated  
16 it, was to hold the notices and follow that  
17 path.  
18 Q. Even though he had nothing signed and  
19 returned on that Friday, right?  
20 A. Right.  
21 Q. This email "Renco is amenable to  
22 entering into a standstill agreement," and I  
23 think I asked you this, but just to clarify, is  
24 this what you were basing the fact that Renco  
25 had given assurances, your statement that Renco

1 M. Rae  
2 had given assurances?  
3 A. It could be this email. It could be  
4 what I think is a subsequent email. It could be  
5 a face-to-face conversation with Dana. I don't  
6 recall, but certainly this email and what I  
7 believe is a subsequent email.  
8 Q. Okay. Having received this email,  
9 though, that says, "If we get an acceptable  
10 standstill in place, we can wait..." was it your  
11 position that you should still move forward and  
12 get Director Gotbaum to sign off on the  
13 termination or was this sufficient for you to  
14 stand down?  
15 MR. MENKE: Objection to form.  
16 A. I don't know. I believe I relied on  
17 the subsequent message from Dana where he went  
18 on to add that we're holding the notices. At  
19 that point I was under the impression from him  
20 that no transaction was imminent; that Renco was  
21 willing to enter into a standstill, and that  
22 therefore we did not need to proceed with the  
23 termination.  
24 I think it's clear from the record  
25 that the director had signed the approval memo

1 M. Rae  
2 can wait on the notices."  
3 Do you see that?  
4 A. I do.  
5 Q. And we agreed that that's a big if,  
6 right?  
7 MR. MENKE: Object to, object to the  
8 form of the question.  
9 A. It's an underlined sentence. It  
10 starts with an if and it's an underlined  
11 sentence. That's what I said.  
12 Q. Was it your understanding of what  
13 Dana Cann was saying here was that if you get an  
14 acceptable standstill in place, then you can  
15 hold off on the notices, but if you don't, then  
16 you're going to proceed with notices and  
17 terminate the plans, correct?  
18 MR. MENKE: Objection. Asked and  
19 answered.  
20 The witness can answer it again.  
21 A. It says what it says. As you asked  
22 me earlier, something changed later in the day.  
23 Q. Okay.  
24 A. All right?  
25 Q. That's what I'm talking about.

1 M. Rae  
2 for the termination action at some point during  
3 the day on the 13th, but I don't know  
4 specifically the sequence of events.  
5 MR. MENKE: Would now be a good time  
6 to take a brief break?  
7 MR. BOBROFF: Sure. Let's take a  
8 two-minute break. Let's try to keep it  
9 short.  
10 THE VIDEOGRAPHER: The time is 4:53.  
11 We're going off the record.  
12 (Recess is taken.)  
13 THE VIDEOGRAPHER: The time is 5:01.  
14 We're back on the record.  
15 BY MR. BOBROFF:  
16 Q. Okay. Mr. Rae, I'm trying to get  
17 some clarity on the timing here.  
18 So you received this email at 10:34  
19 where Dana says that "Renco -- as an update,  
20 Renco is amenable to entering into a standstill  
21 agreement with us."  
22 Do you see that?  
23 A. I'm sorry. 10 -- yes, yes. Sorry.  
24 Q. And then he writes and underlines,  
25 "If we get an acceptable standstill in place, we

1 M. Rae  
2 So let me see -- again for clarity,  
3 this is the email that you were referring to  
4 when you testified earlier that you had been  
5 told that Renco was amenable to entering into a  
6 standstill agreement.  
7 A. This is one email. I think there's  
8 another email where Dana communicated an  
9 additional point, I think it was later in the  
10 day, where he made some statement that we're  
11 holding the notices or some statement that  
12 suggested that we were going to hold on the  
13 termination based on the assurances that he had  
14 from Renco that no transaction was imminent and  
15 that they were amenable to a standstill.  
16 Q. I'm going to show you what's been  
17 marked as Rae Exhibit 5.  
18 (Defendant's Exhibit Rae 5, Email  
19 chain beginning with email dated 1/13/12  
20 from Rae to Dana, Bates stamped PBGC 51336  
21 through 337, marked for identification, as  
22 of this date.)  
23 BY MR. BOBROFF:  
24 Q. This is a continuation of that email,  
25 and just directing your attention to the top two

1 M. Rae  
2 emails, the second email is from Dana Cann, the  
3 one we've been looking at where he says, "If we  
4 get an acceptable standstill in place, we can  
5 wait on the notices."  
6 You see that?  
7 A. I do.  
8 Q. And you write back, "Good. Thanks,  
9 Dana. No word back from Heather yet, but I  
10 assume we still want Josh to sign today,  
11 correct?"  
12 Do you see that?  
13 A. I do.  
14 Q. So what are you saying there?  
15 A. I believe there was an email that I  
16 sent to Heather Kish, who at the time was the  
17 administrative assistant to the director,  
18 earlier that day asking her to call me to make  
19 sure that she knew that we needed Josh's review  
20 and approval on the termination memo that day.  
21 And so "No word back from Heather," I assume  
22 means that we had not yet heard back in response  
23 to the message that I sent to Heather earlier  
24 that day, but that notwithstanding Dana's  
25 report, that we still wanted his approval of the

1 M. Rae  
2 from Dana Cann to you.  
3 You see that?  
4 A. I'm sorry, where?  
5 Q. On the bottom first page.  
6 A. Um-hmm.  
7 Q. And if you look two emails up, Dana's  
8 email from 10:51 to you he writes, "Not at this  
9 time with a standstill -- oh, no. Apologies.  
10 The one above that from Dana Cann to Joel  
11 Greenblatt and a variety of others, including  
12 you from 3:46 p.m.  
13 Dana Cann writes, "by way of update,  
14 we have sent a draft standstill agreement to  
15 Renco. While we now have a fully approved  
16 termination package, we're holding the notices  
17 for now. Thanks all."  
18 You see that?  
19 A. I do.  
20 Q. Is that the email you were talking  
21 about?  
22 A. It is.  
23 Q. Okay. Now what happened between that  
24 10:34 email and the 3:46 email that changed  
25 PBGC's strategy?

1 M. Rae  
2 termination memo.  
3 Q. Right. Okay.  
4 So you were still proceeding to move  
5 forward with having Josh sign the termination?  
6 A. It sure appears that way based on  
7 that email.  
8 Q. You testified something changed.  
9 There was a further piece of evidence or further  
10 information from Dana.  
11 A. Yeah. I believe there's a separate  
12 email from Dana indicating we're holding off in  
13 some form.  
14 Q. Okay.  
15 (Defendant's Exhibit Rae 6, Email  
16 chain beginning with email dated 1/13/12  
17 from Rae to Dana, Bates stamped PBGC 51310  
18 through 312, marked for identification, as  
19 of this date.)  
20 BY MR. BOBROFF:  
21 Q. I'm going to show you what's been  
22 marked as Rae Exhibit 6. This is also a  
23 continuation of the same email chain.  
24 If you look at the bottom email on  
25 the front page, it is again that 10:33 email

1 M. Rae  
2 A. I don't know.  
3 Q. What do you mean you don't know?  
4 A. I don't know.  
5 MR. MENKE: Object to the form.  
6 A. You're asking me what changed Dana's  
7 approach?  
8 Q. Yes.  
9 A. And I don't know specifically what  
10 changed his approach. My understanding is that  
11 the communication with Renco that no transaction  
12 was imminent and that they were amenable to  
13 entering into a standstill provided assurance  
14 that we did not need to proceed with the  
15 termination. That's what I think this Dana  
16 message means.  
17 Q. What is different from this 10:34  
18 email we've been looking at which says, "Renco  
19 is amenable to entering into a standstill  
20 agreement" ?  
21 MR. MENKE: Objection. Asked and  
22 answered.  
23 BY MR. BOBROFF:  
24 Q. He says in that email, "If we get an  
25 acceptable standstill in place, we can wait on

<p style="text-align: right;">Page 106</p> <p>1 M. Rae 2 the notices." 3 And then at 3:46 he sends an update 4 which says, "We've sent out a draft standstill 5 agreement, and while we have a fully 6 approved-termination package, we are holding the 7 notices for now." 8 Do you see that? 9 A. I do. 10 Q. And I'm asking you why did Dana's 11 strategy change? 12 MR. MENKE: I'm objecting on the 13 grounds that you just asked that question 14 five minutes ago and he answered that. 15 A. I don't know what transpired in 16 between those two that caused that. 17 Q. Did you have any discussions with 18 Dana in between these two emails? 19 (Document review.) 20 A. I don't know. I was thinking of the 21 one above where Dana asked whether has 22 somebody -- does somebody need to update Josh. 23 That one I recall. 24 But I don't know whether we had any 25 other communication in between.</p>	<p style="text-align: right;">Page 107</p> <p>1 M. Rae 2 Q. Do you know whether Dana had any 3 other communication with Renco? 4 A. I don't. 5 Q. Does it appear that he did? 6 A. I don't know. 7 Q. Okay. I'm trying to understand why 8 at 10:34 Dana is saying, "If we get a standstill 9 agreement in place, then we won't send the 10 notices" and then at 3:46 when nothing has 11 changed whatsoever, Dana is now holding off on 12 the notices. 13 MR. MENKE: Objection to the form of 14 the question and assuming that it was a 15 question, and if it was a question, I'm 16 objecting on the grounds that it's been 17 asked and answered now twice. 18 A. Don't know what transpired in between 19 these. 20 Q. No idea why Dana changed his 21 strategy. 22 MR. MENKE: Objection. Asked and 23 answered for the fourth time. 24 A. I don't know. 25 Q. Okay. Did you sign off on that?</p>
<p style="text-align: right;">Page 108</p> <p>1 M. Rae 2 A. I'm not sure what you mean by sign 3 off. 4 Q. This change from we're issuing the 5 notices unless we get a standstill agreement in 6 place to we're holding off on the notices. 7 MR. MENKE: Objection to foundation. 8 A. I received the message. I didn't do 9 anything to overturn it. I didn't approve it in 10 any formal way and I communicated to Josh. 11 Q. But you understand there's a change 12 here, right? 13 A. I understand the content of the 14 message has changed, yeah, I understand that. 15 Q. Okay. Did you ask, did you ask Dana 16 why are we now holding on the notices? 17 MR. MENKE: Objection. Asked and 18 answered. 19 A. I don't know if I asked Dana that 20 question. 21 Q. Did you ask Jennifer Messina why are 22 we now holding the notices when at 10:34 Dana 23 told us we were waiting on the notices only if 24 we got an acceptable standstill in place? 25 MR. MENKE: Object to form.</p>	<p style="text-align: right;">Page 109</p> <p>1 M. Rae 2 A. I don't know whether I asked Jennifer 3 that question. 4 Q. It's fair to say, though, that in the 5 intervening time, PBGC did not get an acceptable 6 standstill agreement in place, correct? 7 A. We did not enter into a standstill, 8 yes. 9 Q. The email above, Dana Cann writes to 10 you and Ms. Messina, "Does someone need to 11 update Josh? If so, who?" 12 And you write back, "I told Josh at 13 3:00 that we were negotiating a standstill and 14 that we'd update him next week." 15 You see that? 16 A. I do. 17 Q. Okay. Do you recall that 18 conversation with Director Gotbaum? 19 A. I recall mentioning it to him in 20 passing. That's what I recall. 21 Q. Passing where? 22 A. It was face to face. I don't know 23 whether it was in his office or in another room, 24 but I do recall communicating that. 25 Q. And was that all you remember from</p>

<p style="text-align: right;">Page 110</p> <p>1 M. Rae 2 that conversation? 3 A. In a -- yes, that's all I remember. 4 Q. Was what, that you told him that you 5 were negotiating a standstill? 6 A. Yes. I remember that, yup. 7 Q. And that was based on the fact that 8 Dana had sent a draft? 9 A. I don't recall specifically where -- 10 whether it was relying on the draft agreement 11 that Dana sent. It was my understanding from 12 Dana that we had assurance that no transaction 13 was imminent; that Renco was amenable to a 14 standstill agreement. That's -- that was the 15 basis upon which I communicated to Josh that we 16 were negotiating a standstill agreement. 17 Q. And that was communicated to you in 18 this email at 10:34 on the Friday the 13th, 19 right? 20 A. Right. 21 Q. Okay. Do you recall that on 22 January 17th you learned that Renco had 23 consummated a transaction with Cerberus? 24 A. Yes. 25 Q. How did you learn?</p>	<p style="text-align: right;">Page 111</p> <p>1 M. Rae 2 A. I don't know specifically where I was 3 or other than that it was sometime in the 4 afternoon of that Tuesday. 5 Q. Do you recall who communicated it to 6 you? 7 A. I don't know who communicated it to 8 me. 9 Q. You don't recall where you were when 10 you heard it? 11 A. I don't recall. What I recall is -- 12 no, I don't know where I was when I heard it. 13 Q. And you don't recall if it was email 14 or a verbal communication? 15 A. I don't. My recollection is it was 16 in the early afternoon, but that's all. 17 Q. What is was your reaction? 18 A. I was surprised. I was confused. I 19 didn't understand what had happened, not happy 20 and wanted more information as to what had 21 happened and what our alternatives were at that 22 point. 23 Q. And that's because Dana Cann had told 24 you that Renco was going to agree to a 25 standstill agreement with PBGC, right?</p>
<p style="text-align: right;">Page 112</p> <p>1 M. Rae 2 MR. MENKE: Objection to form. I 3 think that misstates the testimony. 4 A. Yeah. Dana told me that Renco -- 5 that no transaction was imminent; that he had 6 heard from Renco that no transaction was 7 imminent; that Renco was amenable to a 8 standstill and thus there was no need to proceed 9 with the termination at that point. 10 (Defendant's Exhibit Rae 7, Email 11 chain beginning with email dated 1/17/12 12 from Messina to Rae with attachment, Bates 13 stamped PBGC 51286 through 294, marked for 14 identification, as of this date.) 15 BY MR. BOBROFF: 16 Q. I show you what's been marked as Rae 17 Exhibit 7. This is a January 17th, 2012 email 18 chain attaching a sig case bullets, Bates stamp 19 PBGC 51286 through 94. The bottom email is from 20 Ms. Messina to you, copying a handful of people 21 at PBGC. The subject line is "Sig Case 22 Bullets." 23 See that? 24 A. I do. 25 Q. And she writes, "Here are the sig</p>	<p style="text-align: right;">Page 113</p> <p>1 M. Rae 2 case bullets for today's meeting along with a 3 proposed agenda. Susan and Rick are out today, 4 so it looks like it will just be me and Dana 5 presenting from DISC." 6 Do you see that? 7 A. I do. 8 Q. Do you recall that sig case meeting? 9 A. I do. 10 Q. Why? 11 A. Because -- 12 MR. MENKE: Excuse me. Object to the 13 form of the question, but I'll let him 14 answer it. 15 A. What I recall is learning about 16 the -- that the Renco transaction had been 17 closed shortly before this meeting. 18 Q. So what was discussed at that meeting 19 about that? 20 A. I don't recall specifically. 21 Q. Okay. What generally? 22 A. I believe, my recollection is that we 23 communicated that the transaction had closed; 24 that we were surprised and upset by that. I 25 don't recall what else we may have said or</p>

# Exhibit 25



**Pension Benefit Guaranty Corporation**  
1200 K Street, N.W., Washington, D.C. 20005-4026

January 11, 2012

**TO:** Michael Rae, Acting Chief Insurance Programs Officer  
Vincent K. Snowbarger, Deputy Director of Operations

**THRU:** Jennifer Messina, Acting Director, DISC *JM*  
Israel Goldowitz, Chief Counsel, OCC *IG*

**FROM:** Dana Cann, Acting Manager, DISC *DC*  
Stephanie Thomas, Assistant Chief Counsel, OCC *ST*

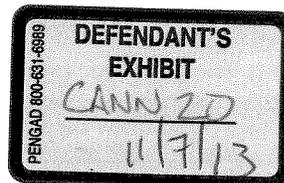
**SUBJECT:** **Involuntary Termination of the RG Steel–Warren, LLC Hourly Employees Pension Plan (“WCI Plan”) and the Severstal Wheeling, Inc. Pension Plan (“Wheeling Plan,” and collectively the “Plans”)**  
Case Nos. 22004800, 22004900

**Request**

The DISC-OCC case team requests your approval in using the Special Circumstances Case procedures to terminate and trustee the Plans. The case team is confident that if PBGC does not terminate the pension plans under ERISA § 4042 immediately, PBGC’s risk of loss with respect to the Plans will increase unreasonably as a result of a transaction that will remove the Plans’ sponsor, RG Steel, LLC (“RG Steel”), from the controlled group of The Renco Group, Inc. (“Renco”). We expect that this transaction will jeopardize RG Steel’s ability to fund and maintain the Plans, gravely increase the risk of plan termination, and result in reduced recoveries for PBGC in the event of a termination.

The Special Circumstances Case procedures are –

**Special Circumstances Cases.** Notwithstanding anything in this Directive, when time is of the essence and facts and circumstances make it impractical to convene a meeting of the TWG with regard to a Non-Exempt case, or to involve the TWG Chairperson with regard to an Exempt case, the Chief Insurance Program Officer and the Chief Operating Officer may propose that a plan should be terminated under section 4042 by forwarding their recommendation to the PBGC Director, or (where appropriate) the Deputy Director of Operations, who may approve the recommendation. An informational copy will be forwarded to the Chief Counsel, the Director of DISC and the TWG Chairperson in these situations.



PBGC-000055731

## **Background**

RG Steel is the fourth largest flat-rolled steel company in the United States. RG Steel's facilities feature an array of complementary steel-making capabilities. RG Steel has steel production facilities in Sparrows Point, Maryland (3.9 million tons capacity), Warren, Ohio (1.4 million tons capacity), and several towns near Wheeling, West Virginia (2.9 million tons capacity). Certain of RG Steel's plants are currently idled, including the largest plant in Sparrows Point, Maryland.

RG Steel is a wholly owned subsidiary of Renco. Renco is a private holding company that invests in companies across a range of industries including steel and magnesium production, copper mining, lead smelting, automotive parts manufacturing, and military vehicle production. The Renco controlled group consists of a number of holding and operating companies, including Blue Turtles, Inc., which owns Renco Chairman Ira Rennert's large residential estate on Long Island, and Ilshar Capital LLC. We believe that these holdings contain significant value.

## **Break-up of RG Steel's controlled group**

On December 16, 2011, Renco filed a Form 10 – Change in Controlled Group, disclosing that Renco was pursuing a transaction that could result in RG Steel's leaving the Renco controlled group. Renco has since provided PBGC with additional information. Renco states that it received financing proposals from two hedge funds, which would infuse approximately \$125 million in new, subordinated secured debt into RG Steel. In addition, these potential investors would acquire a significant amount of RG Steel's equity (between 39-49%). Renco believes that, as a result of the transaction, RG Steel will no longer be a member of the Renco controlled group for ERISA purposes. The timing of the closing of the transaction is not clear, but could take place quickly and without notice to PBGC.

RG Steel sponsors and administers the Plans, which will continue under the new ownership structure. Thus, the controlled group breakup resulting from the transaction will isolate the Plans from a controlled group containing significant value unless the Plans are terminated before the transaction closes.

RG Steel provided financial information and projections that assume substantial improvements in volume, pricing, and costs for its steel operations. But we have concerns about these projections. If RG Steel cannot achieve any of the projected improvements, then the \$125 million in new financing will provide RG Steel with only two months of liquidity before a default.

If the Plans terminate in the context of a bankruptcy or asset sale after the transaction occurs, PBGC's recovery of the Plans' unfunded benefit liabilities will be limited to RG Steel and are likely to be zero or close to zero. In contrast, termination now would maintain PBGC's ability to recover against the current controlled group members, significantly improving recoveries.

**Rejection of protection for the Plan**

After learning of the transaction, the case team expressed its concerns to Renco and, on January 4, 2011, requested a guarantee from Renco. We reiterated this request in writing on January 5, January 6, and January 10. Renco has not agreed to provide this or any protection for the Plans.

**Recommendation**

For the reasons stated above, immediate action to terminate the Plans under section 4042 of ERISA is necessary to ensure that PBGC can preserve its ability to recover from the members of the Renco controlled group. The case team recommends that PBGC initiate termination of the Plan under ERISA §4042(a)(2) and (4) – the Wheeling Plan is underfunded by approximately \$5.6 million and the WCI Plan is underfunded by approximately \$64.3 million, and both will be unable to pay benefits when due; and unless the Plans are terminated, PBGC’s long run loss with respect to the Plans may reasonably be expected to increase unreasonably.

We attach the Termination Recommendation, including attachments. Because we were advised of the current structure of the transaction only last week, there was not time to process the case through the standard procedures.

If you concur, we will prepare a memorandum from you to the Director.

Michael Rae:

*Michael Rae*

Concur Jan 11, 2012

Non-concur

Vincent K. Snowbarger:

Concur

Non-concur

Attachment: Pension Plan Termination Recommendation for the RG Steel–Warren, LLC Hourly Employees Pension Plan and the Severstal Wheeling, Inc. Pension Plan

# Exhibit 26



Pension Benefit Guaranty Corporation  
1200 K Street, N.W., Washington, D.C. 20005-4026

Trusteeship Working Group (TWG) Memorandum

**To:** Joshua Gotbaum

**From:** Jennifer Messina, Acting Director, DISC *JM*  
 Dana Cann, Acting Manager, DISC *DC*  
 Chris Gran, Financial Analyst, DISC *CG*  
 Jack Butler, Financial Analyst, DISC *JB*  
 Jim O'Neill, Actuary, DISC *J.O.*  
 Tim Rhodes, Actuary, DISC *TR*

**Subject:** RG Steel–Warren, LLC Hourly Employees Pension Plan<sup>1</sup> (“WCI Plan”)  
 Severstal Wheeling, Inc. Pension Plan (“Wheeling Plan”)  
 (together, the “Plans”)

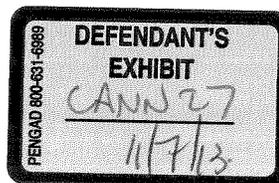
**Case No.** 22004800, 22004900

Introduction

We request that you concur in DISC’s recommendation that PBGC approve the termination of the Plans.

RG Steel, LLC (“RG Steel”), the Plans’ sponsor, is the fourth largest flat-rolled steel producer in the United States. DISC recommends termination of the Plans in accordance with ERISA § 4042(a)(2), as each of the WCI Plan and the Wheeling Plan will be unable to pay benefits when due because of underfunding, and ERISA § 4042(a)(4), as the PBGC’s long-run loss is reasonably expected to increase unreasonably as a result of an upcoming transaction where potential investors will acquire between 39-49% of RG Steel’s equity. This will result in RG Steel, and the Plans, leaving the controlled group of RG Steel’s parent, The Renco Group, Inc. (“Renco”). In addition, DISC recommends termination of the Plans in accordance with ERISA §

<sup>1</sup> According to the WCI Plan’s 2011 actuarial valuation report, the name has been changed from the WCI Steel, Inc. USW Defined Benefit Plan.



4042(c) in order to protect the interests of participants and to avoid any unreasonable increase in the liability of PBGC's insurance fund.

## **I. Summary**

In March, 2011, Renco formed RG Steel to acquire steel-making assets in Sparrows Point (MD), Warren (OH) and Wheeling (WV) then owned by Severstal North America, the U.S.-based subsidiary of OAO Severstal, a Russian steelmaker. Renco paid approximately \$195 million in cash and notes for the equity. In addition, RG Steel financed its working capital requirements through a new bank facility, and RG Steel assumed approximately \$650 million in employee-related and environmental liabilities.<sup>2</sup> The purchase price was subject to working capital adjustments, and Renco has made a claim against Severstal for approximately \$80 million. Renco is also pursuing litigation against Severstal for various misrepresentations regarding RG Steel's contracts. Renco is pursuing an indemnification claim of \$170 million against Severstal.

On December 16, 2011, Renco filed a Form 10 – Change in Controlled Group, disclosing that Renco was pursuing a transaction that could result in RG Steel leaving the Renco controlled group. On December 29, 2011, Renco responded to PBGC's initial inquiry regarding the Form 10. Included in this response was a management presentation to potential investors in RG Steel. On January 4, 2012, DISC held a conference call with Renco, and learned that Renco has received financing proposals from two hedge funds. These proposals would infuse approximately \$125 million in new, subordinated secured debt into RG Steel. In addition to the secured note obligation from RG Steel, these potential investors would acquire a significant amount of RG Steel's equity (between 39-49%). Renco believes that, as a result of the transaction, RG Steel will no longer be a member of the Renco controlled group for ERISA purposes.

## **II. Company Background**

Renco is a private holding company that invests in companies across a wide range of industries including steel and magnesium production, copper mining, lead smelting, automotive parts manufacturing and military vehicle production. The Renco controlled group consists of a number of holding companies and operating companies. In addition to the operating companies, Renco has a subsidiary named Blue Turtles, Inc. which owns Renco Chairman Ira Rennert's large residential estate on Long Island, and a management company named Ilshar Capital LLC. We believe that these holdings contain significant value.

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<sup>2</sup> Per Severstal North America's press release dated March 2, 2011.

RG Steel is the fourth largest flat-rolled steel company in the United States. RG Steel's facilities feature a wide array of complementary steel-making capabilities, including high carbon and alloy, culvert, cold-rolled, galvanized and tin/black plate steel production. RG Steel has steel production facilities in Sparrows Point, Maryland (3.9 million tons capacity), Warren, Ohio (1.4 million tons capacity), and several towns near Wheeling, West Virginia (2.9 million tons capacity). Most of the Wheeling facilities have been idled since May 2009, and Sparrows Point idled its blast furnace just before Christmas 2011.

### **III. Pension Information**

RG Steel sponsors the Plans.

#### WCI Plan

The WCI Plan was established effective April 30, 2006. The WCI Plan covers employees of RG Steel at the Warren facility who were actively employed on or after April 30, 2006 and who are members of the USWA Local No. 1375 or the Bricklayers and Allied Craftsmen International Union AFL-CIO Local No. 43. Continuous service earned after the effective date as well as continuous service credited under the WCI Frozen Plan is credited for benefits and eligibility under the WCI Plan. Benefits under the WCI Plan are offset by benefits payable under the WCI Frozen Plan (sponsored by Renco) and any pension plan sponsored by the LTV Steel Company, including the LTV Steel Hourly Pension Plan (trusteed by PBGC in 2002). A new collective bargaining agreement between the United Steelworkers of America ("USW") and Renco dated December 27, 2010 ("New CBA") includes a significant increase in the benefits under the WCI Plan. These benefit increases are not yet effective, however, due to the poor funding level of the WCI Plan. (Under PPA, a pension plan may not increase benefits if it doesn't meet certain funding thresholds.)

#### Wheeling Plan

The Wheeling Plan covers salaried employees hired as of January 31, 1998 and employed as of August 1, 2003. Continuous service from the original employment date is credited for benefits and eligibility under the Wheeling Plan. Benefits under the Wheeling Plan are offset by benefits due to participants under the WHX Pension Plan and all other predecessor plans, including a plan trusteed by the PBGC. The Wheeling Plan has a lump sum distribution option.

The following tables summarize key information concerning the Plans. The assets and liabilities assume a DOPT of January 31, 2012 and an interest factor of 3.74% for the first 20 years and 3.70% thereafter.

**Pension Funding Summary (\$- millions)**

Plan Name	Assets	Guaranteed Benefit Liability	Benefit Liability	UGL	UBL	Funded BL Ratio
WCI Plan	\$40.0	\$96.8	\$104.3	\$56.8	\$64.3	38%
Wheeling Plan	\$5.6	\$11.2	\$11.2	\$5.6	\$5.6	50%
Total	\$45.6	\$108.0	\$115.5	\$62.4	\$69.9	39%

Source: Pension Information Profile

**Participant Summary**

Active	Terminated Vested	Retired	Total
1,131	53	197	1,381

The WCI Plan was frozen to new entrants as of March 31, 2011. The Wheeling Plan was frozen to new entrants as of January 1, 1998. Contributions required for quarterly and catch-up payments are current for the Plans. For 2012, RG Steel expects to contribute approximately \$12 million into the WCI Plan. PBGC does not have current minimum funding projections for the Plans.

**IV. Controlled Group**

The Renco controlled group consists of a number of holding and operating companies. The operating companies in the controlled group are mostly engaged in steel and magnesium production, copper mining, lead smelting, and automotive parts manufacturing. (Renco also owns a significant stake in AM General, LLC, a military vehicle manufacturer that makes of the Humvee, but it is not in the Renco controlled group.) Aside from RG Steel, other controlled group members that sponsor defined benefit plans are Renco, US Magnesium LLC, Doe Run Resources Corporation, and Inteva Products LLC.

Most of the value in the Renco controlled group is in three entities, all of which are holding companies: Renco, Ilshar Capital LLC ("Ilshar"), and Blue Turtles, Inc. ("Blue Turtles"). Each company owns assets with significant value. The information shown in the Renco column of the following table is for Renco and its subsidiaries as shown in Renco's consolidated financial statements before RG Steel was acquired. (Renco's equity stake in Ilshar has been excluded from the Renco balance sheet.) Financial information for Blue Turtles is fully consolidated within Renco.

Balance Sheet Summaries		
(in \$000's)	Renco Group	Ilshar
Cash and Marketable Securities	\$ 114,738	\$ 83,467
Investments and Other Assets	1,665,809	392,810
Total Assets	1,780,547	521,748
Equity	277,585	513,215

*Source: Fiscal year-end financial statements contained in the 2010 confidential 4010 filings (as of 10/31/2010 for Renco and 12/31/2010 for Ilshar; Renco consolidated numbers adjusted for investment in Ilshar).*

Blue Turtles primarily owns a residential estate in the Hamptons on Long Island. The mansion, on a 63-acre property on the Atlantic Ocean, is reportedly 66,000 square feet. There are also several other buildings on the property, including a 100-car garage. Approximately \$200 million has been spent to construct new buildings or remodel existing buildings at the site since its purchase.

#### **V. Financial Analysis**

While RG Steel's facilities can produce in excess of 8 million tons of steel annually, they have been operating at less than 50% of capacity since 2009. When Renco acquired the RG Steel facilities in March 2011, the previous owner, Severstal North America, was projecting significant improvement, with shipments doubling and sales increasing by 112%. RG Steel's actual performance in 2011, however, was considerably worse. In fact, based on actual shipments for the 10 months ended 10/31/2011, shipments were on pace to decrease 24% compared to 2010.

Under Renco's ownership, RG Steel restarted the blast furnace and basic oxygen furnace at Sparrows Point during 2011, and Sparrows Point shipments quadrupled from approximately 40,000 tons during the month of April 2011 to between 160-190,000 tons per month in September and October 2011. In all, RG Steel nearly tripled its total output between April (108,000 tons) to September and October (approximately 300,000 tons). Shipments during September and October reflect an annual run rate of 3.6 million tons, which is still less than half of RG Steel's total capacity.

## RG Steel LLC

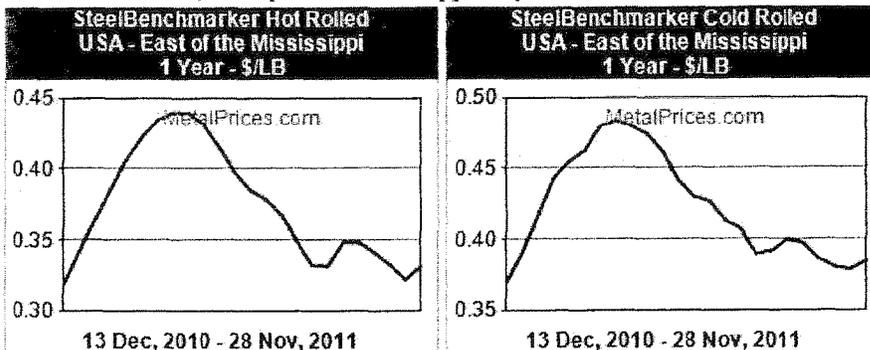
Comparison of Actual versus Budgeted Financial Performance  
(For the 7 months ended 10/31/11)

(\$ in millions)	Actual	Budgeted	Variance	%
Sales	1,251.8	1,770.1	(518.3)	-29%
Net Income	(219.1)	35.9	(255.0)	-710%
EBITDA	(171.0)	113.6	(284.6)	-250%
<b>Debt</b>				
Revolving Lender and Severstal	605.2	660.1	54.9	
Renco	28.9	50.0	21.1	
<b>Total Debt</b>	<b>634.1</b>	<b>710.1</b>	<b>76.0</b>	

Source: Company

Since acquiring RG Steel in March 2011, Renco has advanced significant cash into the business to fund operating losses and working capital, partly resulting from reduced steel prices and increased raw-material and operating costs. Most of the advances have occurred in the last 60 days. According to RG Steel, Renco advanced \$63 million during the month of November 2011 alone.

As shown below, steel prices have dropped by more than 20% since earlier this year.



