



acquisition of Global Industrial Technologies, Inc., ("Global") by NARCO, a wholly owned indirect subsidiary of RHI, an Austrian corporation. The proposed decision and order required the divestiture of certain assets of subsidiaries of RHI [Global - NARCO] to Resco. The divestiture was embodied in the Asset Purchase Agreement. The divestiture transaction closed on March 3, 2000 ("Closing").

[REDACTED]

circumscribe RII's responsibilities under the Consent Order. Additionally, the management of the American subsidiaries had an ongoing relationship with the management of Resco, which RII believed would further facilitate compliance.

After the entering of the Consent Order, certain disputes developed between Resco and NARCO relating to, among other things, the reconciliation of accounts, the assigned patents and

the Magnesite Agreement. Resco and NARCO entered into a second settlement agreement, the 2001 Settlement, in an effort to resolve all disputes.

Subsequent to the execution of the 2001 Settlement, NARCO and two of its affiliates

NARCO required for its operations. Because of the importance of obtaining immediate cash, NARCO initially decided that it did not have the luxury of waiting for the Commission to approve the 2001 Settlement. It intended to apply for the incorporation of the 2001 Settlement

were consumed in the bankruptcy filings and the necessity to meet with creditors, prepare

issues and has cooperated in obtaining any requested information.

### III. THE 2001 SETTLEMENT AGREEMENT

Agreement entered into by the 2001 Debtor and the 2001 Creditor

2. Amendment of the shape patent licenses to include one specific refractory

Approved: [Redacted] Date: [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

**B. Amendment of Patent Licenses**

Under the terms of the 2000 Settlement two patents (US patent numbers 5,427,360 and

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

of license set forth in the 2001 Settlement. In particular, RIU requests that Paragraph II of the

[REDACTED]




accordance with NARCO's order acknowledgement. Resco is to provide forecasts for its anticipated needs for the following month. The magnesite is priced at \$255/metric ton delivered to the Hammond facility (\$265 for the Marelan facility) or market price, whichever is better, plus

violating the Consent Order.

Respectfully Submitted,

PIETRAGALLO, BOSICK & GORDON

By:



William Pietragallo, II

Pa. I.D. #16413

Eric G. Soller

Pa. I.D. #65560

*Counsel for RHI AG*

One Oxford Centre

Thirty-Eighth Floor

Pittsburgh, PA 15219

(412) 263-2000



2. Settlement Amount and Payment.

(a) The parties acknowledge and agree that the amounts to be paid by Resco to NARCO or by NARCO to Resco in connection with various contractual commitments or other agreements are as set forth on Exhibit A attached hereto. The aggregate net balance due from Resco to NARCO in connection with such matters is \$2,848,000 (the "Settlement Amount").

(b) The Settlement Amount shall be paid by Resco to NARCO by wire transfer in immediately available funds in accordance with the following wire transfer

Bank: Citibank, N.A., New York, NY  
ABA No.: 021 000 089  
Account Name: Harbison-Walker Refractories Co  
Account No.: 3043-9874

(c) The Settlement Amount shall be paid on the following schedule:

(i) One million dollars is being paid on the date hereof; and

(ii) the balance of \$1,848,000 shall be payable in weekly installments of \$200,000 on Friday of each week commencing October 26, 2001, until the entire Settlement Amount has been paid, with the final payment being in the amount of \$48,000; provided, however, that Resco shall have no obligation to make any such periodic payment hereunder after November 30, 2001 unless and until Global-GIX Canada ("Global") shall make the entire contribution referenced in Paragraph (d) hereof.

