

RG Steel, Creditors Agree To Extend Sale Process

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WILMINGTON, Del. (AP) — RG Steel LLC has reached an agreement with its unsecured creditors committee to extend the sale of the bankrupt steelmaker's assets.

Privately held RG Steel is the nation's fourth-largest flat-rolled steel manufacturer. It sought bankruptcy protection in Delaware last month, citing liquidity issues attributed to low steel prices and high raw material costs. The bankruptcy filing came a week after RG announced that it would idle factories in Maryland, West Virginia and Ohio and lay off thousands of workers.

An initial bankruptcy financing agreement with secured lenders who are owed some \$450 million and have liens on most of RG Steel's assets required a quick sale process, including selling a steel mill in Sparrows Point, Md., by July 27.

Unsecured creditors expressed concern that the process was being rushed, arguing that more time could result in higher bids for RG Steel's assets and help avoid a potential "fire sale" that would undervalue the assets.

On Thursday, attorneys for RG Steel and the creditors committee told the judge in the bankruptcy case that the sale timeline will be extended by about two weeks.

"This is not a company that a year would be an appropriate time to sell, on the other hand 60 days felt quite tight," said Matthew Feldman, an attorney for RG Steel.

Under the revised plan, the bankruptcy financing agreement will end on Aug. 10 instead of July 27. If RG Steel secures a lead or "stalking horse" bid, its bankruptcy financing would automatically be extended to Aug. 24, allowing 10 more days than the previous extension date.

"August 24 is our absolute drop-dead date to have a sale to close," said RG Steel attorney Shaunna Jones.

Jones told Judge Kevin Carey that qualified bids for RG Steel's assets would be due by July 25, and that the company would have until July 30 to designate a stalking horse bidder. If no such bidder is identified, an auction would be held the next day. If a lead bidder is designated, the auction would be pushed back until Aug. 21.

RG Steel told the judge that it had resolved several objections from other creditors, including the Pension Benefit Guaranty Corp. The PBGC had objected to the bidding procedures because they failed to take into account whether a bidder was willing to assume any of RG Steel's pension liabilities.

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The revised bidding procedures require qualified bidders to state whether they intend to assume all or any of the pension plans sponsored by RG Steel Warren or RG Steel Wheeling. They also state that the factors to be used in valuing a bid will include any benefit to the bankruptcy estate of assuming pension liabilities.

The PBGC said assumption of pension plans covering some 1,381 employees and retirees, with an estimated unfunded liability of about \$70 million, could reduce PBGC's bankruptcy claims against RG Steel and improve employee morale.

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