Other significant risks and issues related to the operations of RG Steel include the following:

- RG Steel contracted with Severstal to provide a customer for Sparrows Point for the first 18 months after its restart. The 18 month period ends in September 2012. It is unclear how RG Steel will replace its Severstal sales, although Renco contends that RG Steel does not make a profit on sales to Severstal.
- The Sparrows Point blast furnace was idled just before Christmas for routine maintenance that was supposed to last 3 days. However, the furnace is still idle. According to Renco, the idling coincided with the acute liquidity crisis the company incurred. Renco says there's a "window" that will expire within a week or two, after which it will again

become significantly more expensive to restart the blast furnace. Renco says they will restart the blast furnace when it receives an acceptable financing commitment to improve liquidity, hopefully within the next week.

*Projections for FY'2012*

RG Steel LLC Monthly Projection for FY'12 (\$000s)													
Company Case	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Total
Sales	\$200,444	\$177,102	\$207,333	\$271,425	\$335,949	\$338,604	\$346,101	\$362,005	\$340,984	\$358,572	\$361,758	\$369,962	\$3,670,239
COGS	233,119	204,911	224,269	260,987	304,143	301,138	304,091	316,530	299,648	315,454	318,956	331,374	3,414,620
Gross Profit	-32,675	-27,809	-16,936	10,438	31,806	37,466	42,010	45,475	41,336	43,118	42,802	38,588	255,619
% Gross Margin	-16.3%	-15.7%	-8.2%	3.8%	9.5%	11.1%	12.1%	12.6%	12.1%	12.0%	11.8%	10.4%	7.0%
Operating Profit	-42,610	-37,745	-29,272	-1,897	19,471	25,130	27,675	31,139	27,001	28,783	28,467	24,253	100,395
% Oper Margin	-21.3%	-21.3%	-14.1%	-0.7%	5.8%	7.4%	8.0%	8.6%	7.9%	8.0%	7.9%	6.6%	2.7%
3rd Party Steel Sales (tons)	262,112	242,821	258,664	326,975	391,154	386,605	388,420	406,655	388,709	408,964	409,769	421,545	4,290,393
Revolver Balance	453,167	407,813	338,380	412,399	439,145	456,095	444,741	413,114	388,570	386,723	355,698	281,596	
Total Available to Borrow	-\$24,259	-\$18,060	\$40,652	\$30,819	\$58,532	\$45,291	\$68,938	\$118,201	\$137,101	\$157,292	\$191,373	\$246,205	

Source: Company

RG Steel, in conjunction with the proposed financing transaction, prepared projections for FYE 10/31/2012. The projections crystallize the company's current liquidity problems, as RG Steel's revolver balance exceeded the available borrowing base in both November and December 2011. For January 2012, the company is projected to be back within its base once the \$125 million from the proposed financing transaction is used to repay a portion of the revolver. Available liquidity is projected to range between \$30-40 million in February, and improve significantly in March. The projections include a number of assumptions that provide RG Steel with immediate improvement in profitability and cash flow, including:

- **Volume improvements:** The company is projecting significant and immediate improvements in sales volume. Beginning this month, the company is projecting month-over-month increases in tons of steel sold of 6.5%, 26.4%, and 19.6% for January, February, and March 2012, respectively. In the aggregate, RG Steel projects sales volumes in March will be 61% higher than sales volumes from three months earlier. The company projects that the higher sales volumes will be sustained for the remainder of FY'12.
- **Pricing improvements:** RG Steel is projecting significant and immediate improvements in steel prices. By May 2012, the company is projecting a 22% increase in steel prices from the December 2011 trough. The company projects that the higher prices will largely be sustained for the remainder of FY'12.

- **Cost improvements:** The company is projecting significant and immediate cuts in raw material costs, resulting in direct costs-per-ton sold decreasing by 13% by March 2012 from the November 2011 peak.
- **Working capital improvements:** RG Steel is projecting significant improvements in accounts receivable and inventory turnover, which improve cash flow.

DISC believes that the above assumptions are overly optimistic, and modeled a number of downside scenarios, whereby RG Steel only is able to achieve a portion of the volume, pricing and cost improvements. In addition, DISC used working capital assumptions more consistent with those achieved in recent months. For instance, if RG Steel is only able to achieve 50% of its projected improvements in volume, pricing and costs, DISC believes that borrowings will exceed the available collateral base (a default) by July 2012.

RG Steel LLC Monthly Projection for FY'12 (\$000s)													
Downside Case	50%												
	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Total
Sales	\$200,444	\$177,102	\$197,995	\$228,320	\$258,013	\$258,945	\$262,134	\$269,380	\$259,942	\$268,075	\$269,410	\$273,272	\$2,923,031
COGS	233,119	204,911	227,161	247,077	270,802	269,128	270,526	277,398	268,516	277,188	278,698	284,919	3,109,444
Gross Profit	-32,675	-27,809	-29,166	-18,757	-12,789	-10,183	-8,392	-8,018	-8,574	-9,114	-9,288	-11,648	-186,413
% Gross Margin	-16.3%	-15.7%	-14.7%	-8.2%	-5.0%	-3.9%	-3.2%	-3.0%	-3.3%	-3.4%	-3.4%	-4.3%	-6.4%
Operating Profit	-42,610	-37,745	-41,502	-31,092	-25,124	-22,519	-22,727	-22,354	-22,909	-23,449	-23,623	-25,983	-341,637
% Oper Margin	-21.3%	-21.3%	-21.0%	-13.6%	-9.7%	-8.7%	-8.7%	-8.3%	-8.8%	-8.7%	-8.8%	-9.5%	-11.7%
3rd Party Steel Sales (tons)	262,112	242,821	258,664	292,820	324,909	322,635	323,542	332,660	322,687	333,814	334,217	340,105	3,690,983
Revolver Balance	453,167	407,813	332,435	399,599	462,031	476,246	492,801	516,387	513,546	540,154	555,561	578,607	
Total Available to Borrow	-\$24,259	-\$18,060	\$63,287	\$55,249	\$47,065	\$34,227	\$21,397	\$10,908	\$3,581	-\$13,844	-\$24,186	-\$32,689	

Source: Company w/ DISC adjustments

Even the downside case reflects considerable improvement over results achieved in 2011, including November and December, as shown above. If the company cannot achieve any of the projected improvements in volume, pricing and costs, the \$125 million in new financing provides RG steel only two months of liquidity before another default.

#### Long-Run Loss

RG Steel operates in a volatile, cyclical industry. Steel prices fell precipitously in 2011, while raw material costs increased. The company is depending on a significant and immediate improvement in sales volumes, steel prices, and raw material costs in 2012. With the proposed \$125 million capital infusion in the form of subordinated secured debt, the company believes it can survive and thrive going forward.

As of January 2012, the company projects aggregate secured debt will be \$678 million, climbing to \$787 million by May 2012, before decreasing. In the meantime, the company projects that its book equity will be negative \$78 million in January 2012, and will not turn positive until May 2012. DISC believes that, in a default scenario, there will be no value for unsecured creditors, as the value of the company is less than the aggregate secured debt.

DISC also believes there is significant value in the Renco controlled group, which, as of October 2010, had a consolidated book equity value of \$780 million. In addition, Ilshar, a Renco controlled group member not consolidated in the Renco financial statements, also has significant value, including cash of \$38 million and equity of \$513 million.

DISC believes that PBGC could recover the entire amount of the \$70 million UBL against the assets of the Renco controlled group.

The proposal from potential investors to provide \$125 million of subordinated secured debt to RG Steel also includes the sale of a significant amount of Renco's equity in RG Steel (between 39-49%). If this occurs, then RG Steel will no longer be a member of the Renco controlled group. The controlled group breakup will isolate the Plans from a controlled group containing significant value unless the Plans are terminated prior to the transaction. If the Plans are not terminated before the transaction occurs, and RG Steel eventually files for bankruptcy and the Plans terminate, PBGC risks a 100% loss with respect to the Plans' unfunded benefit liabilities.

#### Negotiations for Plan Protection

The case team engaged Renco, and expressed concern with respect to the transaction. On January 4, 2011, we requested a guarantee from Renco. We reiterated this request in writing on January 5 and January 6. Renco has requested an overview of the proposed guarantee, but not otherwise responded.

If PBGC were able to negotiate adequate protections for the Plans, the Notices of Determination would not need to be issued, or, if they were already issued, could be withdrawn.

#### **VI. ERISA § 4042**

The WCI Plan and the Wheeling Plan are significantly underfunded on a termination basis with a UBL of approximately \$64.3 million and \$5.6 million respectively. The funded ratios for the WCI Plan of 38% and the Wheeling Plan of 50% also demonstrate significant underfunding. Given the likelihood of an RG Steel default in 2012, we believe that there is a reasonable likelihood that the underfunded Plans will terminate in the foreseeable future, either in

bankruptcy or insolvency proceedings. If the Plans terminate after RG Steel leaves the Renco controlled group, we believe that PBGC's recoveries are reasonably expected to decrease unreasonably from the recoveries available from an immediate termination. Thus, we believe that the PBGC's risk of loss is increasing unreasonably as a result of the transaction. Therefore, DISC recommends that PBGC seek to terminate the Plans under ERISA § 4042(a)(4) and 4042(a)(2) due to underfunding.

For the reasons expressed above, DISC also recommends termination under ERISA § 4042(c) in order to protect participants and to avoid any unreasonable increase in the liability of PBGC's insurance fund.

#### **VII. Date of Plan Termination**

The recommended DOPT is as soon as practicable. PBGC will provide notice to participants advising them of the Plans' termination by newspaper publication, thereby extinguishing their expectations of continuation of the Plans.

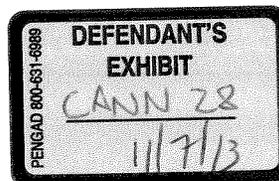
#### **VIII. Conclusion**

DISC has determined that the PBGC's risk of loss will increase unreasonably if the Plans are not terminated prior to closing the financing transaction. Therefore, PBGC should initiate termination in accordance with ERISA § 4042(a)(2), ERISA § 4042(a)(4), and ERISA § 4042(c).

# **Exhibit 27**

**TERMINATION AND TRUSTEESHIP DECISION RECORD  
PBGC-INITIATED TERMINATION**

<b>Part I. IDENTIFYING INFORMATION</b>	
<b>Plan Name</b>	Severstal Wheeling, Inc. Pension Plan
<b>EIN/PN</b>	275101806/112
<b>Financial Analyst</b>	Chris Gran
<b>Attorney</b>	Colin Albaugh
<b>TPD Manager</b>	TBD
<b>Case Number</b>	22004900
<b>Case Type</b>	
<input type="radio"/> Exempt from full Trusteeship Working Group review, requires TWG Chairperson Approval <input type="radio"/> Non-exempt from full Trusteeship Working Group review, requires COO Approval <input type="radio"/> Non-exempt from full Trusteeship Working Group review, requires Director Approval (over \$100M UBL)	
<b>Contributing Sponsor (name, address and phone)</b>	
RG Steel, LLC 1430 Sparrows Pt. Blvd. Baltimore, MD 21219 (410) 388-3000	
<b>Plan Administrator (name, address and phone)</b>	
Mr. William Drew Landon Severstal Wheeling, Inc. 1134 Market St. Wheeling, WV 26003 (304) 234-2400	
<b>Custodian of plan assets (name, address and phone)</b>	
J.P. Morgan	



Severstal Wheeling, Inc. Pension Plan EIN/PN: 275101806/112

Case No: 22004900

<b>PART II. PLAN INFORMATION</b>	
<b>1. Administration</b>	
a. Are participant records in jeopardy of destruction/loss?	No
b. Monthly payments due to retirees and beneficiaries (include date of source document) (in \$ millions)	\$0.0 (08/01/2010 AVR)
c. Number of participants who should be in pay status but are not receiving benefits	None
<b>2. Plan Funding (in \$ millions)</b>	
<b>Plan Liabilities</b>	
a. Present Value of Guaranteed Benefits	\$11.2
b. Present Value of Benefit Liabilities	\$11.2
<b>Plan Assets</b>	
c. Value of Plan Assets (amount does not include DUEC)	\$5.6
<b>Plan Underfunding</b>	
d. Unfunded Guaranteed Benefits (a - c)	\$5.6
e. Unfunded Benefit Liabilities (b - c)	\$5.6
<b>3. Funding Assumptions</b>	
a. Assumed DOPT	01/31/2012
b. Interest rate used to value benefits	
First 20 Years	3.74%
Thereafter	3.70%
c. Data Source	2010 AVR, 2009 Form 5500 and Assets Dated 11/30/2011
<b>4. Plan Contributions</b>	
a. Has the plan missed any minimum required contributions?	No
b. Has the plan missed an annual catch-up payment?	No

Severstal Wheeling, Inc. Pension Plan EIN/PN: 275101806/112

Case No: 22004900

<b>5. Funding Waivers</b>	
a. Number of funding waivers requested by contributing sponsor	0
b. Waivers were granted for plan years	n/a
c. Are any waiver requests still pending with the IRS?	No
d. For plan years	n/a
<b>6. Premiums</b>	
a. What was the last year premiums were paid?	2011
b. Estimated premiums/interest/penalties due PBGC	\$0
<b>7. Participants</b>	
a. Retirees and beneficiaries	14
b. Active participants	110
c. Terminated vested participants	32
d. Total participants with guaranteed benefits (a + b + c)	156
<b>8. Majority Owners vs. Substantial Owners.</b> Which Rules Apply? Number of Majority Owners who are plan participants	Majority 0
<b>9. Controlled Group.</b>	
a. Is there a controlled group? (If yes, describe the controlled group in the cover memorandum)	Yes, see TWG memorandum
b. Is the sponsor or any other controlled group member ongoing?	Yes
<b>10. Basis for determining proof of plan coverage</b>	OCC Opinion

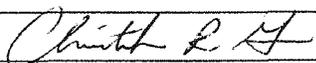
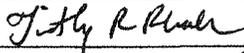
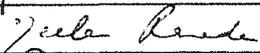
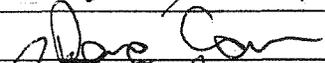
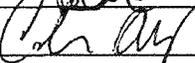
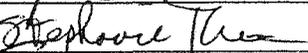
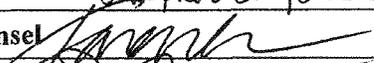
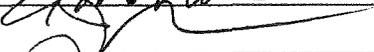
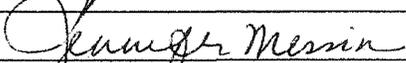
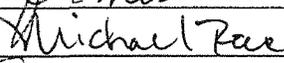
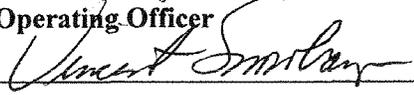
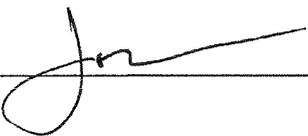
Severstal Wheeling, Inc. Pension Plan EIN/PN: 275101806/112

Case No: 22004900

<b>PART III. TERMINATION RECOMMENDATION</b>	
<b>1. Section 4042(a)</b>	
<input type="checkbox"/> Section 4042(a): Mandatory Termination.	
<input type="checkbox"/> Section 4042(a)(1): The plan has not met the minimum funding standard.	
<input checked="" type="checkbox"/> Section 4042(a)(2): The plan will be unable to pay benefits when due.	
<input type="checkbox"/> Section 4042(a)(3): A reportable event under section 4043(c)(7) has occurred.	
<input checked="" type="checkbox"/> Section 4042(a)(4): Long-run loss.	
<b>2. Section 4042(c)</b>	
<input checked="" type="checkbox"/> Protect interests of participants.	
<input type="checkbox"/> Avoid any unreasonable deterioration of the financial condition of the plan.	
<input checked="" type="checkbox"/> Avoid any unreasonable increase in the liability of PBGC's insurance fund.	
<b>3. PBGC Recommended Date of Plan Termination</b>	TBD by publication
<b>4. PBGC Trusteeship is Recommended</b>	Yes

Severstal Wheeling, Inc. Pension Plan EIN/PN: 275101806/112

Case No: 22004900

Concurrence & Approval	Date
Chris Gran, Financial Analyst 	1/10/2012
Timothy R. Rhodes, Actuary 	01/10/2012
Neela Ranade, Chief Negotiating Actuary 	1/10/2012
Dana Cann, Program Manager 	1/11/12
Colin Albaugh, Attorney 	1/11/12
Stephanie Thomas, Assistant Chief Counsel 	1/11/12
Karen L. Morris, Deputy Chief Counsel 	1/11/12
Israel Goldowitz, Chief Counsel 	1/11/12
Jennifer Messina, Director, DISC 	1/11/12
Michael Rae, Chief Insurance Program Officer 	1/11/12
Vincent Snowbarger, Chief Operating Officer Approves / <u>Concurs</u> 	1/12/12
Joshua Gotbaum, Director Approves / Concurs 	1/13/12

**TERMINATION AND TRUSTEESHIP DECISION RECORD  
PBGC-INITIATED TERMINATION**

<b>Part I. IDENTIFYING INFORMATION</b>	
<b>Plan Name</b>	RG Steel-Warren, LLC Hourly Employees Pension Plan
<b>EIN/PN</b>	275101806/303
<b>Financial Analyst</b>	Chris Gran
<b>Attorney</b>	Colin Albaugh
<b>TPD Manager</b>	TBD
<b>Case Number</b>	22004800
<b>Case Type</b>	
<input type="radio"/> Exempt from full Trusteeship Working Group review, requires TWG Chairperson Approval <input type="radio"/> Non-exempt from full Trusteeship Working Group review, requires COO Approval <input type="radio"/> Non-exempt from full Trusteeship Working Group review, requires Director Approval (over \$100M UBL)	
<b>Contributing Sponsor (name, address and phone)</b>	
RG Steel, LLC 1430 Sparrows Pt. Blvd. Baltimore, MD 21219 (410) 388-3000	
<b>Plan Administrator (name, address and phone)</b>	
Bill Williams RG Steel Warren, LLC 999 Pine Ave. SE Warren, OH 44483-6528 (330) 841-8000	
<b>Custodian of plan assets (name, address and phone)</b>	
J.P. Morgan Chase	

RG Steel-Warren, LLC Hourly Employees Pension Plan EIN/PN: 275101806/303

Case No: 22004800

<b>PART II. PLAN INFORMATION</b>	
<b>1. Administration</b>	
a. Are participant records in jeopardy of destruction/loss?	No
b. Monthly payments due to retirees and beneficiaries (include date of source document) (in \$ millions)	\$0.0 (04/01/2010 AVR)
c. Number of participants who should be in pay status but are not receiving benefits	None
<b>2. Plan Funding (in \$ millions)</b>	
<b>Plan Liabilities</b>	
a. Present Value of Guaranteed Benefits	\$96.8
b. Present Value of Benefit Liabilities	\$104.3
<b>Plan Assets</b>	
c. Value of Plan Assets (amount does not include DUEC)	\$40.0
<b>Plan Underfunding</b>	
d. Unfunded Guaranteed Benefits (a - c)	\$56.8
e. Unfunded Benefit Liabilities (b - c)	\$64.3
<b>3. Funding Assumptions</b>	
a. Assumed DOPT	01/31/2012
b. Interest rate used to value benefits	
First 20 Years	3.74%
Thereafter	3.70%
c. Data Source	2010 AVR, 2009 Form 5500 and Assets Dated 12/22/2011
<b>4. Plan Contributions</b>	
a. Has the plan missed any minimum required contributions?	No
b. Has the plan missed an annual catch-up payment?	No

RG Steel-Warren, LLC Hourly Employees Pension Plan EIN/PN: 275101806/303

Case No: 22004800

<b>5. Funding Waivers</b>	
a. Number of funding waivers requested by contributing sponsor	0
b. Waivers were granted for plan years	n/a
c. Are any waiver requests still pending with the IRS?	No
d. For plan years	n/a
<b>6. Premiums</b>	
a. What was the last year premiums were paid?	2011
b. Estimated premiums/interest/penalties due PBGC	\$0
<b>7. Participants</b>	
a. Retirees and beneficiaries	183
b. Active participants	1,021
c. Terminated vested participants	21
d. Total participants with guaranteed benefits (a + b + c)	1,225
<b>8. Majority Owners vs. Substantial Owners.</b> Which Rules Apply? Number of Majority Owners who are plan participants	Majority 0
<b>9. Controlled Group.</b>	
a. Is there a controlled group? (If yes, describe the controlled group in the cover memorandum)	Yes, see TWG memorandum
b. Is the sponsor or any other controlled group member ongoing?	Yes
<b>10. Basis for determining proof of plan coverage</b>	OCC Opinion

RG Steel-Warren, LLC Hourly Employees Pension Plan EIN/PN: 275101806/303

Case No: 22004800

<b>PART III. TERMINATION RECOMMENDATION</b>	
<b>1. Section 4042(a)</b>	
<input type="checkbox"/> Section 4042(a): Mandatory Termination.	
<input type="checkbox"/> Section 4042(a)(1): The plan has not met the minimum funding standard.	
<input checked="" type="checkbox"/> Section 4042(a)(2): The plan will be unable to pay benefits when due.	
<input type="checkbox"/> Section 4042(a)(3): A reportable event under section 4043(c)(7) has occurred.	
<input checked="" type="checkbox"/> Section 4042(a)(4): Long-run loss.	
<b>2. Section 4042(c)</b>	
<input checked="" type="checkbox"/> Protect interests of participants.	
<input type="checkbox"/> Avoid any unreasonable deterioration of the financial condition of the plan.	
<input checked="" type="checkbox"/> Avoid any unreasonable increase in the liability of PBGC's insurance fund.	
<b>3. PBGC Recommended Date of Plan Termination</b>	TBD by publication
<b>4. PBGC Trusteeship is Recommended</b>	Yes

RG Steel-Warren, LLC Hourly Employees Pension Plan EIN/PN: 275101806/303

Case No: 22004800

Concurrence & Approval	Date
Chris Gran, Financial Analyst <i>Chris R. Gran</i>	1/10/2012
Timothy R. Rhodes, Actuary <i>Timothy R. Rhodes</i>	01/10/2012
Neela Ranade, Chief Negotiating Actuary <i>Neela Ranade</i>	1/10/2012
Dana Cann, Program Manager <i>Dana Cann</i>	1/11/12
Colin Albaugh, Attorney <i>Colin Albaugh</i>	1/11/12
Stephanie Thomas, Assistant Chief Counsel <i>Stephanie Thomas</i>	1/11/12
Karen L. Morris, Deputy Chief Counsel <i>Karen L. Morris</i>	1/11/12
Israel Goldowitz, Chief Counsel <i>Israel Goldowitz</i>	1/11/12
Jennifer Messina, Director, DISC <i>Jennifer Messina</i>	1/11/12
Michael Rae, Chief Insurance Program Officer <i>Michael Rae</i>	1/11/12
Vincent Snowbarger, Chief Operating Officer Approves / Concurs <i>Vincent Snowbarger</i>	1/12/12
Joshua Gotbaum, Director Approves / Concurs <i>Joshua Gotbaum</i>	1/13/12

# Exhibit 28



**Pension Benefit Guaranty Corporation**  
1200 K Street, N.W., Washington, D.C. 20005-4026

January 11, 2012

**TO:** Joshua Gotbaum, Director

**THROUGH:** Michael Rae, Acting Chief Insurance Programs Officer *WTR*  
Vincent K. Snowbarger, Deputy Director of Operations *KS*

**FROM:** Jennifer Messina, Acting Director, DISC *JM*  
Israel Goldowitz, Chief Counsel, OCC *IG*

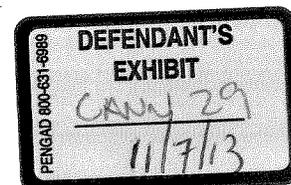
**SUBJECT:** **Involuntary Termination of the RG Steel-Warren, LLC Hourly Employees Pension Plan ("WCI Plan") and the Severstal Wheeling, Inc. Pension Plan ("Wheeling Plan," and collectively the "Plans")**  
Case Nos. 22004800, 22004900

**Request**

The DISC-OCC case team requests your approval in using the Special Circumstances Case procedures to terminate and trustee the Plans. The case team is confident that if PBGC does not terminate the pension plans under ERISA § 4042 immediately, PBGC's risk of loss with respect to the Plans will increase unreasonably as a result of a transaction that will remove the Plans' sponsor, RG Steel, LLC ("RG Steel"), from the controlled group of The Renco Group, Inc. ("Renco"). We expect that this transaction will jeopardize RG Steel's ability to fund and maintain the Plans, gravely increase the risk of plan termination, and result in reduced recoveries for PBGC in the event of a termination.

The Special Circumstances Case procedures are –

**Special Circumstances Cases.** Notwithstanding anything in this Directive, when time is of the essence and facts and circumstances make it impractical to convene a meeting of the TWG with regard to a Non-Exempt case, or to involve the TWG Chairperson with regard to an Exempt case, the Chief Insurance Program Officer and the Chief Operating Officer may propose that a plan should be terminated under section 4042 by forwarding their recommendation to the PBGC Director, or (where appropriate) the Deputy Director of Operations, who may approve the recommendation. An informational copy will be forwarded to the Chief Counsel, the Director of DISC and the TWG Chairperson in these situations.



PBGC-000055728

## **Background**

RG Steel is the fourth largest flat-rolled steel company in the United States. RG Steel's facilities feature an array of complementary steel-making capabilities. RG Steel has steel production facilities in Sparrows Point, Maryland (3.9 million tons capacity), Warren, Ohio (1.4 million tons capacity), and several towns near Wheeling, West Virginia (2.9 million tons capacity). Certain of RG Steel's plants are currently idled, including the largest plant in Sparrows Point, Maryland.

RG Steel is a wholly owned subsidiary of Renco. Renco is a private holding company that invests in companies across a range of industries including steel and magnesium production, copper mining, lead smelting, automotive parts manufacturing, and military vehicle production. The Renco controlled group consists of a number of holding and operating companies, including Blue Turtles, Inc., which owns Renco Chairman Ira Rennert's large residential estate on Long Island, and Ilshar Capital LLC. We believe that these holdings contain significant value.

## **Break-up of RG Steel's controlled group**

On December 16, 2011, Renco filed a Form 10 – Change in Controlled Group, disclosing that Renco was pursuing a transaction that could result in RG Steel's leaving the Renco controlled group. Renco has since provided PBGC with additional information. Renco states that it received financing proposals from two hedge funds, which would infuse approximately \$125 million in new, subordinated secured debt into RG Steel. In addition, these potential investors would acquire a significant amount of RG Steel's equity (between 39-49%). Renco believes that, as a result of the transaction, RG Steel will no longer be a member of the Renco controlled group for ERISA purposes. The timing of the closing of the transaction is not clear, but could take place quickly and without notice to PBGC.

RG Steel sponsors and administers the Plans, which will continue under the new ownership structure. Thus, the controlled group breakup resulting from the transaction will isolate the Plans from a controlled group containing significant value unless the Plans are terminated before the transaction closes.

RG Steel provided financial information and projections that assume substantial improvements in volume, pricing, and costs for its steel operations. But we have concerns about these projections. If RG Steel cannot achieve any of the projected improvements, then the \$125 million in new financing will provide RG Steel with only two months of liquidity before a default.

If the Plans terminate in the context of a bankruptcy or asset sale after the transaction occurs, PBGC's recovery of the Plans' unfunded benefit liabilities will be limited to RG Steel and are likely to be zero or close to zero. In contrast, termination now would maintain PBGC's ability to recover against the current controlled group members, significantly improving recoveries.

**Rejection of protection for the Plan**

After learning of the transaction, the case team expressed its concerns to Renco and, on January 4, 2011, requested a guarantee from Renco. We reiterated this request in writing on January 5, January 6, and January 10. Renco has not agreed to provide this or any protection for the Plans.

**Recommendation**

For the reasons stated above, immediate action to terminate the Plans under section 4042 of ERISA is necessary to ensure that PBGC can preserve its ability to recover from the members of the Renco controlled group. The case team recommends that PBGC initiate termination of the Plan under ERISA §4042(a)(2) and (4) – the Wheeling Plan is underfunded by approximately \$5.6 million and the WCI Plan is underfunded by approximately \$64.3 million, and both will be unable to pay benefits when due; and unless the Plans are terminated, PBGC’s long run loss with respect to the Plans may reasonably be expected to increase unreasonably.

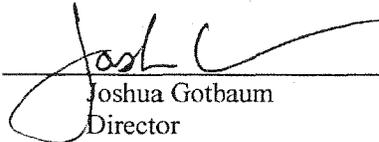
We attach the Termination Recommendation, including attachments. Because we were advised of the current structure of the transaction only last week, there was not time to process the case through the standard procedures.

Attachment: Pension Plan Termination Recommendation for the RG Steel–Warren, LLC Hourly Employees Pension Plan and the Severstal Wheeling, Inc. Pension Plan

---

**Decision:**

Approve Request to Terminate:

  
Joshua Gotbaum  
Director

1/13/12  
Date

Deny Request to Terminate:

\_\_\_\_\_  
Joshua Gotbaum  
Director

\_\_\_\_\_  
Date

# Exhibit 29

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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PENSION BENEFIT GUARANTY  
CORPORATION,

Plaintiffs,

v.

1:13-cv-0621 RJS

THE RENCO GROUP, INC., et al.,

Defendants.

-----x

DEPOSITION OF JOHN GRIMALDI

New York, New York

November 14, 2013

Reported by:

MARY F. BOWMAN, RPR, CRR

JOB NO. 67702

Page 2

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6 November 14, 2013  
7 10:10 a.m.  
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9  
10 Deposition of JOHN GRIMALDI, held at  
11 the offices of Proskauer Rose LLP, 11 Times Square  
12 New York, New York, before Mary F.  
13 Bowman, a Registered Professional Reporter,  
14 Certified Realtime Reporter, and Notary  
15 Public of the State of New Jersey.  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

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1 Grimaldi  
2 THE VIDEOGRAPHER: This is the tape  
3 numbered one of the videotape deposition of  
4 John Grimaldi in the matter of Pension  
5 Benefit Guarantee Corporation versus  
6 Renco Group.  
7 We are now going on the record, the  
8 time is 10:07 a.m.  
9 Will counsel please state their  
10 appearance for the record.  
11 (Whereupon, counsel placed their  
12 appearances on the audio record.)  
13 THE VIDEOGRAPHER: Will the court  
14 reporter please swear the witness in.  
15 JOHN GRIMALDI,  
16 called as a witness by the plaintiffs,  
17 having been duly sworn, testified as  
18 follows:  
19 EXAMINATION BY  
20 MS. FENNELL:  
21 Q. Good morning, Mr. Grimaldi.  
22 A. Good morning.  
23 Q. I am going to be taking your  
24 deposition today and asking you a few  
25 questions. I ask that you answer as

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1  
2 APPEARANCES:  
3  
4 PENSION BENEFIT GUARANTY CORPORATION  
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7 Washington, D.C. 20005  
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19 One World Financial Center  
20 New York, NY 10281  
21 BY: JOSHUA WEISS, ESQ.  
22  
23  
24  
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1 Grimaldi  
2 truthfully as possible.  
3 Is there any reason that would  
4 prevent you from responding truthfully today?  
5 A. No.  
6 Q. Have you been deposed before?  
7 A. In other matters, yes.  
8 Q. How many times have you been  
9 deposed?  
10 A. Probably two other times.  
11 Q. Do you recall the date of the first  
12 deposition?  
13 A. No, I don't.  
14 Q. Do you recall the substance of the  
15 lawsuit?  
16 A. It was related to a physical  
17 inventory that was taken while I was an  
18 auditor.  
19 Q. Prior to your work at Renco?  
20 A. Bank in early '80s, in the '80s.  
21 Q. And the second time you were  
22 deposed?  
23 A. For a worker's comp case for a  
24 company that I worked for in the '90s.  
25 Q. If you could just walk me through

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1 Grimaldi  
 2 witness take a minute to go through it  
 3 too, please.  
 4 MS. FENNELL: Certainly.  
 5 MR. BOBROFF: Thanks.  
 6 A. OK.  
 7 Q. Could you describe that e-mail, the  
 8 first e-mail?  
 9 A. The first e-mail --  
 10 Q. Which is --  
 11 A. -- dated December 20, 2011?  
 12 Q. Yes.  
 13 A. Was from Christopher Gran of the  
 14 PBGC sent to my attention acknowledging  
 15 receipt of the form 10 that we had filed on  
 16 the 16th of December, and asking for a list  
 17 of 13 different requests of information as  
 18 part of that e-mail.  
 19 MR. BOBROFF: I just want to note  
 20 for the record that the e-mail actually  
 21 has interlineated comments throughout, so  
 22 it is not actually just the original  
 23 e-mail.  
 24 MS. FENNELL: Yes.  
 25 Q. Were you involved in gathering the

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1 Grimaldi  
 2 part term loan and part common interest"?  
 3 A. Yes.  
 4 MR. BOBROFF: Object, just to the  
 5 extent that it is not the full response.  
 6 Q. For the record, the -- your  
 7 response was, "It will be part term loan and  
 8 part common interest, (note: RG Steel is the  
 9 LLC)." Is that correct?  
 10 A. Yes.  
 11 Q. And I would like to introduce  
 12 Exhibit 6. If you could keep Exhibit 5 out,  
 13 I may be referencing it.  
 14 (Exhibit 6, document Bates stamped  
 15 RENGRP 874 through 944 marked for  
 16 identification, as of this date.)  
 17 Q. For now, take a minute to look at  
 18 Exhibit 6. I won't be going through the  
 19 entire document. Feel free to look through  
 20 it, though. But I will be focusing on the  
 21 first seven pages.  
 22 MR. BOBROFF: First seven pages of  
 23 the exhibit or --  
 24 MS. FENNELL: Of the attachment.  
 25 MR. BOBROFF: OK, thank you.