(d) Resco and NARCO acknowledge that, pursuant to the terms of a Pension Plan Transfer Agreement (the "Pension Agreement") dated as of October 27, 2000 between Global and Resco Canada, Inc. ("Resco Canada"), Global has agreed to make a contribution in the amount of CDN \$1,958,400 to the Canadian Hourly Plan not later than December 31, 2001. NARCO agrees that if Global does not make the entire contribution referenced above on or before December 31, 2001, Resco shall have the right, exercisable on or after January 1, 2002, to set off any deficiency in such contribution against any amount then owed by Resco to NARCO

set-off to each of NARCO, Global and Resco Canada, which notice shall include an undertaking by Resco to make a capital contribution to Resco Canada in an amount equal to the amount of the set-off, for purposes of permitting Resco Canada to make a substitute contribution to the Canadian Hourly Plan. Effective upon the giving of such notice, Resco Canada agrees that Global shall be relieved of its obligations under the Pension Agreement to make the contribution referenced therein to the extent of the set-off asserted in the notice.

(e) NARCO represents that set forth on Exhibit B attached hereto is a true, correct and complete description of certain inventory manufactured by NARCO at its Fulton, Missouri facility for use at WCI Steel, Inc. (the "WCI Inventory"). Such description includes a listing of the price and unit quantities of each product included in the WCI Inventory, all of which has been sold to Resco in connection with this Agreement. NARCO agrees that Resco shall be entitled to set off against any amounts owed to NARCO pursuant to Section 7(a) hereof

(iii) the Magnesite Supply Agreement dated as of March 3, 2000 between NARCO and Resco, as amended by the Settlement Agreement (the "Magnesite Supply Agreement"); and

(iv) Sections 3, 5 and 20 (as amended hereby) of the Settlement Agreement.

(b) In consideration for the covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by Resco, Resco, on its own behalf and on behalf of each Resco Party, hereby waives, remises, releases, settles and forever discharges each NARCO Party from any and all claims, sums of money, fees, compensation, counterclaims, cross-claims, rights, demands, losses, damages, trespasses, bonds, liabilities, suits, actions and causes of action against any of the NARCO Parties that any of the Resco Parties, jointly or severally, ever had, now has or may have, in law or in equity, of every nature or description, whether known or unknown, suspected

between H-W and Resco, between A.P. Green Refractories, Inc. and Resco and among H-W, A.P. Green Refractories, Inc., A.P. Green Industries, Inc. and Resco;

(vii) the Assignment of Trademarks dated February 25, 2000 between NARCO and Resco,

(viii) the Assignment of Canadian Trademarks dated February 25, 2000 between Global and Resco;

(ix) the Letter Agreement dated February 25, 2000 between NARCO and Resco regarding Use of Certain Trademarks;

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5. Purchase Price Allocation. The parties further agree that, notwithstanding the provisions of Section 6.14(b) of the Purchase Agreement or the provisions of the Letter Agreement dated as of March 1, 2000, the Purchase Price shall be allocated among the Acquired Assets as set forth on Exhibit C attached hereto.

6. Unshipped Unsold Inventory Payment. Section 5(c) of the Inventory Purchase Agreement dated as of May 23, 2000 between Resco and NARCO (the "May Inventory Agreement") and Section 8(c) of the Inventory Purchase Agreement dated as of June 21, 2000 between Resco and NARCO (the "June Inventory Agreement") shall be superseded by the provisions of this Section 5. Resco shall pay to NARCO the purchase price for any Unsold Inventory under the May Inventory Agreement and the June Inventory Agreement (collectively, the "Inventory Agreements") within 45 days after such Unsold Inventory is delivered to the applicable Resco facility. Resco agrees that NARCO shall be permitted to deliver not less than three truckloads of such Unsold Inventory to each applicable Resco facility on each regular business day. The purchase price for such Unsold Inventory shall be (a) the Base Price (as defined in the May Inventory Agreement) for any such Unsold Inventory referenced in the May Inventory Agreement, which amount the parties estimate will not exceed \$331,000, and (b) the purchase price referenced in the June Inventory Agreement, which amount the parties estimate will not exceed \$83,000.

