Wheeling-Pittsburgh

-- April 1985  Wheeling Files for Chapter 11 bankruptcy ($1 billion in assets; $934 mm in liabilities)

-- Dec 1986  Board Chm. Allen Paulson sells 34% stake (for which he had paid $50 million) to director Lloyd Lubensky for $100,000, resigns, Lubensky becomes Chm.

-- May 1987  Scharffenburger hired as CEO

-- June 1987  Ronald LaBow (ex-Neuberger Berman) buys $80 mm Wheeling secured bank debt for $0.46 on the dollar

-- July 1987  OpCo (Bauer and Greenhaus) buys unsecured debt for $0.575

-- Oct 1987  LaBow gets control (86%) of secured class thru purchase of $182 mm piece for $95 mm; total investment $140 mm.

-- Jan 1988  OpCo buys $75 mm Maxus Energy trade claim (with possible pollution liabilities) for 16.5%
-- Dec 1988  Wheeling files preliminary reorganization plan

- $260 mm of secured bank debt gets $225 mm in new bonds and 50% of the new stock
- $430 mm of unsecured bank debt (including Pension Benefit Guaranty Corp) gets $250 mm cash and 37.5% of new stock.
- LaBow buys out $600 mm of unsecured creditors for $112 mm in cash
- old common stock holders get 7.5% of new stock

-- Jan 1989  Lubensky sells 34% stake to GS for $14 mm.

-- May 1989  GS announces alternative plan

- buy out LaBow
- sell $200 mm of junk bonds and new equity

-- Aug 1989  OpCo “goes restricted” to represent unsecured class in committees

-- Oct 1989  Steel Workers Union begins discussions with GS and management

-- Dec 1989  Wheeling sues OpCo; OpCo begins negotiations with LaBow
-- Feb 1990  Board votes for LaBow plan, judge orders both plans submitted to court. Union breaks off negotiations.

-- April 1990  LaBow and OpCo agree terms, OpCo supports LaBow and GS plan is “DOA”

-- June 1990  LaBow reaches agreement with US Pension Insurance Fund, EPA, and other govt. agencies

-- July 1990  Union threatens strike

-- Aug 1990  LaBow and Union settle

-- Dec 1990  LaBow reaches agreement with three govt agencies

-- Jan 1991  Plan is confirmed.

Outcome: Cost Recovery IRR

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<tbody>
<tr>
<td>LaBow</td>
<td>185 mm</td>
<td>270 mm</td>
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<tr>
<td>OpCo</td>
<td>66</td>
<td>140</td>
<td>38</td>
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<tr>
<td>GS</td>
<td>14</td>
<td>4.2</td>
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How OpCo Succeeded

Spotted the opportunity

Selected the right “pieces” (from among a variety of secured/unsecured/equity securities)

Valued the pieces; found and bought them at low prices (an “arbitrage” mentality)

Knew the legal processes, influenced the committees, attacked claims of other creditors, put forth own proposals

Negotiated (constantly and aggressively) with the other parties

Knew when and how to settle (Exit)