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1 Grimaldi  
 2 information needed to respond to PBGC's  
 3 information request?  
 4 A. Yes.  
 5 Q. What did that task entail?  
 6 A. There was a need to determine who  
 7 was responsible for this information who had  
 8 the information and discuss it with those  
 9 parties and gather it into a form that could  
 10 be forwarded to the PBGC within the time that  
 11 they had requested.  
 12 Q. One of the information requests,  
 13 request number 5, asks that Renco explain the  
 14 capital raise from -- whether the capital  
 15 raise from investors is expected to be  
 16 granted in shares of common stock or other  
 17 forms.  
 18 Were you involved in gathering  
 19 information in response to that request?  
 20 A. Yes.  
 21 Q. What information did you gather?  
 22 MR. BOBROFF: Objection to form.  
 23 But you can answer.  
 24 A. I gathered that response.  
 25 Q. And the response is, "It will be

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1 Grimaldi  
 2 A. OK.  
 3 Q. Could you describe this e-mail?  
 4 A. The top e-mail?  
 5 Q. Yes.  
 6 A. So the last e-mail in the chain was  
 7 an e-mail from Ari Rennert to myself with a  
 8 copy of Roger Fay regarding forwarding me the  
 9 RG Steel presentation in addition to  
 10 responding to some of the questions that were  
 11 posed by the PBGC in the Exhibit 5 e-mail.  
 12 Q. The second sentence, "This can be  
 13 sent to the PBGC in response to their first  
 14 question," meaning the attached document to  
 15 the e-mail could be sent to PBGC. Do you  
 16 know whether this attachment was sent to the  
 17 PBGC?  
 18 A. In Exhibit 5, under question 1, in  
 19 my response, it says, "See the attached CIM  
 20 management presentation for RG Steel."  
 21 Q. So yes, you believe it was sent to  
 22 PBGC?  
 23 A. Yes.  
 24 Q. If you will turn to the attachment  
 25 and actually I'm just interested in page 7 of

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1 Grimaldi  
 2 the attachment. This slide is identified as  
 3 a financing opportunity. And it says, "Up to  
 4 200 million in financing will be structured  
 5 as follows: Three-year term loan with cash  
 6 and PIK interest, equity."  
 7 As far as you're aware, is that an  
 8 accurate description of the financing  
 9 opportunity?  
 10 A. I was not involved in the financing  
 11 opportunities that were out there that they  
 12 were looking for, so I'm not sure what was  
 13 being looked into at that time.  
 14 Q. But this is what -- this  
 15 information was relayed to PBGC?  
 16 A. This presentation was sent to the  
 17 PBGC.  
 18 Q. If you turn back to Exhibit 5, if  
 19 you look at the first page of that document,  
 20 the second e-mail down from Chris Gran to  
 21 you. Chris Gran references the conference  
 22 call to be arranged to discuss this  
 23 information request. Did a conference call  
 24 take place?  
 25 A. We had several conference calls

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1 Grimaldi  
 2 A. Myself, Dana Conn and Jack Butler  
 3 of the PBGC, I believe Ari Rennert and Roger  
 4 Fay.  
 5 Q. Was Barry Levine on the call?  
 6 A. I don't recall.  
 7 Q. What took place during this call?  
 8 MR. BOBROFF: Objection to form.  
 9 A. I don't recall the details of the  
 10 call.  
 11 Q. Do you recall the subject matter of  
 12 the call?  
 13 A. As described in Dana Conn's e-mail  
 14 to me, he wanted to cover the -- he wanted to  
 15 cover the management presentation and  
 16 understanding the potential investments.  
 17 Q. And how those investments may  
 18 affect the Renco control group obligation for  
 19 the --  
 20 A. That's how he expressed what he  
 21 wanted to cover.  
 22 Q. But you have no recollection of  
 23 anything that took place during that call?  
 24 MR. BOBROFF: Objection to form.  
 25 That's mischaracterizing his testimony.

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1 Grimaldi  
 2 with the PBGC in that time period.  
 3 Q. Do you recall when the conference  
 4 call in response to this e-mail took place?  
 5 A. No, I don't.  
 6 Q. I would like to introduce Exhibit  
 7 7. Take a minute to review that.  
 8 (Exhibit 7, document Bates stamped  
 9 RENGPR 566 through 67 marked for  
 10 identification, as of this date.)  
 11 A. OK.  
 12 Q. Does that refresh your recollection  
 13 with regard to when the conference call  
 14 referenced in Exhibit 5 took place?  
 15 A. Yes.  
 16 Q. So this e-mail -- this exhibit  
 17 indicates that the conference call will take  
 18 place on January 4 at 4 p.m.  
 19 A. January 4, 2012, correct.  
 20 Q. Who was on that conference call?  
 21 MR. BOBROFF: Objection to form.  
 22 You can answer.  
 23 A. I don't recall. I don't recall all  
 24 the members who took place.  
 25 Q. Who do you recall?

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1 Grimaldi  
 2 But you can answer.  
 3 A. I don't have recall specific to  
 4 that conference call, no.  
 5 Q. Do you recall any discussion of the  
 6 control group?  
 7 A. No.  
 8 Q. Did you, do you recall any  
 9 discussion of the structure of a potential  
 10 transaction?  
 11 A. I don't recall the specifics of  
 12 that phone conference call.  
 13 Q. But generally, you recall that what  
 14 was discussed? What was -- what do you  
 15 generally recall was discussed during that  
 16 call?  
 17 A. Based upon the e-mails that have  
 18 gone back and forth, obviously it was a  
 19 discussion regarding the transaction that was  
 20 indicated in the form 10 that was filed and  
 21 it is all follow-up to that.  
 22 Q. Do you recall any discussions about  
 23 a potential guarantee of pension liabilities  
 24 by Renco?  
 25 A. When?

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1 Grimaldi  
 2 Q. During that call?  
 3 A. I don't recall, no.  
 4 Q. I will introduce Exhibit 8.  
 5 (Exhibit 8, document Bates stamped  
 6 52066 through 67 marked for  
 7 identification, as of this date.)  
 8 Q. Take a minute. These are meeting  
 9 notes prepared by PBGC?  
 10 A. OK.  
 11 Q. Does this refresh your recollection  
 12 of what was discussed during the conference  
 13 call?  
 14 A. It refreshes my memory of some of  
 15 the conversation.  
 16 Q. What does it refresh your  
 17 recollection about?  
 18 A. Of the topics that were discussed.  
 19 Q. Do you recall a discussion about  
 20 the under-funding of the pension plans?  
 21 A. No, I don't really.  
 22 Q. Do you recall whether PBGC asked  
 23 for a guarantee from Renco?  
 24 A. I don't recall them specifically  
 25 asking for a guarantee. I read it in your

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1 Grimaldi  
 2 A. OK.  
 3 Q. Can you describe this e-mail?  
 4 A. The last e-mail in the chain is an  
 5 e-mail from Dana Conn to myself and  
 6 Christopher Gran, or maybe Gran, Christopher,  
 7 I'm not positive, Ari Rennert copied and  
 8 Roger Fay, and Jack Butler, Jack Butler of  
 9 the PBGC, asking for additional information  
 10 of three more items and making himself  
 11 available.  
 12 Q. And the last sentence in the first  
 13 paragraph, "We believe, however, that some  
 14 form of a Renco guarantee of RG Steel pension  
 15 liabilities will mitigate our concerns."  
 16 Did you discuss that request  
 17 following receipt of this e-mail?  
 18 A. I don't recall.  
 19 MR. BOBROFF: Objection to form.  
 20 THE WITNESS: Sorry.  
 21 MR. BOBROFF: You can answer.  
 22 Q. And in the three additional  
 23 requests for information, the second one is  
 24 "Any term sheets received from the potential  
 25 investors." At that time, had you received

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1 Grimaldi  
 2 notes, but these are PBGC's notes, not  
 3 anything that I represented.  
 4 Q. So you have no reason to think that  
 5 the topic was not discussed?  
 6 A. These are PBGC's notes.  
 7 Q. Yes. But you can't say  
 8 definitively no, that topic was not  
 9 discussed?  
 10 MR. BOBROFF: Objection to form.  
 11 You can answer again if you would  
 12 like.  
 13 A. I don't recall specifically a  
 14 guarantee being discussed.  
 15 Q. Following this conference call, did  
 16 you have an internal meeting with any of the  
 17 Renco folks?  
 18 MR. BOBROFF: Objection to form.  
 19 You can answer.  
 20 A. I don't recall.  
 21 Q. I would like to introduce Exhibit  
 22 9.  
 23 (Exhibit 9, document Bates stamped  
 24 RENGPR 492 through 493 marked for  
 25 identification, as of this date.)

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1 Grimaldi  
 2 any term sheets?  
 3 MR. BOBROFF: Objection to form.  
 4 Lack of foundation.  
 5 You can answer if you know.  
 6 A. Had I received any --  
 7 Q. Had Renco received?  
 8 MR. BOBROFF: Same objection.  
 9 Sorry, go ahead.  
 10 A. I wasn't dealing with the  
 11 financing, so I wasn't sure.  
 12 Q. So you don't know whether or not  
 13 they had received any term sheets?  
 14 A. No.  
 15 Q. I would like to introduce Exhibit  
 16 10.  
 17 (Exhibit 10, document Bates stamped  
 18 RENGPR 502 through 515 marked for  
 19 identification, as of this date.)  
 20 A. OK.  
 21 Q. On the first page of the document  
 22 with the Bates ending in 502, Dana Conn  
 23 writes to you, "John and team, thanks for  
 24 this. Is there any update on the investment  
 25 timing and the restart of Sparrow's points."

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1 Grimaldi  
 2 And then you respond, "There is  
 3 nothing new to report since our conference  
 4 call on Wednesday and negotiations are  
 5 continuing."  
 6 Could you describe the negotiations  
 7 at that point?  
 8 MR. BOBROFF: Objection to form.  
 9 Lack of foundation.  
 10 You can answer.  
 11 A. I wasn't involved in the financing  
 12 negotiations at all and this response was  
 13 gathered from the people who handled it.  
 14 Q. And who are those people?  
 15 A. Ari Rennert was the point person on  
 16 this.  
 17 Q. Anyone other than Ari?  
 18 A. I can't say for sure.  
 19 Q. Ari would also -- is Ari also the  
 20 source of your statement that there is  
 21 nothing new to report since our conference  
 22 call?  
 23 A. Yes.  
 24 Q. And if you will just turn to the  
 25 last page of the exhibit, it is a letter

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1 Grimaldi  
 2 and the attachments, did you -- was a  
 3 conference call scheduled with PBGC to  
 4 discuss these documents?  
 5 A. I don't recall what the next step  
 6 was.  
 7 Q. I would like to introduce  
 8 Exhibit 11.  
 9 (Exhibit 11, document Bates stamped  
 10 RENGPR 19821 through 824 marked for  
 11 identification, as of this date.)  
 12 Q. I'll be focusing on the first page  
 13 but feel free to review the rest.  
 14 A. OK.  
 15 Q. Does this refresh your recollection  
 16 as to whether a conference call was scheduled  
 17 following receipt of Exhibit 10?  
 18 A. Yes.  
 19 Q. And when did that conference call  
 20 take place?  
 21 A. I don't recall the exact time of  
 22 the next conference call.  
 23 Q. I introduce Exhibit 12.  
 24 (Exhibit 12, document Bates stamped  
 25 RENGPR 491 marked for identification, as

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1 Grimaldi  
 2 dated January 6, 2012, to Ari Rennert and  
 3 Dana Conn.  
 4 MR. BOBROFF: Do you want to take a  
 5 minute to read the letter?  
 6 THE WITNESS: Um-hm.  
 7 A. OK.  
 8 Q. In the third paragraph, Dana again  
 9 mentions the guarantee from the Renco control  
 10 group. Following receipt of this letter,  
 11 were you involved in any discussions related  
 12 to a guarantee?  
 13 MR. BOBROFF: Objection to form.  
 14 You can answer the question.  
 15 A. I don't recall.  
 16 Q. And the next sentence, "Failing  
 17 such protection, PBGC is prepared to initiate  
 18 termination of the plan pursuant to ERISA to  
 19 protect its interests."  
 20 Were you involved in any  
 21 discussions related to the potential  
 22 termination of the plans?  
 23 MR. BOBROFF: Objection to form.  
 24 A. I don't recall.  
 25 Q. Following receipt of this e-mail

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1 Grimaldi  
 2 of this date.)  
 3 Q. Does this refresh your recollection  
 4 when the next conference call took place?  
 5 A. Yes.  
 6 Q. So this e-mail is a meeting  
 7 reminder from you for a conference call on  
 8 January 9, 2012?  
 9 A. Yes.  
 10 Q. And do you recall what -- who  
 11 participated in that conference call?  
 12 A. I don't have specific recollection  
 13 of the attendees except from -- who I sent  
 14 this to. I assume most of those people, if  
 15 not all, took part in it.  
 16 Q. And what was discussed during this  
 17 call?  
 18 A. Don't recall the specifics.  
 19 Q. Do you recall generally what was  
 20 discussed?  
 21 A. No.  
 22 MS. FENNEL: Why don't we take a  
 23 15-minute break.  
 24 THE VIDEOGRAPHER: The time is  
 25 11:14, we are going off the record.

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1 Grimaldi  
 2 sheet?  
 3 A. Who sent to -- please clarify.  
 4 Q. Did Renco -- Renco had received one  
 5 term sheet as of January 9?  
 6 MR. BOBROFF: Objection, form.  
 7 Are there attachments to this?  
 8 MS. FENNELL: You know, I don't see  
 9 them. They weren't included in our  
 10 documents and we will have to look  
 11 through the production.  
 12 Q. But putting aside actual term  
 13 sheet, I'm asking you more generally, if you  
 14 recall receiving a term sheet around this  
 15 time?  
 16 A. If the e-mail says I enclose a term  
 17 sheet, I must have enclosed a term sheet with  
 18 this correspondence.  
 19 Q. But you have no independent  
 20 recollection of receiving a term sheet?  
 21 A. No.  
 22 Q. OK, and what was -- following your  
 23 e-mail on January 9, when did you next  
 24 speak -- did you speak with PBGC?  
 25 A. I don't recall the timeline of

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1 Grimaldi  
 2 A. "Re: moving forward with PBGC  
 3 termination actions."  
 4 Q. And following that?  
 5 A. "Stop it with either:"  
 6 Q. And number 1 is "guarantee"?  
 7 A. Correct.  
 8 Q. And number 2 is, what?  
 9 A. "Short term stipulation that" --  
 10 I'm trying to read my writing -- "that plans  
 11 transfer with control group or -- or stay  
 12 with control group until some date," I'm not  
 13 sure what that word is either.  
 14 Q. And are these, do these accurately  
 15 reflect what was discussed during the  
 16 telephone call with Dana Conn?  
 17 MR. BOBROFF: Objection to form.  
 18 A. These are my notes from the  
 19 conversation I had for the phone call I had  
 20 with Dana.  
 21 Q. The next entry, starting with  
 22 "issue," could you read for me what you  
 23 wrote?  
 24 MR. BOBROFF: Good luck.  
 25 A. "The issue -- "notice of the

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1 Grimaldi  
 2 conversations around that time.  
 3 Q. I would like to introduce Exhibit  
 4 16.  
 5 (Exhibit 16, document Bates stamped  
 6 RENGPR 22124 through 126 marked for  
 7 identification, as of this date.)  
 8 A. OK.  
 9 Q. Are these your handwritten notes?  
 10 A. Yes.  
 11 Q. And I'm having a little trouble  
 12 with your handwriting, so I just wanted to  
 13 sort of go through them. So this, the first  
 14 page of this attachment reflects notes from a  
 15 conference call you had with Dana Conn on  
 16 January 13.  
 17 A. A telephone call with Dana Conn.  
 18 Q. And was anyone else on the call?  
 19 A. No.  
 20 Q. The first line, "Where they are,"  
 21 followed by "guarantee, question mark, status  
 22 of deal question mark," is that right?  
 23 A. Yes.  
 24 Q. And could you read to me the next  
 25 line?

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1 Grimaldi  
 2 termination says the plan should be  
 3 terminated in putting" -- "and putting in  
 4 notice to participants."  
 5 Q. And that was discussed during the  
 6 call?  
 7 MR. BOBROFF: Objection to form.  
 8 A. These are the notes that I took  
 9 down from the conversation with Dana.  
 10 Q. So your response is yes, you  
 11 discussed these issues with Dana Conn?  
 12 MR. BOBROFF: Objection to form.  
 13 A. These are the notes I took from the  
 14 conversation with Dana Conn. I did not  
 15 discuss them with him. I took notes of what  
 16 he was saying.  
 17 Q. OK. So Dana spoke to you about  
 18 these issues?  
 19 A. This is how he presented -- this is  
 20 what he presented to me.  
 21 Q. So these are reflecting what Dana  
 22 said during the call?  
 23 A. Yes.  
 24 Q. And how did you respond?  
 25 MR. BOBROFF: Objection to form.

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1 Grimaldi  
 2 A. I don't recall.  
 3 Q. If you will turn to the second  
 4 page, I'm going to go back to the first page,  
 5 but I just wanted to clarify. Is this second  
 6 page a continuation of your telephone call  
 7 notes from your telephone call with Dana?  
 8 A. No.  
 9 Q. Are these a continuation of your --  
 10 of the document ending in Bates 22126?  
 11 A. Yes.  
 12 Q. So it is just out of order?  
 13 A. Yes.  
 14 Q. So going back to the first page of  
 15 that document, following this telephone call  
 16 with Dana, what did you do?  
 17 MR. BOBROFF: Objection to form.  
 18 A. I relayed the information that was  
 19 given to me by Dana this these notes, I  
 20 relayed it to the president and the chairman.  
 21 Q. And what did they say in response  
 22 to your discussion, you're relating what you  
 23 discussed with Dana on the call?  
 24 A. I don't recall what their responses  
 25 were.

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1 Grimaldi  
 2 anyone at Renco calling, having a phone call  
 3 with PBGC on the 13th?  
 4 A. I'm not sure what happened after I  
 5 gave the information to them.  
 6 Q. Did Ari Rennert report about a call  
 7 with the PBGC?  
 8 MR. BOBROFF: Objection to form,  
 9 but you can answer the question.  
 10 A. No.  
 11 Q. I am going to be going back to the  
 12 next two pages, but before I do that, I'm  
 13 going to introduce Exhibit 17.  
 14 (Exhibit 17, document Bates stamped  
 15 RENGRP 573 through 577 marked for  
 16 identification, as of this date.)  
 17 A. OK.  
 18 Q. Could you describe this document?  
 19 A. This is an e-mail from Dana Conn  
 20 Ari Rennert, copying myself, subject was a  
 21 stand still agreement from Friday,  
 22 January 13, 2012.  
 23 Q. What was your understanding of the  
 24 stand still agreement?  
 25 A. I don't recall.

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1 Grimaldi  
 2 Q. Did you contact PBGC following this  
 3 call?  
 4 MR. BOBROFF: Objection to form.  
 5 A. Did I?  
 6 Q. Yes.  
 7 A. I did not.  
 8 Q. Did Ari Rennert?  
 9 MR. BOBROFF: Objection to form,  
 10 lack of foundation.  
 11 Q. Do you know whether Ari Rennert  
 12 contacted PBGC following this following this  
 13 telephone call with Dana?  
 14 A. I do not.  
 15 Q. And you were not, you were not on  
 16 any call with PBGC following this telephone  
 17 call?  
 18 MR. BOBROFF: Objection to form.  
 19 What time period?  
 20 Q. Following this telephone call on  
 21 January 13, did you have any other -- did  
 22 you -- were you on any other calls with PBGC  
 23 on the 13th?  
 24 A. No.  
 25 Q. Did anyone -- are you aware of

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1 Grimaldi  
 2 MR. BOBROFF: Object to form. But  
 3 you can answer. Sorry?  
 4 A. I don't recall.  
 5 Q. Did you review the stand still  
 6 agreement?  
 7 A. I don't recall what I did with it.  
 8 Q. So following receipt of this  
 9 e-mail, you don't recall what you did?  
 10 A. No.  
 11 Q. Did anyone at Renco discuss with  
 12 you the stand still agreement?  
 13 A. I don't recall.  
 14 Q. So going back to Exhibit -- your  
 15 handwritten notes, if you will turn to the  
 16 third page, which is the beginning of notes  
 17 from a telephone call on January 17. Is that  
 18 correct?  
 19 A. Correct.  
 20 Q. And who was on this call?  
 21 A. Ari Rennert, myself and Dana Conn  
 22 of the PBGC.  
 23 Q. Again, apologies, could you walk me  
 24 through your notes.  
 25 A. "Working with the bank group for a

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1 Grimaldi  
 2 new deal."  
 3 Q. And just to stop you right there,  
 4 what -- could you describe that new deal?  
 5 MR. BOBROFF: Objection to form,  
 6 lack of foundation.  
 7 You can answer.  
 8 A. No, I cannot.  
 9 Q. OK, please continue.  
 10 A. "Consummated a transaction this  
 11 morning."  
 12 Q. OK.  
 13 A. "The company will get approximately  
 14 270 million dollars of total capital,"  
 15 funding or financing, I'm not sure what that  
 16 word is.  
 17 Q. And the next line?  
 18 A. "125 million capital infusion from  
 19 Cerberus/Ableco. They get 24 and a half  
 20 percent of equity and warrants of 25 and a  
 21 half percent."  
 22 Q. OK, and the next line?  
 23 A. "The bank group released reserves  
 24 of 36 million and waived all defaults."  
 25 Q. And the next line?"

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1 Grimaldi  
 2 group?  
 3 MR. BOBROFF: Objection to form.  
 4 A. No.  
 5 Q. I am sorry, what was that?  
 6 A. Is what related to the control  
 7 group?  
 8 Q. This reference to, "75 and a half  
 9 percent, no, we are less than 80 percent,"  
 10 what does that mean to you?  
 11 A. That is the percentage of ownership  
 12 that Renco Group would have in the company,  
 13 in RG Steel.  
 14 Q. And so how does that relate to  
 15 whether the Renco Group is standing behind  
 16 the plans?  
 17 A. Meaning that at -- when an  
 18 ownership of a company falls below 80  
 19 percent, they are no longer part of that  
 20 control group.  
 21 Q. And the next line?  
 22 A. "DC, PBGC moved to PBGC termination  
 23 action on Friday per AR. Equity off the  
 24 table. Tuesday, Ari -- or AR tells them the  
 25 deal was done with equity. How did we get

Page 59

1 Grimaldi  
 2 A. "Lower availability block from 60  
 3 million to 15 million."  
 4 Q. And the next line?  
 5 A. "Renco Group would have capital  
 6 call 70 million dollars for additional  
 7 liquidity."  
 8 Q. And the next line?  
 9 A. "Great liquidity, almost 275  
 10 million dollars."  
 11 Q. And the next line?  
 12 A. "Allows money to execute the  
 13 business plan."  
 14 Q. OK, and then the next line?  
 15 A. "DC."  
 16 Q. Is that referring to Dana Conn?  
 17 A. Yes, it is. "Is Renco Group  
 18 standing behind the plans, question."  
 19 Q. The next line?  
 20 A. "AR."  
 21 Q. That's Ari Rennert?  
 22 A. Yes. Yes. "Renco Group Inc. has  
 23 75 and a half percent and no - we are less  
 24 than 80 percent."  
 25 Q. Is that in reference to the control

Page 61

1 Grimaldi  
 2 here from where we were on Friday."  
 3 Q. And the next line?  
 4 A. "We did not know what the deal  
 5 would be."  
 6 Q. Who said, "We did not know what the  
 7 deal would be"?  
 8 A. That is a continuation of Dana's  
 9 conversation.  
 10 Q. And the next page of notes?  
 11 A. "All actions after closing are on  
 12 the table by PBGC. We will be hearing from  
 13 them."  
 14 Q. And the next line?  
 15 A. "How does capital call work."  
 16 Q. And the next line?  
 17 A. "If availability less than 10  
 18 million for three days or if availability is  
 19 equal to 5 million, Renco Group Inc. required  
 20 to infuse capital to take availability up to  
 21 20 million. Total call equals 70 million."  
 22 Q. And the next line?  
 23 A. "Question, what would Renco Group  
 24 get?"  
 25 Q. Who posed that question?"

Page 62	Page 63
<p>1 Grimaldi</p> <p>2 A. That is a Dana Conn question. The</p> <p>3 questions are coming from Dana Conn.</p> <p>4 Q. And the next line?</p> <p>5 A. "Answer was a new term loan C."</p> <p>6 Q. And did Ari Rennert provide that</p> <p>7 answer?</p> <p>8 A. Yes.</p> <p>9 Q. And the next line?</p> <p>10 A. "Question, what other terms?"</p> <p>11 Q. And the response?</p> <p>12 A. "Second lien on assets, pari passu</p> <p>13 with term loan A and B."</p> <p>14 Q. OK, and the next question is, "What</p> <p>15 about Severstal note?"</p> <p>16 A. Correct.</p> <p>17 Q. And the answer?</p> <p>18 A. "Pledge of MSC," which stood for</p> <p>19 Mountain State Carbon, "equity held by RG</p> <p>20 Steel."</p> <p>21 Q. The next question?</p> <p>22 A. "Is Ableco/-- I'm not positive</p> <p>23 what that is, that next word. Is it loan</p> <p>24 cash pay?"</p> <p>25 Q. And the response?</p>	<p>1 Grimaldi</p> <p>2 A. "The A is a yes, 600,000 a month.</p> <p>3 The B was no, PIK interest at 11 percent."</p> <p>4 Q. The next question?</p> <p>5 A. "What about Renco Group Inc.'s</p> <p>6 capital call loan?"</p> <p>7 Q. And the response?</p> <p>8 A. "PIK at 11 percent."</p> <p>9 Q. Thank you.</p> <p>10 If you go back to the first page of</p> <p>11 notes from the January 17 call. The last</p> <p>12 line you attribute to Dana Conn, "We did not</p> <p>13 know what the deal would be."</p> <p>14 A. Yes.</p> <p>15 Q. When did you know what the deal</p> <p>16 would be?</p> <p>17 MR. BOBROFF: Objection to form,</p> <p>18 lack of foundation.</p> <p>19 If you know the answer. If you</p> <p>20 understand the question, and you know it,</p> <p>21 you can answer.</p> <p>22 A. Which deal?</p> <p>23 Q. The deal that's being discussed on</p> <p>24 this conference call where -- which resulted</p> <p>25 in Renco having less than 80 percent equity</p>
<p>Page 64</p> <p>1 Grimaldi</p> <p>2 ownership in RG Steel?</p> <p>3 A. This was a Tuesday.</p> <p>4 Q. That's when -- I am sorry, go</p> <p>5 ahead.</p> <p>6 A. There was a holiday on Monday.</p> <p>7 That was the first day of work that week and</p> <p>8 I heard about it the -- pretty much in same</p> <p>9 time as we had this phone call.</p> <p>10 Q. What do you mean by pretty much the</p> <p>11 same time?</p> <p>12 A. Well, I was not involved in any of</p> <p>13 the negotiations that were taking place and</p> <p>14 starting on Tuesday, coming back to work and</p> <p>15 being -- taking part in this conversation, I</p> <p>16 heard most of the details of it as part of</p> <p>17 the responses to Dana.</p> <p>18 Q. So prior to the Tuesday, you did</p> <p>19 not know that a deal had closed?</p> <p>20 A. No.</p> <p>21 MS. FENNELL: If we could go off</p> <p>22 the record for five minutes.</p> <p>23 THE VIDEOGRAPHER: The time is</p> <p>24 12:04 p.m., we are coming off the record.</p> <p>25 (Recess)</p>	<p>Page 65</p> <p>1 Grimaldi</p> <p>2 THE VIDEOGRAPHER: The time is</p> <p>3 12:18 p.m., we are going back on the</p> <p>4 record.</p> <p>5 Q. OK, a few additional questions.</p> <p>6 During January 2012, did you have</p> <p>7 any discussions with Elliot Capital</p> <p>8 Management?</p> <p>9 A. No.</p> <p>10 Q. During that same time frame, did</p> <p>11 you have any discussions with Cerberus?</p> <p>12 A. No.</p> <p>13 Q. The bank group that's referenced in</p> <p>14 your notes from the January 17 telephone</p> <p>15 call, was that the bank group that was headed</p> <p>16 by Wells Fargo?</p> <p>17 MR. BOBROFF: Objection to form.</p> <p>18 Lack of foundation.</p> <p>19 You can answer.</p> <p>20 A. Yes.</p> <p>21 Q. Did you have any discussions with</p> <p>22 them regarding a potential transaction around</p> <p>23 the same January 2012 time frame?</p> <p>24 A. No.</p> <p>25 MS. FENNELL: I have no further</p>

1 Grimaldi  
2 questions.  
3 MR. BOBROFF: Give us two minutes.  
4 THE VIDEOGRAPHER: The time is  
5 12:19 p.m. We are coming off the record.  
6 (Recess)  
7 THE VIDEOGRAPHER: The time is  
8 12:20p.m., we are going back on the  
9 record.  
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1 Grimaldi  
2 EXAMINATION BY  
3 MR. BOBROFF:  
4 Q. Very quickly, Mr. Grimaldi,  
5 directing your attention back to Grimaldi  
6 Exhibit 16, your handwritten notes from  
7 Tuesday, January 17, which you read into the  
8 record what you had taken down.  
9 I want to direct your attention to  
10 the last Dana Conn comment on the bottom of  
11 the page where it says, "DC-PBGC move to PBGC  
12 termination on Friday." And it says, "Per AR  
13 'equity off the table.'"  
14 Do you see that?  
15 A. Yes.  
16 Q. Just so it's clear, is it your  
17 understanding or, in fact, was this what Dana  
18 Conn was claiming that Ari Rennert had said  
19 to him on the call or Friday?  
20 (Continued on next page for jurat)  
21  
22  
23  
24  
25

1 Grimaldi  
2 A. Yes, it was.  
3 MR. BOBROFF: Thank you. I have no  
4 further questions.  
5 THE VIDEOGRAPHER: The time is  
6 12:22 p.m. We are coming off the record.  
7  
8 \_\_\_\_\_  
9 JOHN GRIMALDI  
10 Subscribed and sworn to  
11 before me this day  
12 of , 2013.  
13  
14 \_\_\_\_\_  
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1 Grimaldi  
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3 INDEX:  
4 WITNESS EXAM BY: PAGE:  
5 J. Grimaldi Ms. Fennell 6  
6 Mr. Bobroff 67  
7  
8 EXHIBIT INDEX:  
9 NUMBER DESCRIPTION PAGE:  
10 Exhibit 1 document Bates stamped RENG 11  
11 22819 through 21  
12 Exhibit 2 document Bates stamped RENG 16  
13 17550 through 552  
14 Exhibit 3 document Bates stamped RENG 19  
15 674 through 720  
16 Exhibit 4 document Bates stamped RENG 23  
17 22100 through 123  
18 Exhibit 5 document Bates stamped RENG 27  
19 12965 through 968  
20 Exhibit 6 document Bates stamped RENG 30  
21 874 through 944  
22 Exhibit 7 document Bates stamped RENG 33  
23 566 through 67  
24 Exhibit 8 document Bates stamped 52066 36  
25 through 67

# **Exhibit 30**

TC of  
DANSON 1/13/12

WHERE THEY ARE

GUARANTEE

STATUS OF DEAL

are moving fwd with PBGE transaction deals

SOOP IT w/ KRAE

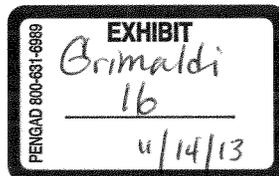
1) Guarantee

2) SIT STA RATED

That can cover

Cost but will address DATE

Issue notice of determination on  
RAS as to trademark & PATENT  
A notice to passengers



ALL ACTIONS AFTER CLOSING ARE ON THE TABLE BY PBGC - WE WILL BE HEARING FROM THEM.

How does cap can work

- If AMM < \$10m for 3 days or  
if AMM = \$5m

RBI needs to inject capital  
to take AMM up to \$10m

TOTAL CAP = \$70m

Q - What would RBI cost

A - A new term loan C

Q - What are the terms

A - 2nd lien on ASSETS same as with TERM loan A+B

Q - What about SUBORDINATE NOTE

A - PURCHASE OF MISC EQUITY HELD BY RB

Q - 1) Address / can loan credit pay?