7. Patent License. Resco and NARCO are executing on the date hereof a License Agreement in the form of Exhibit D attached hereto (the "License Agreement")

8. Environmental Matters

(a) As promptly as practicable after this date hereof, NARCO shall retain an Environmental Consultant to perform the services set forth in Section 6.10(d) of the Purchase Agreement.

Supplemental Agreement be replaced by substitute materials, provided that Resco agrees that the Environmental Consultant need not replace with substitute materials any asbestos-containing materials removed from either (i) the tunnel kilns or the shaft kiln located at Resco's Hammond, Indiana plant and any piping or ductwork used exclusively in connection with such kilns, or (ii) the shaft kiln located at Resco's Hammond, Indiana plant and any piping or ductwork used exclusively in connection with such kilns.

11. Miscellaneous.

(a) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Nothing in this Agreement is intended, nor shall it be construed, to confer any benefit whatsoever on any persons other than the parties.

(b) Each party warrants and agrees that, as of the effective date of this Agreement, it or one or more of its Affiliates is the sole and lawful owner of all rights, title and interest in and to every claim or matter released herein, that neither it nor any such Affiliate has assigned, conveyed or otherwise transferred to any person or entity not a party to this Agreement

any of its rights, obligations, claims, demands or causes of action released herein, and that it has taken or will take all necessary actions to cause its Affiliates to approve the consummation of the transactions contemplated hereby. Neither party shall assign this Agreement to any person

(e) This Agreement is the product of informed negotiations between and joint drafting of the parties and their representatives, including counsel. In the event any ambiguity is found to exist in any provision of this Agreement, such ambiguity is not to be construed against either party as the drafter of the document. The parties further agree to cooperate in demonstrating to a court or agency, should the issue arise, that this Agreement was negotiated and implemented in good faith.

(f) This Agreement represents the entire understanding between the parties

Pittsburgh, PA 15276  
Facsimile No.: 412.494.4571  
Attention: Mr. William K. Brown  
President and CEO

*MB*





IN WITNESS WHEREOF, NARCO and Resco have caused this Agreement to be executed as of the day and year first above written.

**NORTH AMERICAN REFRACTORIES COMPANY**

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

Title: \_\_\_\_\_

**RESCO PRODUCTS INC**

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\_\_\_\_\_

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EXHIBIT A

I. Amounts Owed By Resco to NARCO

<u>Description</u>	<u>Amount</u>
1. Reconciliation of all purchases and sales of divested and non-divested brand products through 12/31/00.	\$733,000
2. "Scrap Inventory" within the meaning of Section 3 of the Inventory Purchase Agreement dated as of May 23, 2000 shipped to Resco plants as of September 16, 2001.	191,000
3. "Scrap Inventory" and "Unsold Inventory" within the meaning of Sections 3 and 8 of the Inventory Purchase Agreement dated as of June 21, 2000 shipped to Resco plants as of September 16, 2001.	133,000
4. Reimbursement for lease of laser at WCI through September 2001.	105,000
5. Reimbursement for cost of mixer at USX-ET through September 2001.	8,000
6. Reconciliation of all purchases and sales of divested and non-divested brand products since 12/31/00.	965,000
7. Actual Inventory Valuation.	500,000
8. Inventory in pipeline for WCI.	27,000
9. <del>Reconciliation of all purchases and sales of divested and non-divested brand products since 12/31/00.</del>	<del>28,000</del>

16. transactions.	
16. USX Fairfield A/R adjustment.	(36,000)
17. Reconciliation of all purchases and sales of divested and non-divested brand products since 3/31/01 where payment is due as of 10/11/01.	(99,000)
18. Reimbursement for Hammond property taxes.	<u>(109,000)</u>
	Subtotal: <u>(\$599,000)</u>
	Total: <u>\$2,848,000</u>

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**EXHIBIT C**

**Purchase Price Allocation**

Wagon Worksheet

Statement  
: Paid by Seller (See Closing Site

1) Prices Used/Interest (Note 1)

2) