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**SURFACE TRANSPORTATION BOARD**

OF COUNSEL  
URBAN A LESTER

ALVORD AND ALVORD  
ATTORNEYS AT LAW  
1050 SEVENTEENTH STREET, N W  
SUITE 301  
WASHINGTON, D.C.

20036

(202) 393-2266

FAX (202) 393-2156

E-MAIL [alvordlaw@aol.com](mailto:alvordlaw@aol.com)

ELIAS C. ALVORD (1942)  
ELLSWORTH C. ALVORD (1964)

February 3, 2012

Ms. Cynthia T. Brown  
Chief of the Section of Administration  
Office of Proceedings  
Surface Transportation Board  
395 "E" Street, S.W.  
Washington, D.C. 20423

Dear Ms. Brown:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement, dated as of February 3, 2012, a primary document as defined in the Board's Rules for the Recordation of Documents.

The document covers all rail equipment and leasehold interests therein of the Grantors now owned or hereafter acquired.

The names and addresses of the parties to the enclosed document are:

Grantors:           RG Steel Sparrows Point, LLC  
                          RG Steel Warren, LLC  
                          RG Steel Wheeling, LLC  
                          1430 Sparrows Point Blvd  
                          Sparrows Point, MD 21219

Agent:               Cerberus Business Finance, LLC,  
                          299 Park Avenue  
                          New York, NY 10171

Chief of the Section of Administration  
February 3, 2012  
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A description of the railroad equipment covered by the enclosed document is:

All locomotives, railcars and other rolling stock of the Grantors, including any lease and sublease interests relating thereto, whether now owned or hereafter acquired, effective as of January 17, 2012.

A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

Also enclosed is a check in the amount of \$41.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,



Edward M. Luria

EML/sem  
Enclosures

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**MEMORANDUM OF SECURITY AGREEMENT****SURFACE TRANSPORTATION BOARD**

This MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of February 3, 2012, by and among Grantors listed on the signature pages hereof (collectively, jointly and severally, "Grantors" and each individually "Grantor"), and Cerberus Business Finance, LLC, a Delaware limited liability company, in its capacity as agent for the Lender Group (in such capacity, together with its successors and assigns in such capacity, "Agent").

1. Pursuant to that certain Credit Agreement, dated as of January 17, 2012 (as amended, restated, supplemented, or otherwise modified from time to time, the "Credit Agreement"), by and among RG Steel, LLC, a Delaware limited liability company ("Parent"), RG Steel Sparrows Point, LLC, a Delaware limited liability company ("Sparrow"), RG Steel Wheeling, LLC, a Delaware limited liability company ("Wheeling"; and together with Sparrow, each individually a "Borrower" and collectively, "Borrowers"), the lenders party thereto as "Lenders" (such Lenders, together with their respective successors and assigns in such capacity, each, individually, a "Lender" and, collectively, the "Lenders") and Agent, the Lender Group (as defined in the Credit Agreement) has agreed to make certain financial accommodations available to Borrowers from time to time pursuant to the terms and conditions thereof.

2. In connection with the Credit Agreement, Grantors executed and delivered to Agent, for the benefit of Lender Group, that certain Security Agreement, dated as of January 17, 2012 (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"). Capitalized terms used herein but not specifically defined herein shall have the meanings ascribed to them in the Credit Agreement or the Security Agreement, as applicable.

3. Each Grantor hereby affirms and acknowledges that it has granted to Agent, for the benefit of Lender Group, a second priority security interest in, among other things, all of such Grantor's locomotives, railcars and other rolling stock of such Grantor, including any lease and sublease interests relating thereto, whether now owned or hereafter acquired, effective as of January 17, 2012, and subject to the terms defined in the Security Agreement (collectively, the "Railroad Collateral"). Grantors and Agent wish to show for the public record the existence of such security interest in the Railroad Collateral and, to accomplish the foregoing, Grantors and Agent are filing this Memorandum of Security Agreement with the Surface Transportation Board pursuant to 49 U.S.C. § 11301(a).

4. Reference is made to that certain Intercreditor and Subordination Agreement, dated as of January 17, 2012, between Agent and Wells Fargo Capital Finance, LLC, as agent for the lenders under the First Lien Credit Agreement (as defined in the Credit Agreement) (in such capacity, together with its successors and assigns in such capacity, "First Lien Agent") (as amended, restated, supplemented, or otherwise modified from time to time, the "Wells Intercreditor Agreement"). Pursuant to the terms of the Wells Intercreditor Agreement, Agent's liens on and security interests in the Railroad Collateral are subordinated to First Lien Agent's liens on and security interests in the Railroad Collateral.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Security Agreement to be executed and delivered as of the day and year first above written.

RG STEEL SPARROWS POINT, LLC, as a Grantor

By: *Richard D. Caruso*  
Name: Richard D. Caruso  
Title: Chief Financial Officer

STATE OF MARYLAND           §  
  §  
COUNTY OF BALTIMORE   §

This Memorandum of Security Agreement was acknowledged and signed before me on this 3<sup>rd</sup> day of February, 2012, by Richard D. Caruso, as Chief Financial Officer of RG Steel Sparrows Point, LLC, a Delaware limited liability company, on behalf of RG Steel Sparrows Point, LLC.

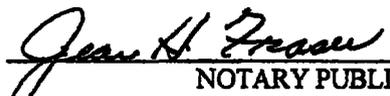
*Jean H. Franzen*  
NOTARY PUBLIC.  
*my commission expires 9/17/12*

RG STEEL WARREN, LLC, as a Grantor

By:   
Name: Richard D. Caruso  
Title: Chief Financial Officer

STATE OF MARYLAND           §  
  §  
COUNTY OF BALTIMORE   §

This Memorandum of Security Agreement was acknowledged and signed before me on this 3<sup>rd</sup> day of February, 2012, by Richard D. Caruso, as Chief Financial Officer of RG Steel Warren, LLC, a Delaware limited liability company, on behalf of RG Steel Warren, LLC.

  
NOTARY PUBLIC  
*my commission expires 9/17/12*

RG STEEL WHEELING, LLC, as a Grantor

By: *Richard D. Caruso*

Name: Richard D. Caruso

Title: Chief Financial Officer

STATE OF MARYLAND

§  
§  
§

COUNTY OF BALTIMORE

This Memorandum of Security Agreement was acknowledged and signed before me on this 3<sup>rd</sup> day of February, 2012, by Richard D. Caruso, as Chief Financial Officer of RG Steel Wheeling, LLC, a Delaware limited liability company, on behalf of RG Steel Wheeling, LLC.

*Jason H. Frazer*  
NOTARY PUBLIC  
*My commission expires 9/17/12*

ACCEPTED AND ACKNOWLEDGED BY:

CERBERUS BUSINESS FINANCE, LLC, as Agent

By. \_\_\_\_\_

Name Daniel Wolf

Title: President

STATE OF NEW YORK

§

COUNTY OF NEW YORK

§

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This Memorandum of Security Agreement was acknowledged and signed before me on this 3rd day of February, 2012, by Daniel Wolf, as President of Cerberus Business Finance, LLC, a Delaware limited liability company, on behalf of Cerberus Business Finance, LLC.



NOTARY PUBLIC

NANCY CICALO  
Notary Public - State of New York  
No. 01C15078917  
Qualified in Richmond County  
My Comm. Expires June 2, 2015

CERTIFICATION

I, Edward M. Luria, an attorney licensed to practice in the District of Columbia, the State of Delaware and the Commonwealth of Pennsylvania, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document

Dated. 2/3/2012

Edward M Luria  
Edward M Luria