A - A ~~+~~ YES GOOD / NO

B ~~+~~ NO PIK INTEREST @ 11%

Q - What about RBI cap can loan

A - PIK @ 11%

TUE 11/17/12

ARI, TGG, DANA CANN

TK w/ DANA CANN

REG STATUS OF DEAL

- We were happy w/ Board Group for a while
- ~~Consumers~~ A TAKES THIS MORNING
- G GET @ 270M OF TOTAL CAPITAL FUTURE
- 155M - CAPTION FROM CARROLLS / ABLE
- GET 24 1/2% OF EQUITY / WITHHOLDING OF 24 1/2%
- BK GROUP NEEDED RESERVE OF \$136M + WAIVED ON DEFAMTS
- Lower price from 60M to 155M
- REG CAP CAN 70M FOR ADDL LIQUIDITY
- GREAT LIQUIDITY ALMOST \$275 MILLION
- ALLOWS \$ TO EXECUTE THE BUSINESS PLAN

DC - IS REG STANDING BEHIND THE PLANS)

AR - REG HAS 75 1/2% - at NO - WE ARE < 80%

DC - PBGE MOVES - TO PAGE TERM ACTUALLY FROM PER AR "EQUITY OFF THE TABLE" TVE AC TELLS THEN THE DEAL WAS DONE W/ EQUITY HOW DID WE GET HERE FROM WHERE WE WERE ON FROM

- WE DID NOT KNOW WHAT THE DEAL WOULD BE

# **Exhibit 31**

**From:** Cann Dana  
**Sent:** Friday, January 13, 2012 ~~2:40:27 PM~~ 9:40:27 AM  
**To:** Thomas Stephanie; Albaugh Colin  
**CC:** Butler Jack; Gran Christopher; Messina Jennifer; Morris Karen  
**Subject:** RE: Renco/RG Steel

REDACTED

**From:** Cann Dana  
**Sent:** Friday, January 13, 2012 9:30 AM  
**To:** Thomas Stephanie; Albaugh Colin  
**Cc:** Butler Jack; Gran Christopher; Messina Jennifer; Morris Karen  
**Subject:** RE: Renco/RG Steel

I just spoke w/ John Grimaldi at Renco, and told him we're moving forward with the termination action. He will pass that along to the Rennerts. He asked if that meant we're going to court. I said I'm not a lawyer, and will need to let the lawyers talk about their actions.

I told him our action can be stopped if we get a guarantee in place, or, absent that, a short-term standstill that keeps the RG Steel pension plans in the Renco controlled group until a fixed date. The standstill would allow a settlement agreement and guarantee to be negotiated.

**From:** Cann Dana  
**Sent:** Friday, January 13, 2012 9:21 AM  
**To:** Thomas Stephanie; Albaugh Colin  
**Cc:** Butler Jack; Gran Christopher  
**Subject:** FW: Renco/RG Steel

REDACTED

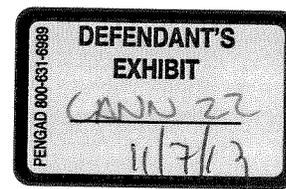
**From:** Speicher Jeffrey  
**Sent:** Monday, January 09, 2012 12:38 PM  
**To:** Cann Dana; Greenblatt Joel  
**Cc:** Palmer Jioni; Rae Michael; Messina Jennifer; Thomas Stephanie; Morris Karen; Gran Christopher; Butler Jack; Albaugh Colin; Hopkins Marc; Crayton Casandra; Cooper Lois; Goldowitz Israel  
**Subject:** RE: Renco/RG Steel

Okay, thanks. The same advance notice would apply for future publication. For instance, for a Monday publication, we'd need to send papers the notice by COB Thursday.

Keep us posted.

Do we get to keep Ira's house this time?

Jeffrey Speicher  
Deputy Director



Communications and Public Affairs  
Pension Benefit Guaranty Corporation  
202 326 4028  
202 427 1800 (BlackBerry)

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**From:** Cann Dana  
**Sent:** Monday, January 09, 2012 12:23 PM  
**To:** Speicher Jeffrey; Greenblatt Joel  
**Cc:** Palmer Jioni; Rae Michael; Messina Jennifer; Thomas Stephanie; Morris Karen; Gran Christopher; Butler Jack; Albaugh Colin; Hopkins Marc; Crayton Casandra; Cooper Lois; Goldowitz Israel  
**Subject:** RE: Renco/RG Steel

Not yet. We had a call w/ the company this morning, and will be sending them some general terms on how a guarantee would work. We're going to move forward and get the termination approved and an NOD signed. Timing for potential publication is still uncertain, but the company says the investors are still doing due diligence and no transaction is imminent.

---

**From:** Speicher Jeffrey  
**Sent:** Monday, January 09, 2012 12:17 PM  
**To:** Cann Dana; Greenblatt Joel  
**Cc:** Palmer Jioni; Rae Michael; Messina Jennifer; Thomas Stephanie; Morris Karen; Gran Christopher; Butler Jack; Albaugh Colin; Hopkins Marc; Crayton Casandra; Cooper Lois  
**Subject:** RE: Renco/RG Steel

Dana,

To get publication in Warren and Wheeling on Thursday, Jan 12, the termination agreement would need to be signed and the notice sent by COB tomorrow (Tuesday).

Should we make space reservations for ads?

Jeff

Jeffrey Speicher  
Deputy Director  
Communications and Public Affairs  
Pension Benefit Guaranty Corporation  
202 326 4028  
202 427 1800 (BlackBerry)

---

**From:** Cann Dana  
**Sent:** Friday, January 06, 2012 3:22 PM  
**To:** Greenblatt Joel; Speicher Jeffrey  
**Cc:** Palmer Jioni; Rae Michael; Messina Jennifer; Thomas Stephanie; Morris Karen; Gran Christopher; Butler Jack; Albaugh Colin  
**Subject:** Renco/RG Steel

PBGC-000051416

Joel and Jeffrey,

I wanted to give you a heads up on a swift-moving situation that may require the quick issuance of two NODs next week. We are preparing a TWG package this weekend, which should be ready Monday. We may seek approval of the termination outside of the TWG. There are two plans—one with participants in Warren, OH, and one w/ participants in the Wheeling, WV area. Attached is a memo providing a summary of the situation. How much lead time do you need to publish in Warren, OH and Wheeling, WV? I was involved in NODs that were issued in each of these towns related to these same facilities within the last 10 years. In 2003, we issued an NOD (then rescinded) on the WHX plan, which, at the time, covered participants at the Wheeling facilities. In 2006, we issued an NOD (then rescinded) on a WCI Steel plan, which, at the time, covered participants at the Warren facility.

<< File: Summary and Recommendation Memo\_DRAFT\_RG Steel\_01.06.12.doc >>

Dana Cann  
Corporate Finance & Restructuring Group  
Pension Benefit Guaranty Corp.  
1200 K Street, NW  
Washington, DC 20005  
Ph (202) 326-4070  
Fax (202) 842-2643  
cann.dana@pbgc.gov

PBGC-000051417

# **Exhibit 32**

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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
PENSION BENEFIT GUARANTY  
CORPORATION,  
Plaintiff,  
v. No. 1:13-cv-0621(RJS)  
THE RENCO GROUP, et al.,  
Defendants.

-----X  
VIDEOTAPED DEPOSITION  
OF  
IRA RENNERT  
New York, New York  
Thursday, December 12, 2013

Reported by:  
ANNETTE ARLEQUIN, CCR, RPR, CRR, CLR  
JOB 68797

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December 12, 2013  
10:09 a.m.

Videotaped deposition of IRA RENNERT, held at the offices of Proskauer Rose LLP, Eleven Times Square, New York, New York, before Annette Arlequin, a Certified Court Reporter, a Registered Professional Reporter, a Certified LiveNote Reporter, a Certified Realtime Reporter, and a Notary Public of the State of New York.

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A P P E A R A N C E S (Cont'd.):

PROSKAUER ROSE  
Attorneys for Defendants  
Eleven Times Square  
New York, New York 10036  
BY: KEVIN PERRA, ESQ.  
BRADLEY BOBROFF, ESQ.  
- and -  
CADWALADER, WICKERSHAM & TAFT  
Attorneys for Defendants  
One World Financial Center  
New York, New York 10281  
BY: JONATHAN HOFF, ESQ.

ALSO PRESENT:

ROB RINKEWICH, Legal Video Specialist

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A P P E A R A N C E S:

PENSION BENEFIT GUARANTY CORPORATION  
Attorneys for Plaintiff  
1200 K Street NW  
Washington, D.C. 20005  
BY: JOHN MENKE, ESQ.  
COLIN ALBAUGH, ESQ.  
- and -  
KELLEY DRYE & WARREN  
Attorneys for Plaintiff  
101 Park Avenue  
New York, New York 10178  
BY: SARAH REID, ESQ.

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IT IS HEREBY STIPULATED AND AGREED by and between the attorneys for the respective parties herein, that filing and sealing be and the same are hereby waived; IT IS FURTHER STIPULATED AND AGREED that all objections, except as to the form of the question, shall be reserved to the time of the trial; IT IS FURTHER STIPULATED AND AGREED that the within deposition may be sworn to and signed before any officer authorized to administer an oath, with the same force and effect as if signed and sworn to before the Court.

- o0o -

1 I. Rennert  
 2 Q. And you don't recall when that was?  
 3 A. No.  
 4 Q. Was that about the same time as the  
 5 end of December emails turning down the  
 6 financing?  
 7 A. I don't recall.  
 8 (Defendants' Exhibit Ira 6, Email  
 9 dated 12/29/11 from Caruso to A. Rennert  
 10 and others, Bates stamped RENCO0051233  
 11 through 234, marked for identification, as  
 12 of this date.)  
 13 BY MR. MENKE:  
 14 Q. I show you a document I've marked as  
 15 Ira Exhibit 6, which is an email from Mr. Rich  
 16 Caruso to you, to your son Ari, to Roger Fay,  
 17 John Goodwin and Mike Whalen dated  
 18 December 29th.  
 19 Do you see that?  
 20 A. Yes.  
 21 Q. And the subject is "SP Operation With  
 22 No BK," which I believe to be bankruptcy filing;  
 23 is that right?  
 24 MR. PERRA: Is what right?  
 25 BY MR. MENKE:

1 I. Rennert  
 2 dollar amount, but is this a ballpark?  
 3 MR. PERRA: Objection to form.  
 4 A. I recall a significant number.  
 5 Q. By significant, you mean something in  
 6 the range of \$140 million was not inconsistent  
 7 with your recollection?  
 8 MR. PERRA: Objection to form.  
 9 A. I consider it significant.  
 10 Q. Do you recall having seen this email  
 11 at the time?  
 12 A. No.  
 13 Q. Were you aware that on December 16th,  
 14 2011, which would have been a couple weeks  
 15 before the email we just showed you, that Renco  
 16 filed what is known as a Form 10 with the  
 17 Pension Benefit Guaranty Corporation?  
 18 A. Yes.  
 19 Q. Advance Notice of Reportable Event?  
 20 A. Yes.  
 21 Q. Do you recall what that said?  
 22 MR. PERRA: Objection to form.  
 23 A. Not specifically, no.  
 24 Q. Do you recall that it said that it  
 25 was intended to inform PBGC that Renco was

1 I. Rennert  
 2 Q. Is that an accurate statement of the  
 3 subject to this email?  
 4 A. I don't know what that shorthand  
 5 means.  
 6 Q. Okay. It says -- you'll see that --  
 7 well, this email attachment, which appears to  
 8 have had an attachment which is not here, but it  
 9 says, "Attached please find the weekly cash flow  
 10 model for the scenario of restarting..." I  
 11 assume SP means Sparrows Point, the blast  
 12 furnace that you were talking about, "...and  
 13 continuing to run Warren and Wheeling."  
 14 Do you see that?  
 15 A. Yes.  
 16 Q. And in the second paragraph it  
 17 reflects that the peak deficit is \$140 million.  
 18 Do you see that?  
 19 A. Yes.  
 20 Q. Is that consistent with your  
 21 understanding of the amount of financing that RG  
 22 Steel required at this point in time?  
 23 A. I don't recall a specific dollar  
 24 amount.  
 25 Q. You may not recall the specific

1 I. Rennert  
 2 thinking of entering into a financing, or RG  
 3 Steel I should say, was thinking of entering  
 4 into a financing which would have resulted in  
 5 the breakup of the control group between Renco  
 6 and RG Steel?  
 7 MR. PERRA: Objection to form.  
 8 A. Yes.  
 9 Q. And do you understand what a control  
 10 group is?  
 11 A. Yes.  
 12 Q. And can you tell me what your  
 13 understanding is of the word or the phrase  
 14 "control group"?  
 15 A. Wherever a corporation has more than  
 16 80 percent ownership of another corporation,  
 17 they're all party to the same I guess pension  
 18 obligations.  
 19 Q. And that means that, for instance,  
 20 control group members have the -- are all liable  
 21 to make contributions to the plan? Is that your  
 22 understanding?  
 23 MR. PERRA: Objection to form. Calls  
 24 for a legal conclusion.  
 25 A. That's my general understanding.

1 I. Rennert  
 2 Q. And is it your general understanding  
 3 that if the pension plan were to be terminated  
 4 by the Pension Benefit Guaranty Corporation,  
 5 that all members of the control group would be  
 6 liable for the liabilities that arose from that  
 7 termination?  
 8 MR. PERRA: Same objection. Calls  
 9 for a legal conclusion and it's a  
 10 hypothetical.  
 11 A. Yes.  
 12 Q. In late December 2011, were you aware  
 13 of the amount by which the RG Steel pension  
 14 plans were underfunded?  
 15 MR. PERRA: Objection to form.  
 16 A. I believe so.  
 17 Q. And what was your understanding of  
 18 that amount?  
 19 A. That it was in the range of \$25  
 20 million.  
 21 Q. Were you aware as well that RG Steel  
 22 participated in any steelworkers multi-employer  
 23 pension plans?  
 24 A. Yes.  
 25 Q. Are you aware of the concept of

1 I. Rennert  
 2 apparently between yourself and Mr. Steve  
 3 Feinberg of Cerberus.  
 4 Do you recall that conversation?  
 5 MR. PERRA: Objection to form.  
 6 A. Yes.  
 7 Q. Can you describe it?  
 8 A. I called Steve on the phone and told  
 9 him that I was anxious to have him help in the  
 10 financing of RG Steel and that we would turn  
 11 over 49 percent of the equity of the company if  
 12 he would provide the kind of financing that we  
 13 had requested, and that we would participate in  
 14 the credit support as well.  
 15 Q. This -- does this email accurately  
 16 describe the financing proposal that you just  
 17 discussed you made orally in that phone call?  
 18 MR. PERRA: Objection to form.  
 19 A. I don't recall the \$125 million  
 20 number in terms of my conversation with Steven  
 21 and I don't -- and it was 49 percent, not 50  
 22 percent of the equity.  
 23 Q. Have you and Mr. Feinberg had a long  
 24 relationship?  
 25 A. Yes.

1 I. Rennert  
 2 withdrawal liability from a multi-employer  
 3 pension plan?  
 4 MR. PERRA: Objection to form.  
 5 A. No.  
 6 Q. Did anyone ever tell you that -- tell  
 7 you anything about withdrawal liability to your  
 8 recollection?  
 9 A. No.  
 10 (Defendants' Exhibit Ira 7, Email  
 11 dated 1/3/12 from Ajouz to Mayer and  
 12 others, Bates stamped CRG-PBGC0020045,  
 13 marked for identification, as of this  
 14 date.)  
 15 BY MR. MENKE:  
 16 Q. Mr. Rennert, I'm showing you a  
 17 document that we've marked as Ira Exhibit 7.  
 18 This is an email from Mr. Tarek Ajouz to Steven  
 19 Mayer, David Glenn and Brett Crandall dated  
 20 Tuesday, January 3rd.  
 21 I'd ask you to read that email and  
 22 let me know when you're finished.  
 23 (Document review.)  
 24 A. I finished reading it.  
 25 Q. The email relates a conversation

1 I. Rennert  
 2 Q. Has he provided financing to Renco in  
 3 the past before this RG Steel transaction?  
 4 MR. PERRA: Objection to form.  
 5 A. Yes.  
 6 Q. Through Cerberus? Cerberus has  
 7 provided that financing?  
 8 A. I believe it was Cerberus and/or  
 9 Ableco which is controlled by Steve Feinberg.  
 10 Q. Have there been several  
 11 transactions --  
 12 A. Yes.  
 13 Q. -- in the past?  
 14 About how many would you say?  
 15 A. Probably a half a dozen.  
 16 Q. This email reflects a proposed  
 17 meeting, it says, "...tomorrow afternoon..."  
 18 which based on the date of this email would have  
 19 been Wednesday, the 4th of January, "...to  
 20 discuss Cerberus's rationale for passing."  
 21 Did you attend that meeting?  
 22 A. Yes.  
 23 Q. And who else was there? Who all was  
 24 at the meeting?  
 25 A. My recollection would be myself, Dan

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1 I. Rennert  
 2 conversation where Mr. Cann at one point  
 3 proposed that Renco should provide to PBGC a  
 4 guarantee of RG Steel's pension liabilities if  
 5 the transaction went forward, the financing went  
 6 forward?  
 7 MR. PERRA: Are you talking about a  
 8 call on the 9th?  
 9 MR. MENKE: I'm talking about a call  
 10 on the 9th or at any other time.  
 11 A. Yes.  
 12 Q. So you were familiar with the concept  
 13 of that guarantee?  
 14 When did you first hear of that?  
 15 A. It must have been sometime around  
 16 that date.  
 17 Q. Do you recall who told you about  
 18 that?  
 19 A. No.  
 20 Q. Do you recall any conversations about  
 21 that topic?  
 22 A. Yes.  
 23 Q. What do you recall about those  
 24 conversations?  
 25 MR. PERRA: Well, here I'm going to

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1 I. Rennert  
 2 A. As I said, I believe it was around  
 3 that date.  
 4 Q. Do you recall where you were when you  
 5 had those conversations?  
 6 A. Yes.  
 7 Q. Where were you?  
 8 A. In my office.  
 9 Q. Can you describe the substance of  
 10 those conversations?  
 11 MR. PERRA: So we have a problem  
 12 here. The witness doesn't recall whether  
 13 it was with an attorney or not, doesn't  
 14 remember who it was with, and from my  
 15 information, my understanding is that those  
 16 calls discussing the guarantee were --  
 17 involved counsel for Renco and therefore I  
 18 would instruct him not to answer that  
 19 question.  
 20 BY MR. MENKE:  
 21 Q. Are you following your counsel's  
 22 instructions?  
 23 A. I always do.  
 24 Q. Good man.  
 25 A. Thank you.

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1 I. Rennert  
 2 caution the witness, obviously, as you know  
 3 from these phone calls, the Renco  
 4 corporation had engaged counsel with advice  
 5 as to ERISA-related issues.  
 6 So to the extent the question calls  
 7 for testimony concerning your discussions  
 8 with attorneys or advice that was rendered  
 9 by the attorneys, then I instruct the  
 10 witness not to answer.  
 11 If you have some testimony other than  
 12 with respect to discussions with the  
 13 attorneys or emanating from the attorneys,  
 14 you may answer.  
 15 BY MR. MENKE:  
 16 Q. Maybe let's try -- let's maybe try  
 17 from a different tact.  
 18 Do you recall who you had  
 19 conversations with about PBGC's proposed  
 20 guarantee?  
 21 A. No.  
 22 MR. MENKE: I think that takes care  
 23 of our...  
 24 BY MR. MENKE:  
 25 Q. Do you recall when they occurred?

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1 I. Rennert  
 2 (Defendants' Exhibit Ira 12, Email  
 3 chain beginning with email dated 1/9/12  
 4 from Ryan to McDermott and others, Bates  
 5 stamped CWT 000329 through 330, marked for  
 6 identification, as of this date.)  
 7 BY MR. MENKE:  
 8 Q. Mr. Rennert, I'm showing you a  
 9 document marked as Ira Exhibit 12. Again, these  
 10 are emails. The document has two emails, the  
 11 first from Mr. Goldberg to Mr. Mike Ryan and  
 12 Joseph Furst, and the second is Mr. Ryan's  
 13 response to Mr. McDermott, Matthew Stempler,  
 14 Joseph Furst and Larry Goldberg.  
 15 Do you see those two emails?  
 16 A. Yes.  
 17 Q. Do you recall ever having seen these  
 18 before?  
 19 A. No.  
 20 Q. The bottom email reflects  
 21 Mr. Goldberg informing -- do you know who  
 22 Lawrence Goldberg is?  
 23 A. No.  
 24 Q. Do you know who Mike Ryan is?  
 25 A. Yes.

1 I. Rennert  
 2 Q. And you testified that he's -- do you  
 3 know at the time what Mr. Ryan's position was?  
 4 A. He was our general counsel.  
 5 MR. PERRA: For the record, I don't  
 6 think that's quite right. He was working  
 7 at Cadwalader at the time and I think --  
 8 BY MR. MENKE:  
 9 Q. Did he serve as counsel for Renco at  
 10 the time?  
 11 A. Well, I consider him our general  
 12 counsel even though he was working for  
 13 Cadwalader Wickersham & Taft.  
 14 Q. He represented Renco?  
 15 A. So if my attorney said I was wrong, I  
 16 respect my attorney saying I was wrong.  
 17 MR. PERRA: We'll call him an outside  
 18 general counsel at the time.  
 19 MR. MENKE: Okay.  
 20 BY MR. MENKE:  
 21 Q. It's correct that he was representing  
 22 Renco in this financing transaction; is that  
 23 right?  
 24 A. Yes.  
 25 Q. Do you know who Mr. Joseph Furst is?

1 I. Rennert  
 2 MR. PERRA: Hold on. Just so she has  
 3 it, because these are emails that he's not  
 4 on.  
 5 MR. MENKE: I appreciate that and I  
 6 will -- I'll withdraw my last question.  
 7 MR. PERRA: Thank you.  
 8 MR. MENKE: Whatever it may have  
 9 been.  
 10 BY MR. MENKE:  
 11 Q. Do you agree that this email says  
 12 that Schulte Roth has been asked to start  
 13 drafting documents for RG Steel?  
 14 A. I agree with what it says, yes.  
 15 Q. Is it your understanding that on  
 16 Monday, January 9th, Cerberus had asked its  
 17 lawyers to start drafting documents?  
 18 A. I have no knowledge.  
 19 Q. Would this -- was it your  
 20 understanding that on or about that day that  
 21 Cerberus had agreed to proceed with the  
 22 financing transaction for RG Steel?  
 23 A. I don't recall.  
 24 Q. The email above that from Mr. Ryan,  
 25 entire body says, "Timing is ASAP."

1 I. Rennert  
 2 A. No.  
 3 Q. Okay. This document, the email from  
 4 Mr. Goldberg sent at 3:42 in the afternoon of  
 5 Monday, January 9th reflects that -- by the way,  
 6 I would state for the record that Mr. Lawrence  
 7 Goldberg, previous testimony has identified him  
 8 as a partner at the Schulte Roth law firm and  
 9 that Schulte Roth represented Cerberus in  
 10 connection with this financing transaction.  
 11 Was that your understanding?  
 12 A. Yes.  
 13 Q. And this document reflects that  
 14 Schulte Roth and Mr. Goldberg have been asked to  
 15 start drafting loan documents for RG Steel.  
 16 Is that a correct interpretation of  
 17 that email?  
 18 MR. PERRA: Objection to form.  
 19 Are you asking him what it says or  
 20 are you asking him to interpret what  
 21 somebody else wrote, because the latter I  
 22 have trouble with.  
 23 MR. MENKE: Well, okay.  
 24 BY MR. MENKE:  
 25 Q. Do you agree that it says --

1 I. Rennert  
 2 Do you see that?  
 3 A. Yes.  
 4 Q. That's your understanding of the  
 5 timing of completing the financing transaction?  
 6 A. I've always felt that we have to do  
 7 it as soon as possible, and I assume that this  
 8 ASAP means as soon as possible.  
 9 Q. I believe that that's the standard  
 10 abbreviation for that.  
 11 Did you inform Mr. Ryan of that?  
 12 A. I don't recall.  
 13 Q. Did you participate in a conference  
 14 call or meeting with Mr. Feinberg on the 10th of  
 15 January, Tuesday?  
 16 A. I don't recall.  
 17 Q. Do you recall whether you met with  
 18 Mr. Wolf of Cerberus on Tuesday?  
 19 A. No.  
 20 Q. Do you recall whether you were  
 21 informed in that meeting that Cerberus had  
 22 decided to go ahead with the RG Steel financing?  
 23 A. Yes.  
 24 Q. You were told on the 10th that they  
 25 had decided to go ahead?

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1 I. Rennert  
 2 BY MR. MENKE:  
 3 Q. You didn't talk -- you never had a  
 4 discussion about assigning loans.  
 5 A. I don't recall.  
 6 Q. Okay. How about dividends?  
 7 A. Yes.  
 8 Q. Did you have discussions about the  
 9 liquidation support agreement?  
 10 A. Yes.  
 11 Q. Who did you discuss with at -- who  
 12 did you tell at Cerberus that it was your belief  
 13 that equity should be in the form of common  
 14 stock or membership rights?  
 15 MR. PERRA: Object to the form. That  
 16 misstates the testimony.  
 17 A. I never discussed warrants with  
 18 anybody at Cerberus.  
 19 Q. Did you ever discuss direct equity  
 20 with anyone at Cerberus?  
 21 A. I only spoke about ownership interest  
 22 and equity.  
 23 Q. With whom?  
 24 A. With Steve Feinberg and with Dan  
 25 Wolf.

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1 I. Rennert  
 2 required equity. I think we found out that I  
 3 did not want to give up any equity in the  
 4 company and I asked everybody to go out and try  
 5 to put together a financing package, and  
 6 initially they went out and they didn't have any  
 7 interested investors or financing partners and  
 8 the marketplace indicated to us that an equity  
 9 kicker was required to interest an investor or  
 10 financing partner.  
 11 And it was an ongoing process, you  
 12 know, being turned down and seeing what the  
 13 market was for financing that equity kicker was  
 14 very important to give them their return, so  
 15 that that process probably started end of  
 16 November, beginning of December. Maybe even  
 17 earlier. I'm not sure.  
 18 Q. The conversations with Elliott, they  
 19 provided you a term sheet that provided for 39  
 20 percent ownership of the company in the form of  
 21 penny warrants; is that correct?  
 22 A. From what the document you previously  
 23 showed me, that's what was in the document.  
 24 Q. Was that the -- your discussions with  
 25 Elliott had to do with warrants as opposed to

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1 I. Rennert  
 2 Q. When?  
 3 A. It was an ongoing discussion.  
 4 Q. Do you recall when the topic was  
 5 first raised?  
 6 A. Repeat that, please?  
 7 Q. Do you recall when the topic was  
 8 first discussed with Cerberus in the form of  
 9 Mr. Feinberg or Mr. Wolf?  
 10 MR. PERRA: Objection to the form.  
 11 A. My recollection is that after  
 12 Cerberus turned down the initial financing  
 13 proposal and it looked like Elliott was not  
 14 going to get to a resolution of a financing in  
 15 due course, in time, I was out of town, I called  
 16 my son Ari and I told him to call Dan Wolf on  
 17 the phone and tell Dan to tell Steve Feinberg  
 18 that I'm prepared to give him 49 percent equity  
 19 in the company if we would come into the  
 20 financing. That was I think probably around the  
 21 end of December.  
 22 Q. That was the first time equity was  
 23 discussed to your knowledge?  
 24 MR. PERRA: Objection to the form.  
 25 A. No. I think, I think Elliott

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1 I. Rennert  
 2 equity in the form of stock ownership?  
 3 A. I never --  
 4 MR. PERRA: Objection to the form.  
 5 Go ahead.  
 6 A. I never had any discussion with  
 7 Elliott.  
 8 Q. Do you have any idea who Mr. Wolf was  
 9 referring to when he talks about, "We have  
 10 always discussed warrants," "That was always the  
 11 discussion"? Do you know who that discuss -- do  
 12 you have any idea who that discussion was with?  
 13 A. No.  
 14 Q. Was there a reason that you wanted it  
 15 to be in the form of stock equity rather than  
 16 warrants?  
 17 MR. PERRA: Objection to the form.  
 18 Asked and answered.  
 19 You may answer.  
 20 A. I didn't care if it was warrants or  
 21 common equity. I just wanted to get the  
 22 financing done. I never focused on it and I  
 23 just told Steve Feinberg that he could have 49  
 24 percent of the company, equity of the company.  
 25 Q. Did you, do you know -- did you ever

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1 I. Rennert  
 2 instruct -- well, strike that.  
 3 Following the receipt of this email,  
 4 did anyone at Renco have conversations with  
 5 Mr. Wolf about these items --  
 6 MR. PERRA: Objection to form.  
 7 BY MR. MENKE:  
 8 Q. -- listed in the email?  
 9 MR. PERRA: Objection to form.  
 10 Compound.  
 11 A. I don't know.  
 12 Q. Do you recall going through a list of  
 13 items like this in conversations with Mr. Wolf?  
 14 A. No.  
 15 Do you mind if I take a sucking  
 16 lozenge.  
 17 Q. Oh, no, not at all. Please.  
 18 Do you need a break or...  
 19 A. No, no, no. I'm fine. It's just I  
 20 find my...  
 21 Q. It's a long process, this deposition.  
 22 I apologize.  
 23 A. That's okay. You're handling it very  
 24 nicely. As I said, they should give you a  
 25 raise.

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1 I. Rennert  
 2 Q. Do you recall what time of day?  
 3 A. I think it was the morning sometime,  
 4 late morning.  
 5 Q. Who participated in that phone call?  
 6 A. My son Ari and myself, plus Dana Cann  
 7 and I don't know if anybody else was on that  
 8 call.  
 9 Q. Could you describe that call to the  
 10 best of your recollection?  
 11 A. Well, the purpose of the call was to  
 12 respond -- Ari told me that John Grimaldi had  
 13 told him that he had spoken with Dana that  
 14 morning and that Dana had some questions as to  
 15 the status of financing transactions. And the  
 16 purpose of the call was to update Dana on how we  
 17 saw things.  
 18 So we returned -- Ari and I returned  
 19 the call together and Dana reiterated that he  
 20 would like to know what the status of our  
 21 financing arrangements were at that time.  
 22 And we told him that as of that point  
 23 in time we did not have a financing transaction  
 24 and that Dana said that he plans to terminate  
 25 the plan.

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1 I. Rennert  
 2 Q. I agree.  
 3 Did there come a time when  
 4 Mr. Grimaldi came to you and told you that he'd  
 5 had a phone conversation with Dana Cann of the  
 6 Pension Benefit Guaranty Corporation?  
 7 A. No.  
 8 Q. And did there ever come a time when  
 9 Mr. Grimaldi told you he'd had such a  
 10 conversation and that Mr. Cann had informed him  
 11 that the PBGC was prepared to terminate the RG  
 12 Steel pension plans?  
 13 A. No.  
 14 Q. Did you ever have a call with Dana  
 15 Cann to discuss that with him on or about  
 16 Friday, January 13th?  
 17 A. Yes.  
 18 Q. Did your son Ari tell you that he  
 19 understood that Dana Cann had called and said  
 20 that PBGC was terminating the plans?  
 21 A. Yes.  
 22 Q. Do you recall what time of day the  
 23 phone conversation with Mr. Cann was?  
 24 A. It was that Friday the 13th you're  
 25 referring to.

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1 I. Rennert  
 2 And I told Dana that there was  
 3 tremendous fragility in the existence of the  
 4 company and that we're in danger of the company  
 5 being shut down, and that was I believe -- oh,  
 6 Dana also mentioned that -- he reiterated he was  
 7 going to terminate and said that he would send a  
 8 standstill agreement, which Ari and I were not  
 9 sure what it meant to us.  
 10 And we said, "Send it and we'll look  
 11 at it and see what our response will be."  
 12 I believe that's the substance of the  
 13 conversation.  
 14 Q. You said as of that point in time,  
 15 which was Friday the 13th, there was no  
 16 financing transaction?  
 17 A. I said, I believe my words were that  
 18 Ari spoke to him and said, "At that point in  
 19 time we do not have a financing transaction."  
 20 Q. Did Ari mention the Cadwalader and  
 21 Schulte lawyers had been working day and night  
 22 to document the transaction?  
 23 MR. PERRA: Objection to form.  
 24 A. I don't recall that.  
 25 Q. Do you recall any discussion of

1 I. Rennert  
 2 Elliott in the conversation?  
 3 A. No.  
 4 Q. Do you recall Ari telling Mr. Cann  
 5 that no deal that was currently being discussed  
 6 had equity on the table?  
 7 A. Ari never said that.  
 8 Q. You recall Ari did not say that?  
 9 A. I recall Ari never saying that.  
 10 Q. Never saying that. Okay.  
 11 Why did you tell Dana about the  
 12 fragility of the company?  
 13 A. I felt it incumbent upon me to tell  
 14 him what the situation was. Short term I was  
 15 personally very frustrated in not being able to  
 16 effectuate a financing package that would keep  
 17 the company alive, and that there were thousands  
 18 of jobs at stake and I was very, very concerned  
 19 that we would jeopardize our relationship with  
 20 our customers and our suppliers, as well as our  
 21 employees, and that I wanted him to be aware of  
 22 it.  
 23 Q. Were you concerned that terminating  
 24 the pension plans would damage the company?  
 25 A. Yes.

1 I. Rennert  
 2 A. "Send it to -- draft it up and send  
 3 it to us, and we'll take a good look at it."  
 4 Q. Okay. Did he do that?  
 5 A. I believe he did.  
 6 Q. Did you take a look at it?  
 7 A. No.  
 8 Q. What did you do with it when it  
 9 arrived?  
 10 MR. PERRA: Objection to form.  
 11 A. When it arrived, I had left the  
 12 office. I'm a Sabbath observer so that I  
 13 left -- in the wintertime Sabbath starts very  
 14 early and I believe I left the office before it  
 15 came in, and so I had not seen it and I don't  
 16 think I ever saw it after that.  
 17 Q. You said in this phone conversation  
 18 your son Ari said, "As of that point in time we  
 19 do not have a financing transaction"?  
 20 A. Yes.  
 21 Q. What did that mean?  
 22 MR. PERRA: Objection to form.  
 23 A. To me it meant, and I agreed with my  
 24 son, that we didn't have full agreement on all  
 25 the issues. We did not have a signed document.

1 I. Rennert  
 2 Q. Were you concerned that terminating  
 3 the pension plans would have an impact on the  
 4 potential financing?  
 5 A. Yes.  
 6 Q. Did you discuss with Cerberus the  
 7 fact that conversations between PBGC and Renco  
 8 were ongoing?  
 9 MR. PERRA: Objection to form.  
 10 A. No.  
 11 Q. Did you tell Steve Feinberg that?  
 12 A. No.  
 13 Q. Did you tell Cerberus that PBGC had  
 14 informed you that it was intending to terminate  
 15 the pension plans?  
 16 A. No.  
 17 Q. You said that Dana mentioned -- I'm  
 18 sorry.  
 19 You said that Dana mentioned a, Dana  
 20 Cann mentioned a standstill agreement?  
 21 A. Yes.  
 22 Q. Did you say anything about that --  
 23 A. Yes.  
 24 Q. -- to him?  
 25 What did you say?

1 I. Rennert  
 2 We did not have a document that was ready for  
 3 signature.  
 4 And in my personal perspective, you  
 5 don't have a transaction that's successful until  
 6 you have all of that, a signed document by all  
 7 parties, plus the money passing hands.  
 8 Q. So that statement, in your view, that  
 9 there's no financing transaction would be true  
 10 right up until -- until after the closing?  
 11 MR. PERRA: Objection to form.  
 12 A. Because of the very serious and  
 13 intensive negotiations and counter negotiations  
 14 we had in this particular transaction, I was --  
 15 and getting redrafts of things that were  
 16 different from what we had verbally agreed to, I  
 17 was very concerned, until I saw a draft of a  
 18 document that was in position to be signed, felt  
 19 that we really did not have anything.  
 20 Q. Did you tell PBGC or did Ari tell  
 21 PBGC that documents were being drafted but they  
 22 just hadn't been agreed to?  
 23 A. I don't know.  
 24 Well, I didn't. I don't know if Ari  
 25 did or did not.

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<p>1 I. Rennert</p> <p>2 Q. Did there actually come a time when</p> <p>3 negotiations between you and Cerberus broke</p> <p>4 down?</p> <p>5 A. Yes.</p> <p>6 Q. When was that?</p> <p>7 A. That Friday.</p> <p>8 Q. Before or after your phone call with</p> <p>9 PBGC?</p> <p>10 A. It was really before.</p> <p>11 Q. Can you explain what you mean by</p> <p>12 "really before"?</p> <p>13 A. This is an ongoing negotiating</p> <p>14 process and we got word back that morning that</p> <p>15 there were significant open issues, serious</p> <p>16 differences on major points, that it looked like</p> <p>17 Cerberus was not going to agree to some of the</p> <p>18 terms and conditions that we felt were agreed</p> <p>19 to.</p> <p>20 Subsequent to that, sometime in the</p> <p>21 afternoon after I tried to revitalize things by</p> <p>22 speaking to Steve Feinberg, and the call was not</p> <p>23 successful and Steve Feinberg hung the phone up</p> <p>24 on me. And then I got word that he had</p> <p>25 instructed his attorneys to stop doing any work</p>	<p>1 I. Rennert</p> <p>2 on the transaction.</p> <p>3 Q. You said in the morning you got word</p> <p>4 back that there was not agreement on certain</p> <p>5 points?</p> <p>6 A. Yes.</p> <p>7 Q. From whom did you get that word?</p> <p>8 A. I believe I got some from Ari and</p> <p>9 perhaps some from Mike Ryan or John Binko.</p> <p>10 Q. Were they having the actual</p> <p>11 discussions with the Cerberus representatives at</p> <p>12 that time?</p> <p>13 A. I believe so.</p> <p>14 (Defendants' Exhibit Ira 18, Email</p> <p>15 chain beginning with email dated 1/13/12</p> <p>16 from Wolf to Mayer, Bates stamped</p> <p>17 SRZ0004470 through 4471, marked for</p> <p>18 identification, as of this date.)</p> <p>19 BY MR. MENKE:</p> <p>20 Q. I'm going to show you a document I've</p> <p>21 marked as Ira Exhibit 18. I ask you to review</p> <p>22 that.</p> <p>23 (Document review.)</p> <p>24 Q. And I guess my first --</p> <p>25 A. Can I continue looking at it?</p>
<p>Page 112</p> <p>1 I. Rennert</p> <p>2 Q. Sure. Let me know when you're</p> <p>3 finished reviewing that, sir. I apologize.</p> <p>4 (Document review.)</p> <p>5 A. I'm finished looking at it.</p> <p>6 Q. I apologize again.</p> <p>7 A. That's okay.</p> <p>8 Q. I guess I'd like to direct your</p> <p>9 attention to the first email in this chain which</p> <p>10 is from Alex Benjamin, who we understand to be a</p> <p>11 lawyer for Cerberus, to a variety of internal</p> <p>12 Cerberus folks.</p> <p>13 And I assume that you -- well, I'll</p> <p>14 ask you.</p> <p>15 Have you seen these emails before?</p> <p>16 A. No.</p> <p>17 Q. You see that the email, the heading</p> <p>18 of which is on page 1 but the text of the email</p> <p>19 is on the second page of this exhibit, talks</p> <p>20 about a -- starts, "Steve just spoke to Ira with</p> <p>21 Dan and me."</p> <p>22 Is that a reference to the phone call</p> <p>23 with you, between you and Mr. Feinberg in the</p> <p>24 afternoon of, early afternoon of Friday the</p> <p>25 13th, January 13th, that you just referred to in</p>	<p>Page 113</p> <p>1 I. Rennert</p> <p>2 your testimony?</p> <p>3 MR. PERRA: Objection to form.</p> <p>4 A. I believe that the phone call I'm</p> <p>5 referring to I was on alone with Steve.</p> <p>6 Now maybe Dan and -- Dan Wolf and</p> <p>7 Alex Benjamin were on the call, but I wasn't</p> <p>8 aware of it if they were.</p> <p>9 Q. Okay. I'd ask you to read this email</p> <p>10 if you haven't already done so, and tell me if</p> <p>11 the email accurately summarizes your</p> <p>12 recollection of that phone call.</p> <p>13 MR. PERRA: Objection to form.</p> <p>14 A. It doesn't.</p> <p>15 Q. Okay. What do you recall -- what is</p> <p>16 your recollections of that phone call?</p> <p>17 A. My recollections of the phone call</p> <p>18 was the difficulty that I was having as to the</p> <p>19 nature of the capital call, the testing metrics</p> <p>20 to trigger a capital call, the cure metric in</p> <p>21 the call and the timing of this whole process,</p> <p>22 as well as the nature of a liquidating</p> <p>23 guarantee. That's my general recollection of</p> <p>24 that call with Steve.</p> <p>25 Q. Okay. Did you have more than one</p>

# **Exhibit 33**



Call with Stephanie Thomas:

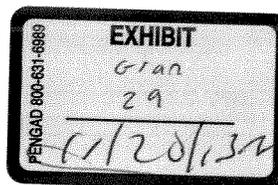
- Dana recounted conversation with Ira + Ari
  - No deal imminent
  - No deal has equity on the table?
  - Working with company + bank group to restart Sparrows Point - \$6M cost
- Dana offered standstill; they OK'd this;

REDACTED

will send shortly

REDACTED

REDACTED



# Exhibit 34

**From:** Thomas Stephanie <Thomas.Stephanie@pbgc.gov>  
**Sent:** Friday, January 13, 2012 ~~3:34 PM~~ 10:34:00 AM  
**To:** Morris Karen <Morris.Karen@pbgc.gov>; McCarron William <McCarron.William@pbgc.gov>  
**Cc:** Albaugh Colin <Albaugh.Colin@pbgc.gov>  
**Subject:** Renco

---

Dana talked to Renco, who were very disturbed at the idea of a termination. They said that (1) no transaction is imminent (2) the transaction that would include an equity sale is even less imminent (that investor has asked for diligence that it believed would take several weeks and has not started gathering it yet). Dana then suggested the standstill agreement, REDACTED. They are working with the bank to restart Sparrow's Point, and there may wind up being no deal at all, or one that doesn't involve an equity sale.

REDACTED

# **Exhibit 35**

**From:** Weger, Matthew  
**To:** 'Stuart.Freedman@srz.com'; 'Neil.Rifkind@srz.com'  
**CC:** Ryan, Mike; Atkins, Lisa  
**Sent:** 1/12/2012 ~~1/13/2012 3:25:22 AM~~ 10:25:00 PM  
**Subject:** Comments to Equityholders Agreement and Warrant  
**Attachments:** (25100530)\_ (2)\_Equityholders Agreement.DOC.DOC;  
(25100597)\_ (1)\_WS\_BinaryComparison\_#25100530v1\_USActive\_ - Equityholders Agreement.DOC-#25100530v2\_USActive\_ - Equityholders Agreement.DOC.DOC; Comments to Warrant.pdf

Mr. Freedman and Mr. Rifkind,

Attached please find our comments to the Equityholders Agreement and to the Warrant. Please note that although it is not reflected in our comments to the Equityholders Agreement, we take the position that Cerberus should be receiving equity rather than warrants. Please let us know if you have any questions or comments.

Best,  
Matt

Matthew H. Weger  
Law Clerk  
Cadwalader, Wickersham & Taft LLP  
One World Financial Center  
New York, NY 10281  
Tel: +1 212.504.6014  
Fax: +1 212.504.6666  
[Matthew.Weger@cwt.com](mailto:Matthew.Weger@cwt.com)  
[www.cadwalader.com](http://www.cadwalader.com)

# **Exhibit 36**

**From:** [McDermott, Christopher](#)  
**To:** [John Binko](#); [James Reitzig](#); [Ari Rennert](#); [Ryan, Mike](#); ["Caruso, Rich" \(Rich.Caruso@rg-steel.com\)](#)  
**Cc:** [Roger Fay](#); [Stempler, Matthew](#)  
**Subject:** FW: RG Steel  
**Date:** Friday, January 13, 2012 11:33:38 AM

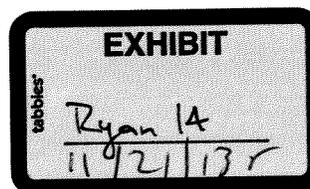
**Redacted**

Christopher M. McDermott  
Cadwalader, Wickersham & Taft LLP  
227 West Trade Street, Suite 2400  
Charlotte, North Carolina 28202  
NC tel.: 704 348 5184  
NY tel.: 212 504 6184  
Fax: 704 348 5200  
[chris.mcdermott@cwt.com](mailto:chris.mcdermott@cwt.com)

**From:** Goldberg, Lawrence [<mailto:Lawrence.Goldberg@srz.com>]  
**Sent:** Friday, January 13, 2012 11:17 AM  
**To:** McDermott, Christopher; Stempler, Matthew  
**Cc:** Furst, Joseph; Freedman, Stuart  
**Subject:** RG Steel

Chris, this email summarizes some of the open points from our discussions earlier today and our proposed resolution.

1. Fyi, our tax lien searches showed the following: (a) The Renco Group - \$82,600 federal tax lien; and (b) RG Steel Warren - \$1,000 OH state tax lien.
2. The Pledge Agreement by Renco Group in respect of the Magnesium stock provides that after an Event of Default, any dividends will get paid to Agent. We would prefer to keep it this way. The agreement in the Limited Guaranty is that Renco Group will have 90 days before Agent commences the exercise of foreclosure remedies. The receipt of dividends and distributions is not a foreclosure remedy. As you and I discussed, it may be palatable to split this (Renco Group retains the voting rights during the 90 day period, but distributions would be paid to Agent as additional collateral).
3. If the initial funding and Closing Date is Tuesday, Cerberus expects that funding on Term Loan A will occur two Business Days later (Thursday).
4. In Section 2.4(e)(mandatory prepayments), you asked for the following:
  - (a) Clause (j) (leasing or subleasing of assets, including sale of mineral rights) of the definition of Permitted Dispositions should be carved out from the mandatory prepayment provision with respect to dispositions, so that the Loan Parties may retain all proceeds from leasing, subleasing and the sale of mineral rights without a mandatory prepayment. This is ok.
  - (b) You asked that a mandatory prepayment with respect to Extraordinary Receipts should not be required in connection with the Severstal claims. This is ok.



5. The threshold of \$10 million for the representations in Section 4.8 (compliance with laws), 4.11 (employee benefits) and 4.12 (environmental condition) is ok.

6. We will delete the representation at the end of Section 4.12, estimating the amount of expenditures by the Loan Parties for environmental matters through 12/31/2014.

7. In Section 6.7(b)(ii)(A), we restricted any amendment of any Severstal Document (including any settlement) without the Agent's consent. RG objects, whether material or not. You asked to limit this to the Severstal Acquisition Documents and to any material amendments. This is ok.

8. RG wants the right to make payment of the Renco Subordinated Indebtedness, subject to the conditions that exist in the First Lien Credit Agreement. If RG can pay Renco Subordinated Indebtedness, Cerberus is ok with this so long as RG repays the outstanding Second Lien Loans under the Second Lien Credit Agreement at the same time, on a dollar for dollar basis.

9. RG wants to delete the Coke Supply Agreement between Severstal and MSC as a "Severstal Document", and delete it from the Material Contract definition. This is ok.

\* \* \*

Two additional points:

A. We discussed an open issue in the Ilshar Pledge Agreement. The question is how much Agent can recover from the Millenium collateral. Assume \$64.5 million of Term Loan A obligations (\$62.5 mm of principal and \$2 mm of interest) and that the entire Millenium interest is worth \$70 million. You indicated that the business understanding is that Cerberus can only recover \$50 mm from the Millenium interest, and that Agent could look to the remaining equity in the Mag stock for the other \$12.5 mm of principal. I had thought that the full Millenium interest would be available as collateral and could be used so that the Agent could obtain full repayment of the \$64.5 million from the Millenium interest. I had not discussed this before with Cerberus, but I will do so.

B. Note that Valerie has drafted the Intercreditor Agreement as a lien and debt subordination (with few rights and protections that second lien lenders typically have). Therefore, if Renco Group makes Capital Contribution Investments, it will be buying into loans that are second lien but are both lien and debt subordinated (unless Cerberus can successfully push back on this).

Thanks, Larry

\*\*\*\*\*  
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# **Exhibit 37**

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**From:** Richman, Ronald  
**To:** Ryan, Mike; Goldberg, Lawrence  
**CC:** gary.ford@mcenterprises.org; michaeljprame@gmail.com  
**Sent:** 1/15/2012 4:35:17 AM  
**Subject:** Re: RG Steel

9:30

---

**From:** Ryan, Mike [mailto:Mike.Ryan@cwt.com]  
**Sent:** Saturday, January 14, 2012 11:24 PM  
**To:** Richman, Ronald; Goldberg, Lawrence  
**Cc:** gary.ford@mcenterprises.org <gary.ford@mcenterprises.org>; michaeljprame@gmail.com <michaeljprame@gmail.com>  
**Subject:** Re: RG Steel

What time do you become available in the morning? We need to do the call before noon...

---

**From:** Richman, Ronald [mailto:Ronald.Richman@srz.com]  
**Sent:** Saturday, January 14, 2012 11:21 PM  
**To:** Ryan, Mike; Goldberg, Lawrence <Lawrence.Goldberg@srz.com>  
**Cc:** gary.ford@mcenterprises.org <gary.ford@mcenterprises.org>; michaeljprame@gmail.com <michaeljprame@gmail.com>  
**Subject:** Re: RG Steel

I can do a call that ends at noon or begins at 4.

---

**From:** Ryan, Mike [mailto:Mike.Ryan@cwt.com]  
**Sent:** Saturday, January 14, 2012 11:01 PM  
**To:** Goldberg, Lawrence; Richman, Ronald  
**Cc:** gary.ford@mcenterprises.org <gary.ford@mcenterprises.org>; michaeljprame@gmail.com <michaeljprame@gmail.com>  
**Subject:** Re: RG Steel

We have promised our clients a call among lawyers early in the day on Sunday to discuss the equity/warrant issue.

Each of you please email us all back re your availability and then I will email a time that works for all of us.

Whenever we have the call, we can use my number - 1 866 498 1359 Participant code 0005046177

Sent from my iPad

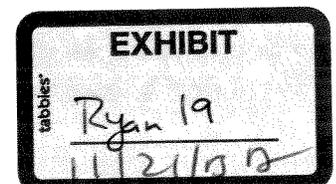
On Jan 14, 2012, at 9:07 PM, "Goldberg, Lawrence" <Lawrence.Goldberg@srz.com> wrote:

Sent from my iPhone

Begin forwarded message:

**From:** "Richman, Ronald" <Ronald.Richman@srz.com>  
**Date:** January 14, 2012 9:00:12 PM EST  
**To:** "Goldberg, Lawrence" <Lawrence.Goldberg@srz.com>  
**Subject:** Re: RG Steel

He can reach me by e-mail or cell 917.733.4706.



----- Original Message -----

From: Goldberg, Lawrence  
Sent: Saturday, January 14, 2012 08:50 PM  
To: Richman, Ronald  
Subject: RG Steel

Could u send your Contact info to Mike Ryan of CWT? Deal is. BAcK on

Sent from my iPhone

\*\*\*\*\*  
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# Exhibit 38

EXECUTION VERSION

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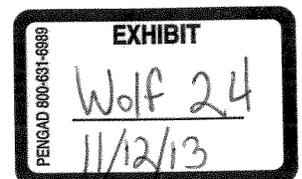
**RG STEEL HOLDINGS LLC**

**EQUITYHOLDERS AGREEMENT**

Dated as of January 17, 2012

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DOC ID-17903787.15



EQUITYHOLDERS AGREEMENT

This EQUITYHOLDERS AGREEMENT (this "Agreement") is made and entered into as of January 17, 2012, by and among RG STEEL HOLDINGS LLC, a Delaware limited liability company which is the immediate parent entity of RG STEEL, LLC ("RG") (the "Company"), THE RENCO GROUP, INC., a New York corporation ("Renco"), and CERBERUS RG INVESTOR LLC, a Delaware limited liability company ("Cerberus").

WITNESSETH:

**WHEREAS**, simultaneously herewith, RG and certain of its Subsidiaries, the lenders party thereto and Cerberus Business Finance, LLC (the "Agent") have entered into that certain credit agreement, dated as of even date herewith (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"); and

**WHEREAS**, in order to induce the Agent and the lenders to enter into the Credit Agreement, the Company is (i) issuing and delivering to Cerberus a number of Membership Units representing 24.5% of the Membership Units of the Company on a Fully Diluted Basis and issuing and delivering to Cerberus the Series B Warrant pursuant to which, on the terms and subject to the conditions set forth therein, Cerberus shall have the right to purchase from the Company Membership Units representing an additional 24.5% of the Membership Units of the Company outstanding on the exercise date calculated on a Fully Diluted Basis (the "Warrant") and (ii) entering into this Agreement with Cerberus.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINITIONS. Terms used but not defined herein shall have the meaning given to such term in the Credit Agreement or the Warrant. As used in this Agreement, the following terms shall have the following meanings:

"ABL Credit Agreement" shall mean that certain credit agreement, dated as of March 31, 2011, as amended, modified, supplemented or restated from time to time, by and among the lenders identified on the signature pages thereof, Wells Fargo Capital Finance, LLC, as administrative agent for the Lenders, Wells Fargo Capital Finance, LLC and General Electric Capital Corporation, as co-collateral agents for the Lenders, General Electric Capital Corporation, as syndication agent for the Lenders, UBS Securities, LLC and Bank of America, N.A., as co-documentation agents, Ableco Finance LLC, as agent for the Revolving Loan B Lenders (as defined therein), Wells Fargo Capital Finance, LLC, GE Capital Markets, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and UBS Securities LLC as joint lead arrangers and joint bookrunners, RG and certain of its Subsidiaries.

"Additional Membership Interests" shall have the meaning set forth in Section 2.3(c).

"Affiliate" shall mean with respect to any Person, any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person, and with respect to any partnership or limited liability company, shall include its partners or members, as applicable, and with respect to any individual, shall mean his or her spouse, sibling, child, step child, grandchild, niece, nephew or parent of such Person, or the spouse thereof ("Immediate Family"), or a trust or family limited partnership for the benefit of any such Person or any member of such Person's Immediate Family. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For the avoidance of doubt, none of the Company or its Subsidiaries shall be deemed an Affiliate of Cerberus for purposes of this Agreement.

"Agreement" has the meaning set forth in the preamble.

"Business Day" shall mean any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

"Company" shall have the meaning set forth in the preamble.

"Convertible Securities" means any securities directly or indirectly convertible into or exercisable or exchangeable for Membership Units.

"Electing Holder" shall have the meaning set forth in Section 2.2(a).

"Equityholder" shall mean, collectively, Renco and Cerberus and each other Person who executes an Equityholder Joinder.

"Equityholder Joinder" means a joinder agreement, substantially in the form of Exhibit A attached hereto, executed by a Person, other than a current Equityholder, who has acquired Warrants or Membership Units from a current Equityholder, with the effect that the holder thereafter shall be deemed to be an Equityholder for all purposes of this Agreement.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations thereunder, or any successor statute.

"Initiating Holder" shall have the meaning set forth in Section 2.2(a).

"LLC Agreement" means the amended and restated limited liability company agreement of the Company dated as of January 17, 2012.

"Membership Units" has the meaning set forth in the LLC Agreement.

"Options" means any rights, warrants or options to subscribe for or purchase Membership Units or Convertible Securities other than the Warrants.

"Offered Interests" shall have the meaning set forth in Section 2.2(a).

"Percentage Interests" has the meaning set forth in the LLC Agreement.

"Permitted Transferee" shall have the meaning set forth in Section 2.4.

"Person" shall mean any individual, firm, partnership, corporation, trust, joint venture, association, joint stock company, limited liability company, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof, and shall include any successor (by merger or otherwise) of such entity.

"Preemptive Right Notice" shall have the meaning set forth in Section 2.3(a).

"Pro Rata Piece" shall have the meaning set forth in Section 2.3(a)

"pro rata share" shall have the meaning set forth in Section 2.2(a).

"Purchase Offer" shall have the meaning set forth in Section 2.2(a).

"RG" shall have the meaning set forth in the preamble.

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder, or any successor statute.

"Subsidiary" when used with respect to any Person, means any corporation, limited liability company, partnership or other organization, whether incorporated or unincorporated, of which at least a majority of the securities or other ownership interests having by their terms voting power to elect a majority of the board of directors, or others performing similar functions with respect to such corporation or other organization, is beneficially owned or controlled, directly or indirectly, by such Person or by any one or more of its Subsidiaries (as defined in the preceding clause), or by such Person and one or more of its Subsidiaries.

"Transfer" shall mean the direct or indirect sale, assignment, transfer or other disposition for value of (i) beneficial ownership (as used in Rule 13d-3(a) under the Exchange Act) or (ii) the economic interest, in each case, of Membership Units (including, without limitation, by reorganization, merger or sale of substantially all of the assets of, or sale of beneficial ownership or the economic interest of ownership interests in, any holding company a majority of the assets of which (on a consolidated basis with its subsidiaries) consist of its investment in Renco (provided that any such sale shall only constitute a "Transfer" of the *pro rata* portion of such underlying Units)).

## 2. RESTRICTIONS ON TRANSFERS APPLICABLE TO EQUITYHOLDERS AND THE COMPANY.

2.1. General Restriction. The Company may not issue and Renco and its Permitted Transferees and Cerberus and its Permitted Transferees may not Transfer any Membership Units except pursuant to the provisions of this Section 2 and Section 4 hereof.

provisions of this Agreement. References in this Agreement to Membership Units or Warrants held or owned by any Equityholder shall be deemed to include Membership Units or Warrants held or owned by any such Permitted Transferee(s).

3. COVENANTS AND AGREEMENTS.

3.1. Information Rights. For as long as Cerberus beneficially owns Membership Units and/or Warrants representing five percent (5%) or more of the outstanding Membership Units calculated on a Fully Diluted Basis, the Company shall deliver to Cerberus and each Equityholder that is an Affiliate of Cerberus:

(a) within 60 days after the end of each fiscal quarter (except the last quarter) in each fiscal year of Company, a consolidated and consolidating balance sheet of the Company and its Subsidiaries as of the end of such quarter, and consolidated and consolidating statements of income and cash flow of the Company and its Subsidiaries, together with a report of management regarding the Company's financial position and results of operations for such quarter and the portion of the fiscal year ending with such fiscal quarter (such report an "MD&A"), setting forth in each case in comparative form the figures for the corresponding periods a year earlier unaudited but prepared in accordance with generally accepted accounting principles, consistently applied, and certified by the Chief Financial Officer of RG; provided that the Company shall not be required to deliver an MD&A for any fiscal quarter ending prior to 90 days after the date of this Agreement unless the same is furnished to Renco;

(b) within 120 days after the end of each fiscal year of the Company, a consolidated audited balance sheet and consolidating balance sheet of the Company and its Subsidiaries as of the end of such fiscal year, and a consolidated audited statement of income and cash flow, changes in members' equity and changes in financial position of the Company and its Subsidiaries for such fiscal year, in each case prepared in accordance with generally accepted accounting principles, consistently applied, together with an MD&A, and certified by the Chief Financial Officer of RG. Such audited financial statements shall be audited by an independent accounting firm of national reputation;

(c) No later than 30 days prior to the start of each fiscal year, submit proposed consolidated capital and operating expense budgets, cash flow projections and income and loss projections for the Company and its Subsidiaries in respect of such fiscal year, all itemized in reasonable detail and prepared on a monthly basis, and, promptly after preparation, any material proposed revisions to any of the foregoing;

(d) within 30 days after the end of each month or at such earlier date as provided to Renco, detailed monthly financial reports of RG and its Subsidiaries; consisting of consolidated and consolidating income statement, balance sheet and cash flow statement for that month and for the year to date, showing comparisons to budget for such periods and to the comparable periods for the prior year and indicating all such data for each division or operating unit of RG as well as on a consolidated basis;

(e) Promptly after the commencement thereof, notice of (i) all actions, suits, claims or proceedings by RG or its Affiliates against Severstal US Holdings II, Inc. ("Severstal") or its Affiliates or by Severstal or its Affiliates against RG or its Affiliates, including copies of all demands, pleadings and responses relating thereto and (ii) all other actions, suits, claims or proceedings that could reasonably be expected to result in a liability material to RG and its Subsidiaries or Joint Ventures;

(f) Contemporaneously with RG or its Subsidiaries providing the same to the Agent under the ABL Credit Agreement or the Credit Agreement, any information provided under Article V of the ABL Credit Agreement or Article V of the Credit Agreement;

(g) Within one (1) Business Day of the receipt thereof by RG or its Subsidiaries, copies of any notice of default under the ABL Credit Agreement, the Credit Agreement or the Seller Note;

(h) Promptly, from time to time, such other information regarding the business, prospects, financial condition, operations, property or affairs of the Company and its Subsidiaries as such Equityholder may reasonably request, including the opportunity to discuss the same with the senior management of RG (including the Chief Executive Officer of RG, Chief Financial Officer of RG, Chief Operating Officer of RG and Chief Commercial Officer of RG). Without limiting the foregoing, the Company shall (i) invite Cerberus representatives (on not less than five (5) days prior notice) to attend periodic reviews of the business and operations of the Company conducted by Renco or its Affiliates and (ii) afford Cerberus, upon reasonable notice, the opportunity to meet and discuss the business and affairs of RG and its Subsidiaries with the senior management of RG (including the Chief Executive Officer of RG, Chief Financial Officer of RG, Chief Operating Officer of RG and Chief Commercial Officer of RG) not less than once per month.

3.2. Covenants. For as long as Cerberus beneficially owns Membership Units and/or Warrants representing five percent (5%) or more of the outstanding Membership Units calculated on a Fully Diluted Basis:

(a) Neither Renco or any of its Affiliates nor Company shall, and Renco shall not permit the Company and the Company shall not permit any of its Subsidiaries to, take any action or omit to take any action that could reasonably be expected to cause or result in a Change of Control as defined in either the ABL Credit Agreement or the Seller Note; and

(b) Neither Renco nor the Company shall, and Renco shall not permit the Company and the Company shall not permit any of its Subsidiaries to, take any action or omit to take any action that could reasonably be expected to cause or result in a mandatory prepayment of the Seller Note pursuant to Section 1.5 of the Seller Note.

(c) All equity interests in RG and its subsidiaries owned directly or indirectly by Permitted Holders shall be owned through the Company.

(d) Cerberus shall have the right to approve the proposed capital expenditure annual budgets (and any material revisions thereto) (such approval not to be unreasonably withheld, conditioned or delayed) and once approved shall be the "Annual Capital Expenditure Budget" for purposes of Section 3.3(i) below, and Cerberus shall have the right to meet with representatives of Renco and senior management of RG to discuss each annual budget (and any material proposed revisions) proposed pursuant to Section 3.1(c) prior to the approval and adoption of such annual budget (or material proposed revisions) by the Company and its Subsidiaries.

(e) For so long as Cerberus beneficially owns Membership Units and/or Warrants representing at least ten percent (10%) or more of the outstanding Membership Units calculated on a Fully Diluted Basis, two representatives of Cerberus (the "Cerberus Observers") shall be permitted to attend all meetings (whether in person or telephonic) in a non-voting, observer capacity of the Board of Directors, Board of Managers or other similar governing body and any committee thereof (the "Board") of (i) RG Sparrows Point, LLC or its successors ("Sparrows") to the extent Sparrows now or hereafter has a Board, (ii) the Company, to the extent the Company now or hereafter has a Board, and (iii) each Subsidiary of the Company that is a direct or indirect parent entity of Sparrows, to the extent such Subsidiary now or hereafter has a Board; provided, that the Cerberus Observers shall be excluded from attending portions of Board meetings or receiving portions of any materials to the extent necessary to preserve attorney-client privilege. The Company shall, and shall cause its Subsidiaries to provide the Cerberus Observers, at the same time provided to the Board, notice of each meeting in the same manner as notice is provided to the Board and copies of all materials provided to the Board (including any materials in connection with the solicitation of written consents without a meeting). In the event that any of the entities described in clauses (ii) and (iii) above form a Board, such Board shall consist of at least five (5) members and Cerberus shall have the right, in Cerberus' sole discretion upon written notice of the Company, in lieu of the Cerberus Observers, to appoint two members of the relevant Board upon written notice to the Company. The Company shall promptly reimburse in full the Cerberus Observers or, if appointed, board members for all of their reasonable out-of-pocket expenses incurred in attending each meeting of the Board. Written notice stating the place, day and time of every meeting of the Board and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be mailed not less than five nor more than thirty calendar days before the date of the meeting if practicable (or if sent by facsimile or email, not less than three Business Days before the date of the meeting), in each case to Cerberus at notice address maintained in the records of the Company.

3.3. Protective Provisions. For as long as Cerberus beneficially owns Membership Units and/or Warrants representing ten percent (10%) or more of the outstanding Membership Units calculated on a Fully Diluted Basis, the affirmative vote or written consent of Cerberus shall be required in each case before the Company may do, commit to do, or permit its Subsidiaries to do or commit to do, any of the following:

(a) convey, sell, license, lease or sublease, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, the assets of the Company or any of its Subsidiaries in a transaction or a series of transactions not constituting

a Permitted Disposition (other than a Permitted Disposition of the type specified in clauses (k), (o) or (p) of the definition thereof);

(b) except as set forth in Section 4.01 of the LLC Agreement pursuant to exercise of the Warrant (i) issue, or authorize or propose the issuance, sale, grant of any equity interest of the Company (including preferred stock) or (ii) convey, sell, pledge, transfer or otherwise dispose of, whether in one transaction or a series of related transactions, any equity interests of the Company in each case that is structurally or by its terms is senior to, or has a prior right or preference with respect to dividends or distributions to, the Warrants or the Membership Units;

(c) merge, consolidate, combine or amalgamate with any Person;

(d) terminate, enter into, renew, extend or be a party to, or permit any of its Subsidiaries to enter into, renew, extend or be a party to, any transaction or series of related transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of property or assets of any kind or the rendering of services of any kind) with any Affiliate except as between or among the Company and its Subsidiaries;

(e) purchase or acquire, whether by transfer, contributions to capital, merger, combination, consolidation, joint venture or similar transaction (in a single transaction or series of related transactions), any property, equity interests or assets other than acquisitions of property or assets in the ordinary course of business consistent with the Annual Budget;

(f) amend or modify any provision of the Seller Note or the ABL Credit Agreement, the Renco Subordinated Notes, the Renco Subordinated Note Agreements or the Renco Capital Call Agreement;

(g) materially change the nature of its business or enter into a new line of business;

(h) commence or settle any material litigation or claim for indemnification or purchase price adjustment;

(i) make any capital expenditures or incur any capital expenditure liabilities materially in excess of the amounts specified therefor in the Annual Capital Expenditure Budget except for capital expenditures required on an emergency basis;

(j) (i) incur, create, refinance or modify any Indebtedness (not constituting Permitted Indebtedness (other than Refinancing Indebtedness or other Indebtedness of the type specified in clauses (f), (g), (m) or (s) of the definition thereof) or (ii) make any Investment to any Person (other than a Permitted Investment);

(k) engage in any reorganization, recapitalization, liquidation, dissolution or winding up of the Company or any Subsidiary or initiate a similar bankruptcy proceeding involving the Company or any Subsidiary;

(l) issue, sell, grant, or authorize or propose the issuance, sale, grant of any equity interest or profits interests (including net worth or other value appreciation rights) to employees, officers or directors of, or consultants or advisors to, the Company or any Subsidiary pursuant to an incentive plan that, taking into account such interests outstanding as of the date of this Agreement, would result in dilution in excess of 10% of the direct and indirect economic interests of Renco and Cerberus (on a combined basis) in the Company or any of its Subsidiaries;

(m) amend or modify organizational documents of the Company or any Subsidiary; or

(n) change or modify any material accounting or tax policy of the Company, except as required by concurrent changes in United States generally accepted accounting principles or by any applicable tax authorities.

4. OTHER TRANSFER PROVISIONS.

4.1. Other Transfer Restrictions. Anything contained herein to the contrary notwithstanding, any Person not already a Equityholder who acquires Membership Units or Warrants from an Equityholder pursuant to Section 2 shall execute an Equityholder Joinder and from that point forward shall be deemed to be a Equityholder for all purposes of this Agreement.

4.2. Legends. Each certificate representing Warrants and each certificate representing Membership Units, if the Membership Units are certificated, held by a Equityholder shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE EQUITYHOLDERS AGREEMENT DATED AS OF JANUARY 17, 2012, AS IT MAY BE AMENDED FROM TIME TO TIME, BY AND AMONG RG STEEL HOLDINGS LLC (THE "COMPANY") AND THE EQUITYHOLDERS PARTY THERETO AND NO TRANSFER OF THESE SECURITIES SHALL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY."

4.3. Procedures For Transferring. Upon request by the Company, any Equityholder seeking to Transfer Warrants or Membership Units shall deliver a written opinion, addressed to the Company, of counsel for such Equityholder, stating that in the opinion of such counsel (which opinion and counsel shall be reasonably satisfactory to the Company), the proposed Transfer does not involve a transaction requiring registration or qualification of such Warrants or Membership Units under the Securities Act; provided, however, that no such opinion shall be required in the case of (i) exercise of any Warrant or (ii) a Transfer by any Equityholder to its Affiliates. Each certificate or other instrument evidencing the securities issued upon the Transfer of any Warrants or Membership Units (and each certificate or other instrument evidencing any untransferred balance of such Warrants or Membership Units) shall bear the legends set forth in Section 4.2.

5. Other Businesses; Fiduciary Duties.

(a) The Company and each of the Equityholders other than Cerberus and its Affiliates (i) acknowledges that the Cerberus and its Affiliates own, and from time to time may acquire and own, one or more Subsidiaries or investments in one or more other entities (such Subsidiaries and entities, collectively, "Related Companies") that are direct competitors of, or that otherwise may have interests that do or could conflict with those of the Company or a Subsidiary or Affiliate of the Company, and (ii) agree that (A) the enjoyment, exercise and enforcement of the rights, interests, privileges, powers and benefits granted or available to the Cerberus and its Affiliates under or in respect of the Credit Agreement, this Agreement or the Warrants shall not be in any manner reduced, diminished, affected or impaired, and the obligations of Cerberus or its Affiliates or Subsidiaries under or in respect of the Credit Agreement, this Agreement or the Warrants shall not be in any manner augmented or increased, by reason of any act, circumstance, occurrence or event arising from or in any respect relating to (x) the ownership by Cerberus or its Affiliates or Subsidiaries of any interest in any Related Company, (y) the affiliation of any Related Company with Cerberus or any of its Affiliates or Subsidiaries or (z) any action taken or omitted by Cerberus or any of its Affiliates or Subsidiaries in respect of any Related Company or in respect of any Affiliate or Subsidiary of Cerberus that directly or indirectly owns any interest in any Related Company, (B) neither Cerberus nor any of their Affiliates or Subsidiaries is, and none shall by reason of such ownership or any such action become, subject to any fiduciary duty to the Company or any of its Subsidiaries or Affiliates by virtue of Warrants or Membership Units of the Company, (C) none of the duties imposed on Cerberus or any of its Affiliates, whether by contract or law, do or shall limit or impair the right of Cerberus and its Affiliates and Subsidiaries (including each Related Company) lawfully to compete with the Company and its Affiliates and Subsidiaries as if Cerberus or any such Affiliate or Subsidiary were not a party to the Credit Agreement, this Agreement or the Warrants and (D) Cerberus and its Affiliates and Subsidiaries (including each Related Company) are not and shall not be obligated to disclose to the Company or any of its Subsidiaries and Affiliates any information related to its business or opportunities, including acquisition opportunities, or to refrain from or in any respect to be restricted in competing against the Company or any of its Subsidiaries or Affiliates in any such business or as to any such opportunities.

(b) The Managing Member of the Company shall owe the same fiduciary duties to the Company and its Members as members of the board of directors of a

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

THE COMPANY:

RG STEEL HOLDINGS LLC

BY: THE RENCO GROUP, INC., its Managing Member

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

Name: *Ari Rennert*  
Title: *President*

EQUITYHOLDERS:

THE RENCO GROUP, INC.

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

Name: *Ari Rennert*  
Title: *President*

CERBERUS RG INVESTOR LLC

By: CERBERUS CAPITAL MANAGEMENT, L.P., its Manager

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

Name:  
Title:

Equityholders Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

**THE COMPANY:**

**RG STEEL HOLDINGS LLC**

**BY: THE RENCO GROUP, INC., its Managing Member**

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

**EQUITYHOLDERS:**

**THE RENCO GROUP, INC.**

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

**CERBERUS RG INVESTOR LLC**

**By: CERBERUS CAPITAL MANAGEMENT, L.P., its Manager**

By: Mark A. Neporent  
Name: Mark A. Neporent  
Title: Senior Managing Director

# Exhibit 39

**From:** Ari Rennert <arennert@rencogrp.com>  
**Sent:** Tuesday, January 17, 2012 ~~6:53 PM~~ 1:53:00 PM  
**To:** Cann Dana <Cann.Dana@pbgc.gov>  
**Subject:** Re: Standstill Agreement

---

Running a bit late can you call at 2:15 or is it easier for me to call you?

----- Original Message -----

From: Cann Dana [mailto:Cann.Dana@pbgc.gov]  
Sent: Tuesday, January 17, 2012 06:21 AM  
To: Ari Rennert  
Subject: RE: Standstill Agreement

I'm available at 2:00. Should I dial your office?

-----Original Message-----

From: Ari Rennert [mailto:arennert@rencogrp.com]  
Sent: Tuesday, January 17, 2012 9:20 AM  
To: Cann Dana  
Subject: RE: Standstill Agreement

Yes. I have a meeting out of the office this morning and will be available from 2:00 on. What works for you?

-----Original Message-----

From: Cann Dana [mailto:Cann.Dana@pbgc.gov]  
Sent: Tuesday, January 17, 2012 9:12 AM  
To: Ari Rennert  
Subject: RE: Standstill Agreement

Can we discuss this morning where each of us stands? I can be reached at 202-326-4070 (ext. 3810). Thanks.

-----Original Message-----

From: Ari Rennert [mailto:arennert@rencogrp.com]  
Sent: Friday, January 13, 2012 6:18 PM  
To: Cann Dana  
Subject: Re: Standstill Agreement

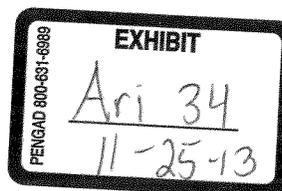
Thanks Dana. I will send to our attorneys and revert back to you. Best regards, Ari

----- Original Message -----

From: Cann Dana [mailto:Cann.Dana@pbgc.gov]  
Sent: Friday, January 13, 2012 12:40 PM  
To: Ari Rennert  
Cc: John Grimaldi  
Subject: Standstill Agreement

Ari,

Please find attached a draft of the standstill agreement we discussed this morning. There are a few items for you to fill in. Please let me know if you have any questions or concerns.



Dana Cann  
Corporate Finance & Restructuring Group  
Pension Benefit Guaranty Corp.  
1200 K Street, NW  
Washington, DC 20005  
Ph (202) 326-4070  
Fax (202) 842-2643  
cann.dana@pbgc.gov

Sample disclaimer text

Sample disclaimer text

# **Exhibit 40**

	Liability at 10/31							
	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly
	Pension (a)	VEBA	OPEB	Surviving Spouse (c)	Pension	OPEB	Salary	TOTAL
Sparrows Point	0		89					89
Wheeling	0	19	147	15	4	34		219
Warren	43	54				13		110
<b>Total</b>	<b>43</b>	<b>73</b>	<b>236</b>	<b>15</b>	<b>4</b>	<b>47</b>		<b>418</b>

Recorded as:

Current Liability	1	12	17	2	1	4	37
Long-term liability	43	61	219	13	3	43	382
<b>Total</b>	<b>44</b>	<b>73</b>	<b>236</b>	<b>15</b>	<b>4</b>	<b>47</b>	<b>419</b>

Expected cash contributions (b)	Funding requirements							
	Fiscal year	2012	2013	2014	2015	2016	Total	
	23	12	23	2	1	3	64	
	3	30	26	2	2	2	63	
	4	22	26	2	1	2	57	
	4	7	25	2	2	2	40	
	5	2	24	2	1	2	36	
<b>Total</b>	<b>39</b>	<b>73</b>	<b>124</b>	<b>10</b>	<b>3</b>	<b>11</b>	<b>260</b>	

- (a) Wheeling, Sparrows and starting in 4/2011 Warren participate in the multiemployer SPT. The plan can impose a withdrawal liability when there is a significant reduction in contributions.
- (b) Amounts shown are expected plan benefit payments which will differ from acct. expense. E. G. Expected pension payments to participants is shown and will not equal company expense and contributions. (Do not now have a 5 year estimate of pension contributions by the company.)
- (c) Once a year payments to a closed group of surviving spouses.

# **Exhibit 41**

Message

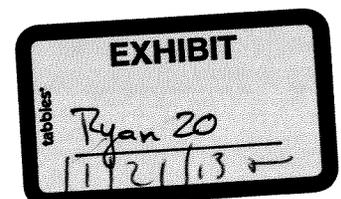
**From:** Ryan, Mike [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MRYAN]  
**Sent:** 1/15/2012 9:41:09 PM  
**To:** 'Freedman, Stuart' [Stuart.Freedman@srz.com]; 'Neil.Rifkind@srz.com' [Neil.Rifkind@srz.com]; 'Kurt.Rosell@srz.com' [Kurt.Rosell@srz.com]; 'Lawrence.Goldberg@srz.com' [Lawrence.Goldberg@srz.com]  
**CC:** Miller, David [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=Dmiller]; Boehm, Shlomo [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=SBoehm09842399]; McDermott, Christopher [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=CMCDERMO]; Weger, Matthew [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=MWeger]; Atkins, Lisa [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=LAtkins]; 'Ari Rennert' [arenert@rencogrp.com]; 'Gary Ford (gmf@groom.com)' [gmf@groom.com]; 'mjp@groom.com' [mjp@groom.com]; 'gary.ford@mcenterprises.org' [gary.ford@mcenterprises.org]; 'michaeljprame@gmail.com' [michaeljprame@gmail.com]; Rapisardi, John [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=JRapisar]; Richardson, Sharon [/O=CWT/OU=FIRST ADMINISTRATIVE GROUP/CN=RECIPIENTS/CN=ShRichar]  
**Subject:** RG Steel Holdings LLC - tax comments re LLC agreement  
**Attachments:** RG Steel LLC AGreement (dsm comments 1 15 12 (2).DOC

Will send other comments if we have any, but I did not want to delay the tax comments. We have reintroduced capital accounts because we think it is important to demonstrate that Renco has less than 80% of capital.

Question for everyone: We are using Schulte's recommended allocation of \$50,000 as the price paid for the 24.5% of the equity - which we convert to a capital account of \$49,000 for Cerberus and \$151,000 for Renco... which seems to suggest that the total equity value for RG is \$200,000...

Do we care?

Mike Ryan  
Cadwalader, Wickersham & Taft LLP  
One World Financial Center  
New York, NY 10281  
Tel: 212.504-6177  
Cell 917 324-1294  
[mryan@cwt.com](mailto:mryan@cwt.com)



# **Exhibit 42**

Pension Benefit  
Guaranty Corporation



# Order

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**Subject: Termination and Trusteeship of Single-Employer Pension Plans**

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**Directive Number: TR 00-2**

**Effective Date: 8/30/11      Originator: Chief Operating Officer**

**Alice C. Maroni  
Chief Management Officer**

- 
1. **PURPOSE:** This Directive sets forth the administrative process of the Pension Benefit Guaranty Corporation (PBGC) for determining whether the statutory termination criteria are met for a single-employer pension plan to be terminated and/or trustee in either a distress termination under section 4041(c) of the Employee Retirement Income Security Act of 1974, *as amended* ("ERISA"), or a PBGC-initiated termination under section 4042 of ERISA. This Directive does not apply to "standard" terminations of fully funded pension plans under section 4041(b) of ERISA.

Nothing in this Directive overrides any statutory or regulatory provision, and in the event of inconsistencies between this Directive and ERISA or PBGC's regulations, ERISA and the regulations control.

PBGC staff prepares a Termination Package that addresses termination issues (see **Part 5.a** of this Directive for Distress Termination Cases and **Part 5.b.** for PBGC-initiated Termination Cases). The PBGC Trusteeship Working Group ("TWG") reviews certain Termination Packages for completeness and to recommend whether termination criteria have been met. When a case is exempt from full TWG review, the Chairperson of the TWG reviews the relevant Termination Package (**Part 7**). The Termination Package, along with the TWG recommendation, if applicable, is then forwarded to the PBGC official who has authority to approve the termination of the plan (**Part 8**). Upon such approval, PBGC typically seeks to become trustee by executing a Trusteeship Agreement with the plan sponsor or by filing an action in court (**Part 9**). Special rules may apply to unusual facts and circumstances, such as cases involving exigent circumstances or modification or withdrawal of a termination decision (**Part 10**).

2. **CANCELLATION:** Replaces **Termination and Trusteeship of Single-Employer Pension Plans TR 00-2**, dated May 14, 2009
3. **SCOPE:** The provisions of this directive address certain aspects of the Termination and Trusteeship process of Single-Employer pension plans.
  - a. These aspects include:

- (1) Termination process
  - (2) Termination criteria
  - (3) TWG membership
  - (4) TWG responsibilities
- b. This Directive does not apply to “standard” terminations of fully funded plans under section 4041(b) of ERISA.
4. **AUTHORITIES:** Relevant authority is as follows:
- a. Section 4041 of ERISA with regard to distress termination;
  - b. Section 4042 of ERISA with regard to PBGC-initiated terminations;
  - c. Section 4021 of ERISA with regard to Title IV coverage; and
  - d. Section 4048 of ERISA with regard to setting the plan termination date.

5. **BACKGROUND**

a. **DISTRESS TERMINATION CASES UNDER SECTION 4041**

- (1) **Overview.** A plan administrator may voluntarily initiate a termination of a single-employer plan in a distress termination under section 4041(c) of ERISA. To do so, the plan administrator must comply with the requirements of section 4041(c) and the regulations thereunder. Case staff should address whether the plan is a covered plan under section 4021 of ERISA, whether the plan administrator’s distress termination application is complete and complies with all of the requirements of section 4041 of ERISA and the regulations thereunder, whether one or more of the criteria under section 4041(c) is satisfied (for each member of the pension plan’s controlled group), whether PBGC should seek to become trustee of the plan, and an appropriate plan termination date.
  - (a) Under section 4041.41(b)(2)(i) of the regulations, PBGC may decide to waive any requirement for the Notice of Intent to Terminate (Form 600) or the Distress Termination Notice (Form 601) that must be filed with PBGC. For example, PBGC may decide to waive a requirement if PBGC believes it will be less costly or less administratively burdensome to do so. Such a waiver is effective only if granted in writing.
  - (b) Even though a distress termination request may be pending, PBGC retains the authority in any case to initiate a plan termination in accordance with the provisions of section 4042 of ERISA (*see* section 4041.41(b)(2)(ii) of the regulations).
- (2) **Covered Plan.** Case staff should ensure that the record supports a finding that the plan is a covered plan under section 4021 of ERISA (*e.g.*, the plan has received a favorable Determination Letter from the Internal Revenue Service).

- (3) **Section 4041(c)(2)(B)**. Distress criteria are met when each controlled group member satisfies at least one of the distress tests set forth in this section as follows:
- (a) **Liquidation Test**: The controlled group member is in liquidation in bankruptcy or similar federal or state insolvency proceeding.
  - (b) **Reorganization Test**: The controlled group member is involved in reorganization in bankruptcy or similar state proceeding; and the bankruptcy court or other appropriate court has determined that the controlled group member will be unable to reorganize unless the plan is terminated and has approved the termination of the plan with regard to that controlled group member.
- (4) **Section 4041.41(d)**, entitled “Non-duplicative efforts,” explains what PBGC will do when a debtor in a reorganization case applies for a determination from a bankruptcy court that the debtor meets the reorganization distress test. It says that in such a case, PBGC will –
- (a) enter an appearance to ask the bankruptcy court to make specific findings as to whether the debtor meets the distress test;
  - (b) provide the court with any information it has that PBGC decides may be germane to the court’s ruling;
  - (c) defer acting on any request that the debtor may make to PBGC for a similar distress determination until the court makes its determination; and
  - (d) be bound by a final and non-appealable order of the court.
- Note:** “Final and non-appealable” means that PBGC would be bound by the order, as the time for appeal has run and no party has filed an appeal.
- (5) **Business Continuation Test**: Unless a distress termination occurs, the controlled group member will be unable to pay debts and continue in business.
- (6) **Pension Costs Test**: The cost of providing pension coverage has become unreasonably burdensome solely as a result of a decline in the workforce.
- (7) **Date of Plan Termination**. For distress terminations, section 4048(a)(2) provides that the date of plan termination is “the date established by the plan administrator and agreed to by PBGC . . .” The recommendation for agreeing to or rejecting the date of plan termination established by the plan administrator should be based on several factors, including whether the date is within the period described in the statute and the earliest date upon which participants’ expectations of plan continuance ceased, and then determining whether a later date would be in PBGC’s interest.
- (8) **Distress Termination Notice (Form 601) and Schedule EA-D**. The plan administrator must file a Form 601, Distress Termination Notice, with the Schedule EA-D, Distress Termination Certification of Sufficiency,

completed in accordance with the regulations and the instructions to the form.

- (a) DISC will review the submission to ensure that it is complete and that it contains all of the information required to be filed with Form 601.
  - (b) If the only reason for PBGC's determining that the plan does not qualify for a distress termination is that the Form 601 is incomplete, or that PBGC otherwise lacks sufficient information, PBGC shall advise the plan administrator of the missing items of information. PBGC will consider the original filing complete if the missing or additional information is filed with PBGC no later than the 120<sup>th</sup> day after the proposed termination date or the 30<sup>th</sup> day after the date of PBGC's written notice, whichever is later, or if the plan administrator obtains a written waiver of the requirement from PBGC. (PBGC may waive or extend deadlines under this paragraph).
- (9) **Case Team Review.** Based on the Form 600, the Form 601, and any other relevant information, DISC and OCC will evaluate whether the requirements for a distress termination have been satisfied, including whether each controlled group member satisfies one of the distress tests set forth in section 4041(c)(2)(B) of ERISA (*i.e.*, the Liquidation Test, the Reorganization Test, the Business Continuation Test, or the Pension Costs Test).

**Note:** DISC and OCC will evaluate whether the plan is sufficient for guaranteed benefits and whether trusteeship by PBGC is appropriate.

- (10) **Prepare and forward Termination Package.** Case staff will assemble the materials for review by the TWG and/or Deciding Official, including the Termination Package. The TWG reserves the right to supplement the materials. Case staff will then forward the Termination Package to the TWG Chairperson, and will make all assembled materials available for review by the Deciding Official in exempt cases, and the TWG and the Deciding Official in non-exempt cases. If the case requires review by the TWG, the TWG Chairperson will schedule a meeting of the TWG (*see* Part 7 of this Directive). After the TWG recommendation is made, the case staff should forward the Termination Package for concurrence and approval pursuant to Part 8 of this Directive.

b. **PBGC -INITIATED TERMINATION CASES UNDER SECTION 4042**

- (1) **Overview.** Section 4042 of ERISA governs PBGC's initiation of the termination and trusteeship of a single-employer pension plan. Case staff should address whether the plan is a covered plan under section 4021 of ERISA, whether one or more of the termination criteria under section 4042(a) is satisfied, whether one or more of the criteria under section 4042(c) are satisfied, and whether PBGC should seek to become trustee of the Plan. The staff should also propose a date of plan termination under section 4048. If Case staff concludes that PBGC should take action to terminate the plan,

the Case staff prepares the Termination Package and forwards it to the TWG and/or Deciding Official for review.

- (2) **Covered Plan.** Case staff should ensure that the record supports a finding that the plan is a covered plan under section 4021 of ERISA (*e.g.*, the plan has received a favorable Determination Letter from the Internal Revenue Service).
- (3) **Section 4042(a).** PBGC initiates termination proceedings only if at least one of the following criteria under section 4042(a) is present:
  - (a) **Mandatory Termination.** Under the language of section 4042(a), the PBGC must terminate a plan if “the plan does not have assets available to pay benefits which are currently due under the terms of the plan.” Case staff should process mandatory termination cases on an expedited basis. In such cases, PBGC may place participants into pay status prior to becoming trustee of the plan.
  - (b) **Failure to Satisfy Minimum Funding Requirements.** Under section 4042(a)(1), PBGC has discretion to initiate termination proceedings if it determines that “the plan has not met the minimum funding standard required under section 412 of the Internal Revenue Code. . . .”
  - (c) **Unable to Pay Benefits When Due.** Under section 4042(a)(2), PBGC has discretion to initiate termination proceedings if it determines that “the plan will be unable to pay benefits when due.” In general, case staff should consider the extent of the plan’s underfunding and whether the plan will be abandoned (*e.g.*, due to liquidation of the plan sponsor).
  - (d) **Distribution to Substantial Owner.** Under section 4042(a)(3), PBGC has discretion to initiate termination proceedings if it determines that “the reportable event described in section 4043(c)(7) has occurred.” Section 4043(c)(7) involves certain distributions to substantial owners.
  - (e) **Long Run Loss.** Under section 4042(a)(4), PBGC has discretion to initiate termination proceedings if it determines that “the possible long-run loss of the corporation with respect to the plan may reasonably be expected to increase unreasonably if the plan is not terminated.”
- (4) **Section 4042(c).** If one or more of the grounds for termination under section 4042(a) is present, section 4042(c) provides that PBGC may apply to a federal district court for a decree adjudicating that the plan be terminated “in order to protect the interests of the participants or to avoid any unreasonable deterioration of the financial condition of the plan or any unreasonable increase in the liability of [PBGC].” The Termination Recommendation

should include a discussion of which of these criteria under section 4042(c) applies.

- (5) **Date of Plan Termination.** For PBGC-initiated terminations, section 4048(a)(3) provides that the date of plan termination is “the date established by the [PBGC] and agreed to by the plan administrator. . . .” DISC and OCC staff should prepare their recommendation for the date of plan termination by ascertaining the earliest date upon which participants’ expectations of plan continuance ceased, or are expected to cease, and then determining whether a later date would be in PBGC’s interest. However, if the plan is being recommended as a mandatory termination, consideration should be given to setting the Date of Plan Termination no later than the date the plan became unable to pay benefits.
- (6) **PBGC Trusteeship.** Case staff should recommend whether, pursuant to section 4042(c) of ERISA, PBGC should take action to become trustee of the plan.
- (7) **Prepare the Administrative Record and forward the Termination Package.** Case staff will assemble the materials for review by the TWG and/or Deciding Official, including the Termination Package. The TWG reserves the right to supplement the materials. Case staff will then forward the Termination Package to the TWG Chairperson, and will make all assembled materials available for review by the Deciding Official in exempt cases, and the TWG and the Deciding Official in non-exempt cases. If the case requires review by the TWG, the TWG Chairperson will schedule a meeting of the TWG (*see* Part 7 of this Directive). After the TWG makes a recommendation of termination and/or trusteeship, the case staff should forward the Termination Package for concurrence and approval pursuant to Part 8 of this Directive.

6. **DEFINITIONS:**

- a. **Aggregate amount of PBGC’s claims** means the case staff’s best estimate of the total amount of PBGC’s claims for unfunded benefit liabilities with respect to all underfunded plans maintained by the sponsor and the sponsor’s controlled group.
- b. **Deciding Official** means the official with authority to approve a recommendation regarding termination and/or trusteeship of a pension plan. The Deciding Official is:
  - (1) The Chairperson of the Trusteeship Working Group, or designee, for Exempt cases;
  - (2) The Chief Operating Officer, or designee, for Non-Exempt cases in which the aggregate amount of PBGC’s claims is \$100 million or less, and no novel or significant policy issue is involved; and
  - (3) The PBGC Director, or (where appropriate) the Deputy Director for Operations, for cases in which the aggregate amount of PBGC’s claims is

more than \$100 million, or any case in which there is a novel or significant policy issue.

- c. **Distress Termination Letter** means the letter from PBGC notifying the applicant for a distress termination that the application has been approved or denied.
- d. **Exempt case** means a case that may be decided by the TWG Chairperson alone, without requiring a meeting of the full TWG. The criteria for an Exempt case are set forth in Part 7.b below.
- e. **Non-Exempt case** means a case that does not meet the definition of Exempt case. A Non-Exempt case must be reviewed by the TWG.
- f. **Notice of Determination (NOD)** means the determination issued by PBGC under section 4042(a) that a plan should or must be terminated.
- g. **Termination Recommendation** is the memorandum that sets forth a summary of the factual, legal, actuarial and financial record relied upon to reach a recommendation on whether or not a plan should be terminated. The memorandum should include, but is not limited to, a discussion of the plan sponsor's business and whether there is a reorganization, liquidation, asset sale, or some other corporate transaction that could affect the pension plan, the identification of the plan sponsor's controlled group, the financial condition of the plan sponsor and its controlled group, the funding status of the plan, and any relevant actuarial or benefit issues. Finally, it should confirm that the plan is covered under section 4021; discuss the grounds for termination and in the case of a distress termination, explain whether the termination complies with section 4041 and the regulations thereunder; contain a recommendation regarding the Plan Termination Date under section 4048; and recommend whether PBGC should become plan trustee.
- h. **Termination and Trusteeship Decision Record (TDR)** is the form used to document the approval of PBGC's termination decisions.
- i. **Termination Package** means the materials presented to the TWG, or in an Exempt case to the TWG Chairperson. It should include, but not be limited to: the Termination Recommendation memorandum, a draft TDR, all relevant supporting materials, including but not limited to PBGC estimates of unpaid minimum funding contributions, unfunded benefit liabilities, and unpaid premiums, a projection of estimated minimum required contributions in distress cases other than liquidations, and in appropriate 4042 cases, financial models, forecasts and projections, any NOITs, relevant court filings, and relevant transactional documents, e.g., asset purchase agreements.
- j. **Trusteeship Agreement (TA)** is the written agreement between PBGC and the plan administrator terminating a plan, usually appointing PBGC as trustee of the plan, and usually establishing the plan termination date.
- k. **The Trusteeship Working Group (TWG)** is an intra-agency group representing the various professional disciplines involved in processing underfunded single-employer

pension plans under sections 4041 and 4042 of ERISA. The TWG's responsibilities are set forth in Part 7 of this Directive.

7. **TRUSTEESHIP WORKING GROUP:**

- a. **The purpose of the TWG** is to provide an objective review of termination recommendations to ensure that:
- (1) the administrative record supporting the termination decision is complete;
  - (2) the various actuarial, financial, factual and legal issues in the case are appropriately developed;
  - (3) the termination criteria have been met; and
  - (4) the Deciding Official has sufficient information to make a termination decision based on the relevant statutory criteria.
- b. **Cases Exempt From TWG Review.** Each Termination Package is reviewed by the full TWG unless a case is Exempt from TWG review. However, the TWG must review a case that otherwise meets the criteria for an Exempt case if so requested by the Chief Operating Officer, the Chief Insurance Program Officer or the TWG Chairperson. A case is Exempt if:
- (1) the aggregate amount of PBGC's claims totals \$10 million or less; or
  - (2) the aggregate amount of PBGC's claims totals \$25 million or less providing,
    - (a) there are fewer than 5,000 participants in the relevant plans;
    - (b) no novel or significant policy issue is involved; and
    - (c) one or more of the following criteria is also met:
      - (i) the plan is recommended for mandatory termination under section 4042(a);
      - (ii) the plan is recommended for discretionary termination under section 4042(a)(2) and, within the next six months, the plan will not have assets available to pay benefits when due;
      - (iii) the plan is recommended for discretionary termination under section 4042(a)(1) or 4042(a)(2), there is no ongoing plan sponsor, and the combined projected annual gross revenues of all known ongoing controlled group members are less than 50% of the projected annual minimum funding requirements with respect to the plan; or

- (iv) the plan is recommended for distress termination on the grounds that the plan's sponsor and each controlled group member, if any, meet the liquidation test under section 4041(c)(2)(B)(i), the reorganization test under 4041(c)(2)(B)(ii), or, as of the proposed termination date, are not engaged in any substantial business or commercial activity, have no assets or only nominal assets, and have no employees or a nominal number of employees.
  
- c. **TWG Membership.** Voting members on the TWG include the TWG Chairperson, who is a representative from the Office of the Chief Operating Officer, or the Chairperson's designee. Additionally, the TWG will have at least two voting members from each of the following disciplines represented:
  - (1) Actuaries
  - (2) Financial Analysts
  - (3) Auditors
  - (4) Attorneys
  
- d. **TWG Vacancies.** As voting member openings on the TWG become available (caused by a current member leaving PBGC, changing position/duties, or other factors determined by their supervisor), the TWG Chairperson will solicit recommendations for replacement members from the heads of following agency offices and departments:
  - (1) Benefits Administration and Payment Department (BAPD)
  - (2) BAPD/Actuarial Services Division (ASD)
  - (3) Insurance Program Office (IPO)
  - (4) Department of Insurance Supervision and Compliance (DISC)
  - (5) Legislative and Regulatory Department (LRD)
  - (6) Office of Chief Counsel (OCC)
  - (7) Office of General Counsel (OGC)
  - (8) Policy, Research and Analysis Department (PRAD)
  
- e. **TWG Voting.** Voting membership will be based first on ensuring balanced and experienced representation from each of the four disciplines listed above and second on balanced representation from each of the offices/departments above. Because of

the priority, the offices and departments listed above are not guaranteed a voting member on the TWG. Final voting membership will be determined by the TWG Chairperson with concurrence of the Chief Operating Officer. If an office/department does not have a voting member, at their option they may name a non-voting member. If a voting member is unable to attend a particular TWG meeting, he/she will contact the TWG Chairperson in advance of the meeting. Such voting member will designate a substitute voting member from his/her discipline. Nonvoting members of the TWG are representatives from the Financial Operations Department (FOD) and the Communications and Public Affairs Department (CPAD).

**Note:** TWG members are expected to fully review the termination package prior to the TWG meeting, even in exigent circumstances. Other interested individuals may observe the TWG proceedings as allowable by room size and meeting content. Such individuals must contact the TWG Chairperson prior to the meeting.

- f. **Recusal.** If a TWG member has done work on the recommendation being presented, that member shall recuse himself/herself from voting. In such cases, the TWG member's department will designate an acting member for the TWG meeting and will inform the TWG chairperson in advance of the meeting.
  
- g. **Quorum and Majority Vote.** A quorum is necessary for the TWG to make a recommendation. A minimum of the TWG Chairperson or the Chairperson's designee, and at least one member representing each of the disciplines listed in Section 7.c must be present and eligible to vote in order to constitute a quorum. The TWG recommendation must have the support of no less than four members, and two-thirds of those members present and voting. Members recused from voting on a case are not counted for purposes of determining a quorum or the two-thirds vote. Members who abstain from a vote are counted for quorum purposes, but they are not counted as part of the total vote for determining whether a two-thirds majority concurs in the recommendation.
  
- h. **TWG Meeting.** Upon receiving a Termination Package for a non-exempt case, the TWG Chairperson will review the Termination Package for completeness, and, if the Termination Package is complete, will schedule a meeting. As part of that review, the TWG Chairperson shall review the contents of the Termination Recommendation to ensure that it is complete and includes all of the information required under Part 6. If it does not, the Chairperson shall return the Termination Recommendation to the organizational unit that prepared it and will provide an explanation of the basis for requesting that it be supplemented. Barring exigent circumstances, the Termination Package normally will be distributed to the TWG members one week prior to the TWG meeting.

**Note:** Case staff will present their Termination Recommendation at the TWG meeting. The TWG will discuss the recommendation and will concur in the staff's recommendation, reject the staff's recommendation, make its own recommendation, or ask the staff to prepare further analysis of the case.

- i. **Novel and/or Significant Policy Issues.** Novel and/or significant policy issues identified by the TWG are forwarded to the appropriate legal, financial, actuarial and/or policy authorities for review. Once the issue is addressed, the case will be referred back to the TWG for further action.
- j. **TWG Meeting Minutes.** TWG minutes will include a list of all attendees at the TWG meeting. Issues discussed at the TWG meeting will be reflected in the minutes. When a vote is taken, a summary of the vote (number of individuals in favor, number opposed and number abstaining) will be given. In the event that a vote is not taken and the TWG needs more information in advance of voting, a list of information needed by TWG will be specified.
  - (1) The Chairperson of TWG or the Chairperson's designee is responsible for draft minutes being prepared within one week after the TWG meeting.
  - (2) The draft minutes will then be circulated to TWG members and to case team members. Except when the Chairperson determines that exigencies require otherwise, these parties will be given at least one week to submit suggested changes before the minutes become final. A final copy of the minutes will be circulated to TWG members and case team members.
- k. **TWG Nonconcurrency In Staff Recommendation.** If the TWG does not concur in the recommendation, DISC may develop the package further or withdraw it. Additionally, the case staff may request the Chief Insurance Program Officer to review the case. In the latter event, if the Chief Insurance Program Officer concurs with the staff recommendation, the case will be forwarded to the Director, through the Chief Operating Officer, for review and determination, with an informational copy sent to the General Counsel and to the TWG chairperson.

8. **CONCURRENCE AND APPROVAL**

- a. **Concurrence and Approval.** In Exempt Cases, the TWG File will have been forwarded as set forth in Parts a and b. In Non-Exempt Cases, after the TWG has made a recommendation of termination and/or trusteeship, or the denial of a distress application, case staff should assemble and forward the TWG File for concurrences and for review and decision by the Deciding Official.
  - (1) **Approval of Cases Reviewed by the TWG.** The TWG File for cases that have been reviewed by the TWG should include:
    - (a) Outgoing correspondence for signature (Notice of Determination or Distress Termination letter; Trusteeship Agreement and Cover Letter);
    - (b) Termination Decision Record for signature;
    - (c) Termination Package;
    - (d) TWG meeting minutes; and
    - (e) Other additional appropriate information.

- (2) **Approval of Exempt Cases.** The TWG File for Exempt cases should include:
  - (a) Outgoing correspondence for signature (Notice of Determination or Distress Termination letter; Trusteeship Agreement and Cover Letter);
  - (b) Termination Decision Record for signature;
  - (c) Termination Package; and
  - (d) Other additional appropriate information.
  
- b. **Required Signatures.** Concurrence with the Termination Recommendation is evidenced by signing the TDR, except in the case of the Deciding Official, where concurrence in 4042 cases is evidenced by signing the NOD. The following signatures are required, although additional concurring signatures may be included on the TDR:
  - (1) Where the deciding official is the Chairperson of the TWG;
    - (a) Director or Deputy Director, Division of Insurance Supervision and Compliance;
    - (b) Assistant Chief Counsel in OCC; and
    - (c) Chairperson, TWG.
  - (2) Where the Deciding Official is the COO, in addition to all the signatures specified above, also:
    - (a) Deputy Chief Counsel in OCC; and
    - (b) COO
  - (3) Where the deciding official is the PBGC Director, or (where appropriate) the Deputy Director of Operations, in addition to all signatures specified above, also:
    - (a) Chief Counsel in OCC; and
    - (b) Chief Insurance Program Officer; and
    - (c) PBGC Director, or (where appropriate) the Deputy Director of Operations
  
- c. **Mailing Outgoing Correspondence.** After final approval, the Deciding Official will return the TWG File to the TWG Chairperson. The TWG Chairperson is responsible for mailing outgoing correspondence (*e.g.*, the Notice of Determination or the Distress Termination Letter, the Trusteeship Agreement) to the plan administrator and other necessary parties.

- d. **Reports and Records.** The TWG Chairperson will maintain records of all termination decisions and will distribute copies of the decisions to appropriate staff. For cases approved for trusteeship, the TWG Chairperson will also route a copy of the signed TDR to the Director, CPAD, the Director, BAPD, and the Chief, Investment Accounting Branch, COD/FOD.
9. **TRUSTEESHIP: Mailing of Trusteeship Agreements.** Two copies of the unsigned Trusteeship Agreement normally will be sent to the plan administrator or the plan administrator's duly authorized representative with instructions that the documents are to be signed and returned to the TWG office. Upon receipt of the agreements signed by the plan administrator, the TWG office will forward them to BAPD.
10. **SPECIAL PROCEDURES:**
  - a. **Special Circumstances Cases.** Notwithstanding anything in this Directive, when time is of the essence and facts and circumstances make it impractical to convene a meeting of the TWG with regard to a Non-Exempt case, or to involve the TWG Chairperson with regard to an Exempt case, the Chief Insurance Program Officer and the Chief Operating Officer may propose that a plan should be terminated under section 4042 by forwarding their recommendation to the PBGC Director, or (where appropriate) the Deputy Director of Operations, who may approve the recommendation. An informational copy will be forwarded to the Chief Counsel, the Director of DISC and the TWG Chairperson in these situations.
  - b. **Modification or Withdrawal of Notices of Determination.**
    - (1) If a NOD has been issued, but a plan has not yet been trustee'd, and case staff concludes that the NOD should be modified, the case staff will prepare a memorandum recommending modification of the NOD. The memorandum, along with a modified NOD, will be routed to the Deciding Official with the same concurrences as for the termination recommendation.
    - (2) If a NOD has been issued, but the plan has not yet been trustee'd, and case staff concludes that PBGC should not proceed with a PBGC-initiated termination of the plan, case staff will prepare a memorandum recommending withdrawal of the NOD. The memorandum, along with the proposed Notice of Withdrawal of Termination Decision, will be routed to the Deciding Official with the same concurrences as for the termination recommendation.
    - (3) The Deciding Official approves a recommendation to withdraw a NOD by signing and issuing the modified NOD or Notice of Withdrawal. The TWG Chairperson will route a copy of the executed NOD or Notice of Withdrawal to the Office of Chief Counsel; to DISC; to BAPD; to the Chief, Investment Accounting Branch, COD/FOD; and to other staff as appropriate.

- c. **Coordination with Other Departments.** Case staff should closely coordinate with other PBGC departments and divisions to ensure that plan termination and benefit administration tasks are accomplished efficiently. For example:
- (1) CPAD should be notified early in the process of any case in which the cut-off of participant expectations of plan continuation by published notice is anticipated, where the aggregate amount of PBGC's claims is \$25 million or more, where there are 5,000 or more participants in the relevant plans, or situations that otherwise may be newsworthy;
  - (2) The Deputy Director for Operations should be notified early in the process of any case in which congressional interest has been expressed, or appears likely;
  - (3) The appropriate Trusteeship Processing Division and the Large Case Working Group should be notified of large cases so they can coordinate benefit administration activities; and
  - (4) The TWG Chairperson should be notified early in the process of any cases that present unusual facts or circumstances or policy issues.

# Exhibit 43

**From:** Miller, David  
**To:** Rosell, Kurt  
**CC:** Boehm, Shlomo  
**Sent:** 1/15/2012 2:14:40 PM  
**Subject:** Re: Were you going to send your comments on the LLC agreement? Thanks.

I think we will want to make clear that Cerberus has 24.95% of the capital accounts initially. That's the substance of your email but we'll want to be explicit about that (relevant to control group analysis).

---

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On Jan 15, 2012, at 8:42 AM, "Rosell, Kurt" <[Kurt.Rosell@srz.com](mailto:Kurt.Rosell@srz.com)> wrote:

I just tried to send you a message and am not sure it went through. Anyway, I managed to leave my office on Friday with your mark-up of the Credit Agreement but without my mark-up of the LLC Agreement, and am now up at our vacation house so getting my comments is going to be a problem.

As for the Credit Agreement, the changes all seem fine except that I don't see why we need to keep clause (d) on p. 54. Aren't tax payments to Renco now covered in the preceding clause (c)?

In the LLC Agreement, as we discussed on Friday, we should be able to make that a simple document. We can (i) eliminate capital accounts, (ii) make all distributions and allocations (except tax allocations required by Sec. 704(c), etc.) according to percentage interests and (iii) set the initial percentage interests at 24.95%/Cerberus and 75.05%/Renco. We could provide for an adjustment in those percentages to 49.9%/Cerberus (or admission of a new Cerberus-affiliated member with an additional 24.95% interest) and 50.1% Renco if the contingent warrants become exercisable. We would also want to prohibit distributions for 90 days until the percentage interests of the members is resolved.

Given the timing, it would make sense to agree to arrive at a more elegant iteration of the LLC agreement when time permits.

I hope this helps. If you need to reach me, I have access to e-mail and my cell is 917 796 5657, though service up here is spotty.

Best,

Kurt

-----Original Message-----

From: Miller, David [mailto:David.Miller@cwt.com]

Sent: Sat 1/14/2012 6:02 AM

To: Rosell, Kurt

Subject: Were you going to send your comments on the LLC agreement? Thanks.

David S. Miller  
Cadwalader, Wickersham & Taft LLP  
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New York, NY 10281  
Tel: +1 212.504.6318  
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\*\*\*\*\*  
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\*\*\*\*\*

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# **Exhibit 44**

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR (B) AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED TO AN "ACCREDITED INVESTOR" (AS SUCH TERM IS DEFINED IN THE RULES AND REGULATIONS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED) IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES, IF EFFECTED IN COMPLIANCE WITH THE SECURITIES ACT OF 1933, AS AMENDED.

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE EQUITYHOLDERS' AGREEMENT DATED AS OF JANUARY 17, 2012, AS IT MAY BE AMENDED FROM TIME TO TIME, BY AND AMONG RG STEEL HOLDINGS LLC (THE "COMPANY") AND THE EQUITYHOLDERS PARTY THERETO AND NO TRANSFER OF THESE SECURITIES SHALL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY.

**RG STEEL HOLDINGS LLC**

**SERIES B WARRANT TO PURCHASE MEMBERSHIP UNITS**

Warrant No.: 1  
Percentage Interests: 24.5%  
Date of Issuance: January 17, 2012 ("Issuance Date")

RG STEEL HOLDINGS LLC, a Delaware limited liability company, (the "Company"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, CERBERUS RG INVESTOR LLC, the registered holder hereof or its permitted assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below), upon surrender of this Series B Warrant to Purchase Membership Units (as defined below) equal to

DOC ID-17904636.11

24.5% of the Membership Units outstanding as of the date of exercise calculated on a Fully Diluted Basis (including any Series B Warrants to Purchase Membership Units issued in exchange, transfer or replacement hereof, the "Warrant"), at any time or times on or after Initial Exercise Date, but not after 11:59 p.m., New York Time, on the Expiration Date. Except as otherwise defined herein, capitalized terms in this Warrant shall have the meanings set forth in Section 17.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder on any day on or after the Initial Exercise Date in whole or in part, by (i) delivery of a properly completed, duly executed, written notice and joinder, in the form attached hereto as Exhibit A (the "Exercise Notice and Joinder"), of the Holder's election to exercise this Warrant and (ii) payment to the Company of an amount equal to the applicable Exercise Price multiplied by the percentage of Membership Units as to which this Warrant is being exercised (the "Aggregate Exercise Price") in cash or by wire transfer of immediately available funds. The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder. Execution and delivery of the Exercise Notice and Joinder with respect to less than all of the Membership Units shall have the same effect as cancellation of the original Warrant and issuance of a new Warrant evidencing the right to purchase the remaining number of Membership Units. The exercise of this Warrant shall be deemed to have been effected immediately prior to the close of business on the Business Day on which the Company has received each of the Exercise Notice and Joinder and the Aggregate Exercise Price and at such time the Person or Persons in whose name or names such Membership Units shall be issuable upon such exercise shall be deemed to have become the holder or holders of record thereof for all purposes and admitted as Members of the Company. If this Warrant is submitted in connection with any exercise pursuant to this Section 1(a) and the number of Membership Units represented by this Warrant submitted for exercise is greater than the number of Membership Units being acquired upon an exercise, then the Company shall as soon as practicable and in no event later than three Business Days after any exercise and at its own expense, issue a new Warrant (in accordance with Section 6(d)) representing the right to purchase the number of Membership Units purchasable immediately prior to such exercise under this Warrant, less the number of Membership Units with respect to which this Warrant is exercised. The Company shall pay any and all taxes (other than Federal, state or local income taxes) which may be payable with respect to the issuance and delivery of Membership Units upon exercise of this Warrant.

(b) Exercise Price. For purposes of this Warrant, "Exercise Price" means \$1.00 for each 1% of Membership Units.

(c) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Membership Units, the Company shall promptly issue to the Holder the number of Membership Units that are not disputed and resolve such dispute in accordance with Section 11.

2. DISTRIBUTION OF ASSETS; PURCHASE RIGHTS. If the Company at any time or from time to time after the Initial Exercise Date shall declare or make any dividend or other distributions of its assets (or rights to acquire its assets) to any or all holders of Membership Units, by way of return of capital or otherwise (including, without limitation, tax distributions of any kind, any distribution of cash, stock or other securities, property or options by way of a dividend, spin off, reclassification, corporate rearrangement, scheme of arrangement or other similar transaction) (the "Distributions"), and/or grants, issues or sells any options, convertible securities or rights to purchase Membership Units, warrants, securities or other property (including tax distributions) pro rata to all or substantially all of the record holders of Membership Units (the "Purchase Rights"), then the Holder will be entitled to such Distributions and/or to acquire the aggregate Purchase Rights which the Holder could have received and/or acquired if the Holder had held the amount of Membership Units acquirable upon complete exercise of this Warrant immediately before the date on which a record is taken for such Distribution and/or the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Membership Units are to be determined for the such Distributions and/or grant, issue or sale of such Purchase Rights.

3. ADJUSTMENTS. The number of Membership Units shall be adjusted from time to time as follows:

(a) Merger, Sale of Assets, Etc. If at any time while this Warrant, or any portion of this Warrant, is outstanding and unexpired, there shall be (i) a capital reorganization or reclassification of the Membership Units, (ii) a merger or consolidation of the Company with or into another Person in which the Company is not the continuing or surviving entity, or a merger or consolidation of the Company with another Person in which the Company is the continuing or surviving entity but the Membership Units outstanding immediately prior to the merger or consolidation are changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (iii) a sale or transfer of all or substantially all of the Company's properties or assets to any other Person, then, as a part of such reclassification, reorganization, merger, consolidation, sale or transfer, lawful provision shall be made so that the Holder of this Warrant shall thereafter be entitled to receive upon exercise of this Warrant, during the period specified herein and upon payment of the Exercise Price, the amount of securities, cash or other property that a holder of the securities deliverable upon exercise of this Warrant would have been entitled to receive in such reclassification, reorganization, consolidation, merger, sale or transfer if this Warrant had been exercised immediately before such reclassification, reorganization, merger, consolidation, sale or transfer, subject to adjustments as nearly equivalent as possible to the adjustments provided for in this Section 3(a), provided, that to the extent all holders of shares of Membership Units do not receive or are not entitled to receive, on a pro rata basis in proportion to the number of shares of Membership Units that they then own, an equal amount of securities, cash or other property in connection with any of the transactions described in this Section 3(a), the Holder shall be entitled to receive the securities, cash or other property to which it is otherwise entitled under this Section 3(a) on terms no less favorable than the most favorable terms provided to any such holder of Membership Units in its capacity as a Member of the Company in connection with any such transaction. The foregoing provisions of this Section 3(a) shall similarly apply to successive reclassifications, reorganizations, consolidations, mergers, sales and transfers and to the stock or securities of any other Person that

are at the time receivable upon the exercise of this Warrant. If the per Membership Unit consideration payable to the Holder for Membership Units in connection with any such transaction is in a form other than cash or marketable securities, then the value of such consideration shall be determined in good faith jointly by the Company and the Holder; provided, however, that if such parties are unable to reach agreement within a reasonable period of time, such value shall be determined in good faith, by an independent investment banking firm selected jointly by the Company and the Holder or, if that selection cannot be made within ten days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules, and provided further, that all of the fees and expenses of any third parties incurred in connection with determining such value pursuant to the preceding proviso shall be paid one-half by the Company and one-half by the Holder. In all events, appropriate adjustment (as determined in good faith jointly by the Company and the Holder) shall be made in the application of the provisions of this Warrant with respect to the rights and interests of the Holder after the transaction, to the end that the provisions of this Warrant shall be applicable after that event, as near as reasonably may be, in relation to any securities or other property deliverable after that event upon exercise of this Warrant; provided, however, that if such parties are unable to reach agreement within a reasonable period of time the Company shall appoint a firm of independent certified public accountants of recognized national standing (which may be the regular auditors of the company), which shall give their opinion on the adjustment, if any, on a basis consistent with the essential intent and principles established in such provisions, necessary to preserve, without dilution, the purchase rights represented by this Warrant, and upon receipt of such opinion, the Company shall promptly mail a copy thereof to the Holder and shall make the adjustments described therein. All fees and expenses of the accounting firm related to such opinion shall be paid one-half by the Company and one-half by the Holder. Notwithstanding anything contained in this Warrant to the contrary, the Company shall not effect any of the transactions described in clauses (i) through (iii) of this Section 3(a) unless, prior to the consummation thereof, each Person (other than the Company) which may be required to deliver any stock, securities, cash or property upon the exercise of this Warrant as provided herein shall assume, by written instrument delivered to, and reasonably satisfactory to, the Holder of this Warrant, (a) the obligations of the Company under this Warrant (and if the Company shall survive the consummation of such transaction, such assumption shall be in addition to, and shall not release the Company from, any continuing obligations of the Company under this Warrant) and (b) the obligation to deliver to the Holder such shares of stock, securities, cash or property as, in accordance with the foregoing provisions of this Section 3(a), the Holder may be entitled to receive. Nothing in this Section 3(a) shall be deemed to authorize the Company to enter into or consummate any transaction not otherwise permitted by Section 3.3 of the Equityholders Agreement or otherwise impair any Holder's rights under the Equityholders' Agreement.

(b) Reclassification, Etc. If the Company, at any time while this Warrant, or any portion of this Warrant, remains outstanding and unexpired, by reclassification of securities or otherwise, shall change any of the securities as to which purchase rights under this Warrant exist into the same or a different number of securities of any other class or classes, this Warrant shall thereafter represent the right to acquire such number and kind of securities as would have been issuable as the result of such change with respect to the securities that were subject to the purchase rights under this Warrant immediately prior to such reclassification or other.

4. WARRANT HOLDER NOT DEEMED A Member. Except as otherwise specifically provided herein and in the Equityholders' Agreement, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed a Member of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a Member of the Company or any right to vote, give or withhold consent to any action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Membership Units which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a Member of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 4, the Company shall provide the Holder with copies of the same notices and other information given to the Members of the Company generally, contemporaneously with the giving thereof to the Members.

5. NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Formation, LLC Agreement or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, for the principal purpose of avoiding or seeking to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and use reasonable best efforts to protect the rights of the Holder.

6. REISSUANCE OF WARRANTS.

(a) Transfer of Warrant. If this Warrant is to be transferred, the Holder shall surrender this Warrant to the Company, whereupon the Company will forthwith issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 6(d)), registered as the Holder may request, representing the right to purchase the number of Membership Units being transferred by the Holder and, if less than the total number of Membership Units then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 6(d)) to the Holder representing the right to purchase the number of Membership Units not being transferred.

(b) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 6(d)) representing the right to purchase the Membership Units then underlying this Warrant.

(c) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company, for a new Warrant or Warrants (in accordance with Section 6(d)) representing in the aggregate the right to purchase

the number of Membership Units then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Membership Units as is designated by the Holder at the time of such surrender.

(d) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant (i) shall be of like tenor with this Warrant, (ii) shall represent, as indicated on the face of such new Warrant, the right to purchase the Membership Units then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 6(a) or Section 6(c), the Membership Units designated by the Holder which, when added to the number of Membership units underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Membership Units then underlying this Warrant), (iii) shall have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date, and (iv) shall have the same rights and conditions as this Warrant.

7. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with Section 6.2 of the Equityholders' Agreement. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including in reasonable detail a description of such action and the reason therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder (i) promptly after any adjustment of the number of Membership Units issuable upon exercise, setting forth in reasonable detail, and certifying, the calculation of such adjustment and (ii) at least fifteen days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Membership Units, (B) with respect to any grants, issuances or sales of any Options, Convertible Securities or rights to purchase Membership Units, warrants, securities or other property generally to holders of shares of Membership Units or (C) for determining rights to vote with respect to any merger, consolidation, sale of assets, dissolution or liquidation.

8. AMENDMENT AND WAIVER. This Warrant and any term hereof may not be amended, modified, supplemented or terminated, and waivers or consents to departures from the provisions hereof may not be given, except by written instrument duly executed by the party against which enforcement of such amendment, modification, supplement, termination, waiver or consent to departure is sought.

9. GOVERNING LAW; JURISDICTION AND VENUE; WAIVER OF JURY TRIAL.

(a) This Warrant shall be governed by and construed in accordance with the domestic laws of the State of Delaware, without giving effect to any choice of law or conflicting provision or rule (whether of the State of Delaware, or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Delaware to be applied. In furtherance of the foregoing, the internal law of the State of Delaware will control the interpretation and construction of this Warrant, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

(b) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself or himself and its or his property, to the exclusive jurisdiction of any New York state court sitting in New York county or federal court of the United States of America sitting in New York county, and any appellate court presiding thereover, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereunder or thereunder or for recognition or enforcement of any judgment relating thereto, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York state court or, to the extent permitted by law, in any such federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(c) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it or he may legally and effectively do so, any objection that it or he may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereunder or thereunder in any state or federal court sitting in New York county. Each of the parties hereto irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) The parties hereto further agree that the notice of any process required by any such court in the manner set forth in Section 6.2 of the Equityholders' Agreement shall constitute valid and lawful service of process against them, without the necessity for service by any other means provided by law.

(e) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10. CONSTRUCTION; HEADINGS. This Warrant shall be deemed to be jointly drafted by the Company and all the Holders and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

11. DISPUTE RESOLUTION. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Membership Units, the Company shall

submit the disputed determinations or arithmetic calculations via facsimile within two Business Days of receipt of the Exercise Notice giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Membership Units within three Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within two Business Days submit via facsimile (a) the disputed determination of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Holder or (b) the disputed arithmetic calculation of the Membership Units to the Company's independent, outside accountant. The Company shall use its reasonable best efforts to cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

12. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant and Equityholders' Agreement, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder right to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

13. LEGENDS.

(a) Restrictive Legends. Except as otherwise permitted by this Section 13, each Warrant (including each Warrant issued upon the transfer of any Warrant) shall be stamped or otherwise imprinted with a legend in substantially the following form:

**"NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND APPLICABLE STATE SECURITIES LAWS, OR (B) AN OPINION OF COUNSEL, IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED TO AN "ACCREDITED INVESTOR" (AS SUCH TERM IS DEFINED IN THE RULES AND REGULATIONS PROMULGATED**

UNDER THE SECURITIES ACT OF 1933, AS AMENDED) IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES, IF EFFECTED IN COMPLIANCE WITH THE SECURITIES ACT OF 1933, AS AMENDED.

THE TRANSFER OF THESE SECURITIES IS SUBJECT TO THE CONDITIONS SPECIFIED IN THE EQUITYHOLDERS' AGREEMENT DATED AS OF JANUARY 17, 2012, AS IT MAY BE AMENDED FROM TIME TO TIME, BY AND AMONG RG STEEL HOLDINGS LLC (THE "COMPANY") AND THE EQUITYHOLDERS PARTY THERETO AND NO TRANSFER OF THESE SECURITIES SHALL BE VALID OR EFFECTIVE UNTIL SUCH CONDITIONS HAVE BEEN FULFILLED. COPIES OF SUCH AGREEMENT MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY."

14. NOTICES OF CORPORATE ACTION.

In the event of:

(a) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or any right to subscribe for, purchase or otherwise acquire any Common Stock or any other securities or property, or to receive any other right, or

(b) any capital reorganization of the Company, any reclassification or recapitalization of the securities of the Company, any consolidation or merger involving the Company and any other Person, any transaction or series of transactions in which more than 25% of the voting securities of the Company are transferred to another Person, or any transfer, sale or other disposition of all or substantially all the assets of the Company to any other Person, or

(c) any voluntary or involuntary dissolution, liquidation or winding-up of the Company, in each case, the Company shall mail to each Holder of a Warrant a notice specifying (i) the date or expected date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right, and (ii) the date or expected date on which any such reorganization, reclassification, recapitalization, consolidation, merger, transfer, sale, disposition, dissolution, liquidation or winding-up is to take place and the time, if any such time is to be fixed, as of which the holders of Common Stock (or Other Securities) shall be entitled to exchange their Common Stock (or Other Securities) for the securities or other property deliverable upon such reorganization, reclassification, recapitalization, consolidation, merger, transfer, dissolution, liquidation or winding-up. Such notice shall be mailed at least 15 days prior to the date therein specified.

15. TRANSFER. This Warrant may be offered for sale, sold, transferred or assigned without the consent of the Company, provided that any transfer shall comply with the Equityholders' Agreement, the Securities Act and other applicable securities laws and regulations. ~~Upon any partial transfer, the Company shall at its expense issue and deliver to the~~

Holder a new Warrant of like tenor, in the name of the Holder, which shall be exercisable for such number of Membership Units with respect to which rights under this Warrant were not so transferred.

16. SEVERABILITY. If any provision of this Agreement is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Agreement so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provision(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provision(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provision(s).

17. CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) "**Business Day**" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(b) "**Convertible Securities**" means any securities directly or indirectly convertible into or exercisable or exchangeable for Membership Units.

(c) "**Credit Agreement**" means that certain credit agreement among RG and certain of its Subsidiaries, the lenders party thereto and Cerberus Business Finance, LLC as Agent, dated as of even date herewith (as amended, restated, supplemented or otherwise modified from time to time).

(d) "**Equityholders Agreement**" means the Equityholders Agreement, dated as of January 17, 2012, among the Company, The Renco Group, Inc. and the Holder, as amended.

(e) "**Expiration Date**" means the date ten years after the Issuance Date or, if any such date falls on a day other than a Business Day, the next Business Day.

(f) "**Fully Diluted Basis**" means the sum of (a) all Membership Units outstanding on the date of exercise of the Warrant and (b) all Membership Units, issuable, as of the date of exercise of the Warrant, upon the exercise of (1) this Warrant, (2) any Convertible Security and (3) any Option.

(g) "**Ilshar Pledge Agreement**" means the Pledge Agreement by ILSHAR Capital LLC in favor of Cerberus Business Finance, LLC, with respect to the Renco Limited Guaranty to which ILSHAR Capital LLC is a party.

(h) "**Initial Exercise Date**" means the satisfaction of each of the following two conditions on or prior to the 90th day after the Issuance Date: (i) the Term Loan B Lenders either acquire the Term Loan A or cause the refinancing of the Term Loan A on terms and conditions no less favorable to RG than the Term Loan A and (ii) each of the Renco Pledge Agreement and Ilshar Pledge Agreement are terminated; provided that if the Term Loan A is repaid (pursuant to any of the Renco Limited Guaranties or otherwise) on or prior to the 90th day following the date hereof, the Initial Exercise Date shall mean the date of such repayment.

(i) "**Lender**" has the meaning set forth in the Credit Agreement.

(j) "**LLC Agreement**" means the amended and restated limited liability company agreement of the Company dated as of January 17, 2012, as amended.

(k) "**Member**" has the meaning set forth in the LLC Agreement.

(l) "**Membership Units**" has the meaning set forth in the LLC Agreement.

(m) "**Options**" means any rights, warrants or options to subscribe for or purchase Membership Units or Convertible Securities other than the Warrants.

(n) "**Percentage Interests**" has the meaning set forth in the LLC Agreement.

(o) "**Person**" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(p) "**Renco Limited Guaranties**" has the meaning set forth in the Credit Agreement.

(q) "**Renco Pledge Agreement**" means the Pledge Agreement by The Renco Group, Inc. in favor of Cerberus Business Finance, LLC, as agent, relating to the Term Loan A.

(r) "**RG**" means RG Steel, LLC.

(s) "**Securities Act**" shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations thereunder, or any successor statute.

(t) "**Term Loan A**" has the meaning set forth in the Credit Agreement.

(u) "**Term Loan B**" has the meaning set forth in the Credit Agreement.

(v) "**Term Loan B Lenders**" has the meaning set forth in the Credit Agreement.

18. TERMINATION. Unless otherwise agreed by the Company and the Holder, if the Initial Exercise Date has not occurred or the time for satisfying the conditions thereof has not been extended by a written agreement between the Company and the Holder, then this Warrant shall terminate on the 120th day after the Issuance Date.

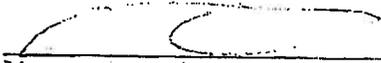
**[Signature Page Follows]**

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Membership Units to be duly executed as of the Issuance Date set out above.

RG STEEL HOLDINGS LLC

BY: THE RENCO GROUP, INC., its  
Managing Member

By:

  
Name: *Ari Renner*  
Title: *President*

Warrant

EXHIBIT A

**EXERCISE NOTICE AND JOINDER**

**TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS  
WARRANT TO PURCHASE MEMBERSHIP UNITS**

**RG STEEL HOLDINGS LLC**

To: [ ]  
Fax: [ ]

The undersigned holder hereby exercises the right to purchase \_\_\_\_\_ of the Membership Units of RG Steel Holdings LLC, a Delaware limited liability company (the "Company"), evidenced by the attached Warrant to Purchase Membership Units (the "Warrant"). Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Payment of Exercise Price. The holder shall pay the Aggregate Exercise Price in the sum of \$ \_\_\_\_\_ to the Company in accordance with the terms of the Warrant.

2. Delivery of Membership Units. The Company shall deliver to the holder \_\_\_\_\_ Membership Units in accordance with the terms of the Warrant.

3. Joinder. The undersigned hereby agrees that upon execution of this Exercise Notice and Joinder, (to the extent the undersigned is not already a party to the LLC Agreement), it shall become a party to the LLC Agreement (as defined in the Warrant) and shall be fully bound by, and subject to, all of the covenants, terms and conditions of the LLC Agreement as a party thereto

Date: \_\_\_\_\_, \_\_\_\_\_

\_\_\_\_\_  
Name of Registered Holder

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



3. Renco and its subsidiaries and operating companies employ approximately 14,000 people and currently generate revenues of about \$3.5 billion annually. The Renco Group, Inc.'s Responses to the Pension Benefit Guaranty Corporation's Request for Admissions (hereinafter "Renco RTA Response") ¶ 1, attached as Menke Decl. Ex. 2.

4. Each of Defendants Blue Turtles, Inc.; Unarco Material Handling, Inc.; Inteva Products LLC; The Doe Run Resources Corporation; and US Magnesium LLC are subsidiaries of Renco. Each of Defendants Ilshar Capital LLC; Blue Turtles, Inc.; Unarco Material Handling, Inc.; Inteva Products LLC; The Doe Run Resources Corporation; and US Magnesium LLC (together with Renco, "Defendants") are members of Renco's controlled group as defined in Title IV of ERISA. First Amended Compl., Ex. B at 2; Menke Decl. Ex. 1, Answer ¶ 5.

5. Between December 1, 2011, and January 16, 2012, Renco indirectly held a 100% ownership interest in each of RG Steel, LLC ("RG Steel") and its subsidiaries RG Steel Wheeling, LLC and RG Steel Warren, LLC. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 4-6.

6. Between January 1, 2012, and August 31, 2012, RG Steel Warren, LLC was the contributing sponsor of the RG Steel Warren, LLC Hourly Employees Pension Plan (the "Warren Pension Plan"). Menke Decl. Ex. 2, Renco RTA Response ¶ 8. *See* Menke Decl. Ex. 1, Answer ¶ 13.

7. Between January 1, 2012, and August 31, 2012, RG Steel Wheeling, LLC was the contributing sponsor of the RG Steel Wheeling, LLC Pension Plan (the "Wheeling Pension Plan," and together with the Warren Pension Plan, the "Pension Plans"). Menke Decl. Ex. 2, Renco RTA Response ¶ 9; *see also* Menke Decl. Ex. 1, Answer ¶ 13.

8. Each of the Pension Plans is covered by Title IV of ERISA. Menke Decl. Ex. 2, Renco RTA Response ¶ 10.

9. On or around March 1, 2011, RG Steel entered into a stock purchase agreement with Severstal US Holdings II, LLC, Severstal US Holdings, LLC, and Severstal Sparrows Point, LLC (collectively, “Severstal”) to purchase all of the membership interests of the steel mill company Severstal Sparrows Point, LLC. At that time, Severstal Sparrows Point, LLC owned all of the outstanding membership interests of the steel mill companies Severstal Warren, LLC and Severstal Wheeling, LLC. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 11-12.

10. As a result of the Renco-Severstal transaction, RG Steel assumed responsibility for the Pension Plans. *See* First Amended Compl., Ex. A; *see also* Menke Decl. Ex. 2, Renco RTA Response ¶¶ 8-9.

11. In March 2011, PBGC contacted Renco to obtain additional information about the transaction with Severstal and its effect on the Pension Plans. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 17-18.

12. On March 24, 2011, Roger Fay of Renco sent a letter to Ajit Gadre of PBGC. Among other things, Renco’s letter assured PBGC that it faced no additional risk in the Renco-Severstal transaction, discussed the advantages of the transaction, noted that the Pension Plans were safely in Renco’s controlled group, stated that Renco had significant financial resources, and touted Renco’s long-standing and good working relationship with PBGC. First Amended Compl., Ex. A; Menke Decl. Ex. 2, Renco RTA Response ¶ 19.

13. PBGC concluded that the Renco-Severstal transaction did not unreasonably increase PBGC's risk of loss. Deposition of Christopher Gran (hereinafter "Gran Dep.") at 43-46, attached as Menke Decl. Ex. 3.

14. Less than one year after Renco formed RG Steel, RG Steel encountered financial difficulties. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 20-22.

15. Between July 5, 2011, and December 15, 2011, Renco loaned RG Steel approximately \$109.8 million. Menke Decl. Ex. 2, Renco RTA Response ¶ 21.

16. In late 2011, Renco, RG Steel, and their representatives contacted at least twenty potential investors to discuss financing RG Steel. Renco initially solicited a \$200 million secured loan for RG Steel, a transaction that would not include the transfer of any RG Steel equity. Menke Decl. Ex. 2, Renco RTA Response ¶ 23; RENGPR0002163, attached as Menke Decl. Ex. 4.

17. In or around November 2011, RG Steel contacted Cerberus Capital Partners, L.P. ("Cerberus") about the proposed transaction. Menke Decl. Ex. 2, Renco RTA Response ¶ 24.

18. After Cerberus reviewed the proposed RG Steel transaction, Cerberus decided not to pursue any transaction with RG Steel, even a transaction that included warrants giving Cerberus the right to buy a significant portion of RG Steel's equity. CRG-PBGC0007478, attached as Menke Decl. Ex. 5; Menke Decl. Ex. 2, Renco RTA Response ¶ 25.

19. On December 16, 2011, Renco filed an Advance Notice of Reportable Events with PBGC (the "Notice"). The Notice announced that RG Steel was seeking additional financing from investors, and that any transaction could result in Renco and the other Defendants leaving RG Steel's controlled group. The Notice identified John Grimaldi of Renco as a contact

person for the Pension Plans. First Amended Compl., Ex. B; Menke Decl. Ex. 1, Answer ¶ 24; Menke Decl. Ex. 2, Renco RTA Response ¶¶ 26-27.

20. On or around December 20, 2011, PBGC sent John Grimaldi of Renco an email requesting thirteen categories of information necessary for PBGC to evaluate the proposed transaction described in the Notice. Menke Decl. Ex. 2, Renco RTA Response ¶ 28; PBGC-000041242, attached as Menke Decl. Ex. 6.

21. On or around December 21, 2011, Cerberus informed Renco that Cerberus was declining to enter into a financing transaction with RG Steel. Menke Decl. Ex. 2, Renco RTA Response ¶ 25.

22. In late December 2011 and early January 2012, RG Steel prepared for a bankruptcy filing. Menke Decl. Ex. 2, Renco RTA Response ¶ 29.

23. Between late December 2011 and early January 2012, Ira Rennert, the Chairman of Renco, contacted Steven Feinberg, the Chief Executive Officer of Cerberus, to propose a revised transaction. Renco proposed that Cerberus loan \$125 million to RG Steel in exchange for 50% of RG Steel's equity. Menke Decl. Ex. 2, Renco RTA Response ¶ 30; CRG-PBGC0020045, attached as Menke Decl. Ex. 7.

24. On January 4, 2012, Cerberus and Renco met to discuss the proposed transaction. Thereafter, Cerberus resumed its diligence of RG Steel on an expedited basis. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 34, 37, 38.

25. In early January 2012, Renco also discussed a potential RG Steel financing transaction with Elliott Capital Management ("Elliott"). On January 4, 2012, Elliott issued a term sheet to Renco, which proposed a loan of \$125 million to RG Steel in exchange for certain security

interests and warrants for Elliott to purchase 39% of RG Steel's equity. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 32-33; RENGRP0000991, attached as Menke Decl. Ex. 8; Deposition of Ari Rennert (hereinafter "A. Rennert Dep.") at 82-85, attached as Menke Decl. Ex. 9.

26. Also on January 4, 2012, representatives of PBGC and Renco held a conference call to discuss the status of the potential RG Steel financing transaction. Menke Decl. Ex. 2, Renco RTA Response ¶ 31.

27. During the January 4, 2012 conference call between PBGC and Renco, Renco said it was negotiating with two potential investors, but did not name those investors. Renco also said that a transaction could be struck during the week ending January 13, 2012, with the financial close to occur the following week or two. PBGC-000051768, attached as Menke Decl. Ex. 10; Deposition of Dana Cann (hereinafter "Cann Dep.") at 130-33, attached as Menke Decl. Ex. 11; *see also* Menke Decl. Ex. 9, A. Rennert Dep. at 63-65.

28. During this conference call, PBGC told Renco its concerns about the impact of any transaction on the Pension Plans, and in particular that the transaction exposed PBGC to a significantly increased risk of loss if the Pension Plans exited the Renco controlled group. Menke Decl. Ex. 10 at PBGC000051769; Menke Decl. Ex. 11, Cann Dep. at 132-34.

29. On January 5, 2012, Dana Cann of PBGC sent an email to John Grimaldi of Renco. In the email, Mr. Cann reiterated PBGC's concern about "the potential that RG Steel will leave the Renco controlled group as part of the financing transaction." Mr. Cann also stated that a guarantee from Renco of the Pension Plans' liabilities could mitigate PBGC's concerns. Mr. Cann concluded by requesting additional information, including RG Steel's financial projections.

Menke Decl. Ex. 2, Renco RTA Response ¶¶ 36, 39; PBGC000037305 at PBGC000037306-07, attached as Menke Decl. Ex. 12.

30. On January 6, 2012, Dana Cann of PBGC again emailed John Grimaldi to request an update on the timing of the potential transaction. Mr. Grimaldi responded that there was nothing new to report since the conference call on January 4, 2012, and that negotiations were continuing. Menke Decl. Ex. 2, Renco RTA Response ¶ 39; Menke Decl. Ex. 12 at PBGC000037305.

31. On the afternoon of January 6, 2012, Mr. Cann sent Renco a letter that discussed PBGC's concerns about the proposed transaction and restated PBGC's desire that Renco guarantee the pension liabilities. That letter noted that the Pension Plans were underfunded by about \$70 million. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 39-40; Menke Decl. Ex. 12 at PBGC000037308.

32. PBGC also issued an administrative subpoena to Renco on the afternoon of January 6, 2012, requesting additional information about the potential transaction and its impact on the Pension Plans. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 39-40; Menke Decl. Ex. 12 at PBGC000037309-15.

33. From the time PBGC received the Notice, PBGC's case team was concerned about the impact of any transaction on the Pension Plans. These concerns only increased as the case team collected additional documents and information from Renco, and learned of RG Steel's dire financial condition and the risks that separating the RG Steel Pension Plans from the Renco controlled group meant for PBGC's bottom line. *See* Menke Decl. Ex. 2, Renco RTA

Response ¶¶ 39-40; Menke Decl. Ex. 12 at PBGC000037305, PBGC000037307-08; Menke Decl. Ex. 11, Cann Dep. at 125-27.

34. On or around January 6, 2012, the PBGC case team began preparing the recommendation that PBGC initiate termination of the Pension Plans before any transaction could occur, thereby protecting against PBGC's risk of long-run loss. Menke Decl. Ex. 11, Cann Dep. at 157-61.

35. On January 6, 2012, the PBGC case team notified PBGC's public affairs department about the potential termination – allowing time for the public affairs department to arrange for publishing notice of PBGC's decision. PBGC000050953, attached as Menke Decl. Ex. 13.

36. Over the weekend of January 7 and 8, 2012, the case team drafted the memorandum recommending that PBGC initiate termination of the Pension Plans under 29 U.S.C. § 1342. Menke Decl. Ex. 11, Cann Dep. at 157-59.

37. On January 9 and 10, 2012, the case team's recommendation underwent review. Given the uncertainty surrounding the timing of the transaction close, around this time, the case team obtained approval to bypass the TWG using the exigency procedures. *See* Menke Decl. Ex. 11, Cann Dep. at 93, 237-38.

38. On the morning of January 9, 2012, Mr. Cann again contacted Ari Rennert, Renco's President, for an update about the "latest on a buyer and closing." Mr. Cann's email noted that a presentation that Renco had sent PBGC on January 6, 2012, mentioned a potential transaction closing date of January 10, 2012, with a notation that such date was a "placeholder."

Menke Decl. Ex. 2, Renco RTA Response ¶¶ 42-43; PBGC000038836, attached as Menke Decl. Ex. 14.

39. That same morning of January 9, 2012, Ari Rennert responded to Mr. Cann's email:

Nothing is imminent . . . . One of the two parties is scheduled to go down to meet with the management team for further diligence Wednesday or Thursday this week. They have indicated to us that they need approximately two more weeks to complete their diligence process. The other party who is further along from a diligence perspective has not sent us documentation and has not indicated when we should receive it. I thought we received a term sheet from this group but we in fact have not. Considering the discussions with this group last week the status of this transaction is unclear. Rest assured we will work with you and keep you apprised as soon as we learn anything.

Menke Decl. Ex. 14 at PBGC000038836; *see* Menke Decl. Ex. 2, Renco RTA Response ¶¶ 41-42.

40. Later that morning, representatives of PBGC had a conference call with Renco and its advisors. During the call, Renco relayed the same message about the status of the potential transaction. PBGC reiterated its concerns about any transaction, and again asked Renco to consider the guarantee that would mitigate those concerns. Menke Decl. Ex. 3, Gran Dep. 215-22; PBGC-000051458, attached as Menke Decl. Ex. 15.

41. On January 9, 2012, each of Renco and Cerberus instructed their respective legal counsel to begin working around the clock to prepare documentation so that the transaction could close as soon as possible. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 44-45, 47-50; CWT 000329, attached as Menke Decl. Ex. 16; Deposition of Michael Ryan (hereinafter "Ryan Dep.")

at 43-44, 91-93, attached as Menke Decl. Ex. 17; Deposition of Alexander D. Benjamin (hereinafter “Benjamin Dep.”) at 54-55, 68-70, attached as Menke Decl. Ex. 18.

42. On January 10, 2012, Renco and Cerberus reached an agreement in principal on the significant terms of the financing transaction with RG Steel. Menke Decl. Ex. 17, Ryan Dep. at 85; *see also* Menke Decl. Ex. 18, Benjamin Deposition at 34-35.

43. That morning, Daniel Wolf of Cerberus prepared a term sheet reflecting the major terms of agreement between Cerberus and Renco. These terms included that Cerberus would loan \$125 million to RG Steel in exchange for, *inter alia*, a second lien on all of RG Steel’s assets and “penny” warrants for 49% of Renco’s equity interest in RG Steel. Renco agreed to subordinate a \$100 million loan it had already made to RG Steel to the new loan from Cerberus, to provide security and guarantees for \$62.5 million of the loan, and either to directly provide \$60 million of additional liquidity to RG Steel, or to provide security for an additional loan of \$60 million from Cerberus to RG Steel. Deposition of Daniel Wolf (hereinafter “Wolf Dep.”) at 49-57, attached as Menke Decl. Ex. 19; PBGC-000021101, attached as Menke Decl. Ex. 20; *see also* Menke Decl. Ex. 2, Renco RTA Response ¶¶ 90-95.

44. On January 10, 2012, Roger Fay of Renco contacted Wells Fargo, the co-agent for RG Steel’s senior lending group. Renco informed Wells Fargo that it had reached a deal with Cerberus, provided a detailed list of items that would be required from the first lien bank lenders in order to accommodate the Cerberus transaction, and requested that “Lender[] approval be obtained immediately.” RENGRP0012685, attached as Menke Decl. Ex. 21.

45. On January 11, 2012, RG Steel’s restructuring advisor Conway Mackenzie asked Renco whether there would be an announcement of the contemplated Cerberus transaction, and

indicated that RG Steel could not “string” Elliott along any further without “incurring damage.” In response, James Reitzig of Renco told Conway Mackenzie that he had notified Elliott that it “should not spend significant time or money on this opportunity.” Menke Decl. Ex. 2, Renco RTA Response ¶ 58; RENGRP0005676, attached as Menke Decl. Ex. 22.

46. After reaching the agreement in principle, Cerberus’s counsel at Schulte Roth & Zabel LLP prepared transaction documents consistent with Cerberus’s receipt of two tranches of warrants, each for 24.5% of the RG Steel equity. After reviewing and editing the transaction documents, Michael Ryan, Renco’s lead counsel at Cadwalader, Wickersham & Taft LLP, responded that Cerberus must receive 24.5% in membership units and 24.5% in warrants. At the time of the Transaction, Ira Rennert, Renco’s Chairman, considered Mr. Ryan to be Renco’s “outside general counsel.” Menke Decl. Ex. 17, Ryan Dep. at 100-07; Deposition of Ira Rennert (hereinafter “I. Rennert Dep.”) at 66, attached as Menke Decl. Ex. 32; *see* Menke Decl. Ex. 2, Renco RTA Response ¶¶ 61, 64.

47. Mr. Ryan explained that he viewed these warrants as being direct equity because the warrants participated in distributions and carried consent rights. He further explained that Cerberus’s receipt of warrants for 49% of RG Steel would not break the controlled group, and that he wanted to avoid any argument that Renco remained in RG Steel’s controlled group. Menke Decl. Ex. 17, Ryan Dep. at 101-07.

48. Despite Renco’s insistence, Cerberus resisted accepting any direct equity in RG Steel. On January 12, 2012, Daniel Wolf of Cerberus protested that “[w]e have always discussed warrants. We are a lender and should [not] be forced to hold direct equity. That was always the

discussion.” RENGRP0013513, attached as Menke Decl. Ex. 23; Menke Decl. Ex. 19, Wolf Dep. at 80-83; *see* Menke Decl. Ex. 2, Renco RTA Response ¶¶ 62-64.

49. This dispute about equity and warrants continued to be actively discussed as of the morning of January 13. Menke Decl. Ex. 17, Ryan Dep. at 123-25; *see* Menke Decl. Ex. 18, Benjamin Dep. at 58-61.

50. PBGC knew nothing of these developments, and Renco made no effort to contact PBGC or to engage in negotiations over the terms of the guarantee that PBGC had proposed. PBGC continued on its dual track of seeking a settlement with Renco and preparing to terminate the Pension Plans in the event Renco refused to continue to back the Pension Plans. *See* Menke Decl. Ex. 11, Cann Dep. at 161, 180-81; Deposition of Michael Rae (hereinafter “Rae Dep.”) at 91-92, attached as Menke Decl. Ex. 24.

51. Between January 11 and 13, the PBGC case team circulated its termination recommendation (and accompanying exigency memos) for the necessary review and approval. Menke Decl. Ex. 11, Cann Dep. at 237-41; PBGC-000055731, attached as Menke Decl. Ex. 25; PBGC-000056324, attached as Menke Decl. Ex. 26; PBGC-000056294, attached as Menke Decl. Ex. 27; PBGC-000055728, attached as Menke Decl. Ex. 28.

52. On the morning of January 13, 2012, PBGC’s Director signed the Termination and Trusteeship Decision Record (“TDR”) and his decision to “Approve [the] Request to Terminate” the Pension Plans. Menke Decl. Ex. 11, Cann Dep. at 237-41; Menke Decl. Ex. 27 at PBGC-000056298, PBGC-000055982; Menke Decl. Ex. 28 at PBGC-000055730.

53. After PBGC’s Director signed the TDR, the only remaining steps to initiate termination of the Pension Plans were for PBGC’s Director to sign the Notices of Determination

(“NODs”), and for PBGC to issue the NODs to the plan administrators and notify the plan participants and beneficiaries of the termination. Menke Decl. Ex. 11, Cann Dep. at 103-05.

54. On the morning of January 13, 2012, after PBGC’s Director approved termination of the Pension Plans, PBGC’s senior financial analyst Dana Cann called Renco in a final attempt to see if Renco would address PBGC’s concerns and obviate PBGC’s need to terminate the Pension Plans. Deposition of John Grimaldi (hereinafter “Grimaldi Dep.”) at 51-54, attached as Menke Decl. Ex. 29; RENGRP0022124, attached as Menke Decl. Ex. 30; Menke Decl. Ex. 11, Cann Dep. at 183-85; PBGC-000051415, attached as Menke Decl. Ex. 31.

55. Mr. Cann first spoke with John Grimaldi, a Vice President at Renco. Mr. Cann informed Mr. Grimaldi that PBGC was moving to terminate the Pension Plans before any RG Steel transaction breaking the Renco controlled group could occur. Menke Decl. Ex. 29, Grimaldi Dep. at 51-54; Menke Decl. Ex. 30 at RENGRP0022124; Menke Decl. Ex. 11, Cann Dep. at 183-85; Menke Decl. Ex. 31 at PBGC-000051415.

56. Mr. Cann explained that PBGC would stop its termination action if Renco provided a guarantee of the Pension Plans’ liabilities, or, short of a guarantee, entered into a standstill agreement to maintain the status quo and allow time for a negotiated resolution. Menke Decl. Ex. 30 at RENGRP0022124; Menke Decl. Ex. 11, Cann Dep. at 183-85; Menke Decl. Ex. 31 at PBGC-000051415; Menke Decl. Ex. 2, Renco RTA Response ¶ 57; *see also* Menke Decl. Ex. 29, Grimaldi Dep. at 51-54.

57. Mr. Grimaldi relayed this information to Ari Rennert, Renco’s President. Menke Decl. Ex. 29, Grimaldi Dep. at 54; Menke Decl. Ex. 9, A. Rennert Dep. at 182; Menke Decl. Ex. 11, Cann Dep. at 185.

58. Almost immediately thereafter, around 10:00 am on January 13, Ari Rennert and Ira Rennert called Mr. Cann. Menke Decl. Ex. 2, Renco RTA Response ¶ 66; Menke Decl. Ex. 32, I. Rennert Dep. at 103-04; Menke Decl. Ex. 11, Cann Dep. at 193; *see* Menke Decl. Ex. 9, A. Rennert Dep. at 183-85.

59. During this call, Mr. Cann reiterated to the Rennerts that PBGC was prepared to terminate the Pension Plans unless Renco provided a guarantee or entered into a standstill agreement. Menke Decl. Ex. 2, Renco RTA Response ¶ 67; Menke Decl. Ex. 32, I. Rennert Dep. at 104-05; Menke Decl. Ex. 9, A. Rennert Dep. at 185-86, 189; Menke Decl. Ex. 11, Cann Dep. at 195-96.

60. Ari Rennert responded that “no transaction was about to happen, that a transaction was dead.” Menke Decl. Ex. 9, A. Rennert Dep. at 186; Menke Decl. Ex. 2, Renco RTA Response ¶¶ 69, 71.

61. Ira Rennert explained the grave consequences of any termination action, stated that he was concerned that terminating the Pension Plans would damage RG Steel and would impact the potential transaction with Cerberus, and asked PBGC not to proceed with termination. Accordingly, Ira Rennert requested that Mr. Cann send the draft standstill agreement for Renco’s review. Menke Decl. Ex. 11, Cann Dep. at 199-202; Menke Decl. Ex. 32, I. Rennert Dep. at 104-07.

62. During this call, the Rennerts also stated that equity was “off the table” – meaning not part of the transaction – and that Renco was willing to consider a standstill agreement. *See, e.g.*, Menke Decl. Ex. 3, Gran Dep. at 274-83; PBGC-000051456, attached as Menke Decl. Ex. 33; PBGC-000051954, attached as Menke Decl. Ex. 34; Menke Decl. Ex. 29, Grimaldi Dep. at 57-61; Menke Decl. Ex. 30 at RENGRP0022126.

63. Based on the Rennerts' statements that no transaction was imminent and their suggestion that Renco would consider a standstill agreement with PBGC to allow time for negotiation, PBGC's counsel prepared a draft standstill agreement, which Mr. Cann sent, as requested, to Ari Rennert on the afternoon of January 13. Menke Decl. Ex. 11, Cann Dep. at 218-25; Menke Decl. Ex. 2, Renco RTA Response ¶¶ 77-78.

64. Ari Rennert responded to Mr. Cann's email shortly thereafter, acknowledging receipt of the standstill agreement, and stating that he would forward the agreement to Renco's attorneys for review and then "revert back" to PBGC. Menke Decl. Ex. 9, A. Rennert Dep. at 196-97; Menke Decl. Ex. 2, Renco RTA Response ¶ 79.

65. Had Renco conveyed the actual status of the transaction to PBGC, PBGC would have terminated the Pension Plans immediately. Instead, based on PBGC's understanding of the status of any potential transaction and Renco's amenability to discussing the standstill agreement, PBGC suspended the termination process for the Pension Plans. Menke Decl. Ex. 11, Cann Dep. at 93-95, 144, 229; *see* Menke Decl. Ex. 3, Gran Dep. at 194-96.

66. The Rennerts did not tell PBGC during this call, despite having assured PBGC only days before it would "keep [PBGC] apprised as soon as [they] learn anything," of the many key developments in the negotiations during that week. Menke Decl. Ex. 14 at PBGC-000038836.

67. The Rennerts did not tell PBGC that Renco and Cerberus had been exchanging draft deal documents since January 11. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 60, 76, 85; Menke Decl. Ex. 32, I. Rennert Dep. at 105, 109; Menke Decl. Ex. 9, A. Rennert Dep. at 160; Menke Decl. Ex. 11, Cann Dep. at 195-209.

68. The Rennerts did not tell PBGC that the Elliott transaction was “dead” because Renco told Elliot to stop its due diligence, since Renco was sufficiently assured that it had a deal with Cerberus and did not want to “string [Elliott] along further,” for fear of “incurring damage.” Menke Decl. Ex. 9, A. Rennert Dep. at 187; Menke Decl. Ex. 2, Renco RTA Response ¶ 58; Menke Decl. Ex. 22 at RENGRP0005676.

69. The Rennerts did not tell PBGC that Renco had asked RG Steel’s lending group on January 10 to modify their credit facility to accommodate the financing transaction. Menke Decl. Ex. 11, Cann Dep. at 195-209; *see also* Menke Decl. Ex. 21 at RENGRP0012685; Menke Decl. Ex. 9, A. Rennert Dep. at 150-51.

70. The Rennerts did not tell PBGC that, prior to the call, Renco’s counsel informed Cerberus that “we take the position that Cerberus should be receiving equity rather than warrants.” RENCO0009258, attached as Menke Decl. Ex. 35; Menke Decl. Ex. 2, Renco RTA Response ¶ 61.

71. At around the same time Ari Rennert told Mr. Cann, during the call on the morning of January 13, 2012, that no transaction “was about to happen,” Renco’s counsel was working to resolve the remaining deal issues with Cerberus’s counsel. Menke Decl. Ex. 2, Renco RTA Response ¶ 75; Menke Decl. Ex. 17, Ryan Dep. at 128-31; RENGRP0020648, attached as Menke Decl. Ex. 36.

72. About an hour after the call with PBGC, Cerberus’s counsel sent an email to Renco’s counsel summarizing certain open issues and proposing resolutions, including a statement that “[i]f the initial funding and Closing Date is Tuesday, Cerberus expects that

funding on Term Loan A will occur two Business Days later (Thursday).” Menke Decl. Ex. 36 at RENGPR0020648.

73. While Renco and Cerberus did reach an impasse in negotiations on the afternoon of January 13, and Cerberus instructed its counsel to stop work, Renco’s counsel never stopped working on the deal, and continued to send revised documents to Cerberus and its counsel. Menke Decl. Ex. 32, I. Rennert Dep. at 110-11; Menke Decl. Ex. 17, Ryan Dep. at 127-34; Menke Decl. Ex. 18, Benjamin Dep. at 55-57; Menke Decl. Ex. 2, Renco RTA Response ¶ 75.

74. As Renco’s counsel Michael Ryan later explained, he “was comfortable that Renco wanted to continue to get a deal done.” Menke Decl. Ex. 17, Ryan Dep. at 130.

75. Five minutes after the impasse began, Daniel Wolf of Cerberus called Ari Rennert to open “back channel” discussions to revive the deal. Menke Decl. Ex. 19, Wolf Dep. at 101-03.

76. Renco and Cerberus swiftly arranged a meeting to resolve their disputes at the next available opportunity, the evening of Saturday, January 14, 2012. Menke Decl. Ex. 19, Wolf Dep. at 103-04; Menke Decl. Ex. 18, Benjamin Dep. at 55-58; Menke Decl. Ex. 9, A. Rennert Dep. at 198-99.

77. At the meeting on January 14, 2012, Renco and Cerberus discussed the open deal issues. They reached a resolution of those issues in less than one hour. Menke Decl. Ex. 18, Benjamin Dep. at 55, 61-62; Menke Decl. Ex. 17, Ryan Dep. 136-37; *see also* Menke Decl. Ex. 19, Wolf Dep. at 105.

78. Thereafter, Renco and Cerberus instructed their counsel to continue working around the clock toward a closing as soon as possible. Menke Decl. Ex. 18, Benjamin Dep. at 70-71; Menke Decl. Ex. 2, Renco RTA Response ¶ 75.

79. At the January 14, 2012 meeting, Renco and Cerberus instructed their counsel to resolve the equity/warrants issue. RENCO0001196, attached as Menke Decl. Ex. 37; Menke Decl. Ex. 17, Ryan Dep. at 139-40.

80. On January 15, 2012, after a call between counsel for Cerberus and counsel for Renco, Cerberus agreed to accept 24.5% direct equity in RG Steel. Cerberus agreed to the direct equity after becoming comfortable that it would not become liable for the Pension Plans. Menke Decl. Ex. 17, Ryan Dep. at 142-45; Menke Decl. Ex. 18, Benjamin Dep. at 63-68.

81. On Tuesday, January 17, 2012, the first business day after PBGC sent the standstill agreement to Renco, Renco closed a deal with Cerberus, resulting in Renco's ownership of RG Steel being reduced to 75.5%, with 24.5% of the ownership going to Cerberus (the "Transaction"). Menke Decl. Ex. 2, Renco RTA Response ¶¶ 83, 88, 100.

82. Renco did not insist that Cerberus take all 49% of its warrants as direct equity, even though Cerberus's remaining warrants for 24.5% of the equity participated in distributions and carried consent rights. *See* RENCO0000467 at RENCO0000476-80, attached as Menke Decl. Ex. 38; RENGRP0023477 at RENGRP0023479, attached as Menke Decl. Ex. 44.

83. Mr. Cann and Ari Rennert emailed each other on the morning of January 17, to schedule a time to discuss the standstill agreement. PBGC-000039195, attached as Menke Decl. Ex. 39.

84. Ari Rennert responded to this email that same morning, but never mentioned the pending closing. Menke Decl. Ex. 39 at PBGC-000039195.

85. Only after the Transaction closed in the afternoon of January 17 did Ari Rennert inform Mr. Cann about the Transaction and the removal of RG Steel from Renco's controlled

group. Menke Decl. Ex. 9, A. Rennert Dep. at 197, 206-09; *see also* Menke Decl. Ex. 30 at RENGPR0022125-26; Menke Decl. Ex. 11, Cann Dep. at 244-45.

86. Before the Transaction closed, Renco did not inform Cerberus that PBGC was reviewing the potential transaction and had indicated its intention to terminate the Pension Plans before any transaction occurred. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 86-87; Menke Decl. Ex. 18, Benjamin Dep. at 40-46.

87. Before entering the Transaction, Renco was aware of the prospect of withdrawal liability due to RG Steel's participation in the Steelworkers Pension Trust. Menke Decl. Ex. 2, Renco RTA Response ¶ 102; RENGPR0012687, attached Menke Decl. Ex. 40; *see also* Menke Decl. Ex. 32, I. Rennert Dep. at 38; Menke Decl. Ex. 2, Renco RTA Response ¶ 103.

88. At the time of the Transaction, Cerberus valued RG Steel's equity as totaling \$200,000. CWT 007795, attached as Menke Decl. Ex. 41.

89. Neither Renco nor its counsel reviewed PBGC's draft standstill agreement before the Transaction closed. Menke Decl. Ex. 32, I. Rennert Dep. at 107-08; Menke Decl. Ex. 17, Ryan Dep. at 113; *see also* Menke Decl. Ex. 2, Renco RTA Response ¶ 81.

90. On May 31, 2012, RG Steel filed a petition for Chapter 11 bankruptcy in the United States Bankruptcy Court for the District of Delaware. *In re WP Steel, LLC, et al.*, Case No. 12-11661 (Bankr. D. Del.).

91. RG Steel has sold substantially all of its assets in bankruptcy. Menke Decl. Ex. 2, Renco RTA Response ¶ 104.

92. In November 2012, PBGC entered agreements with the plan administrator for each Pension Plan that (1) terminated each of the Pension Plans pursuant to 29 U.S.C. § 1342(c);

(2) established August 31, 2012, as each Pension Plan's termination date; and (3) appointed PBGC as statutory trustee for each plan. Menke Decl. Ex. 2, Renco RTA Response ¶¶ 106-07.

93. Cerberus has fully recovered the amount of its loans to RG Steel. Menke Decl. Ex. 2, Renco RTA Response ¶ 96.

Dated: June 6, 2014  
Washington, DC

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

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**PENSION BENEFIT GUARANTY  
CORPORATION**

**UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK**

-----	X	
	:	
PENSION BENEFIT GUARANTY CORPORATION,	:	13 Civ. 621 (RJS)
	:	
	:	
Plaintiff,	:	<b><u>CERTIFICATE OF SERVICE</u></b>
	:	
- against -	:	
	:	
THE RENCO GROUP, INC., <i>et al.</i> ,	:	
	:	
Defendants.	:	
-----	X	

Sarah L. Reid, being duly sworn, deposes and states:

I hereby certify that on the 6th day of June, 2014, I served THE PENSION BENEFIT GUARANTY CORPORATION'S NOTICE OF MOTION FOR SUMMARY JUDGMENT, THE PENSION BENEFIT GUARANTY CORPORATION'S MEMORANDUM OF LAW IN SUPPORT OF ITS MOTION FOR SUMMARY JUDGMENT, THE PENSION BENEFIT GUARANTY CORPORATION'S LOCAL RULE 56.1 STATEMENT OF MATERIAL FACTS ON MOTION FOR SUMMARY JUDGMENT, and DECLARATION OF JOHN A. MENKE IN SUPPORT OF THE PENSION BENEFIT GUARANTY CORPORATION'S MOTION FOR SUMMARY JUDGMENT, with exhibits, upon the following attorneys of record for Defendant at the email addresses designated by them for service of papers:

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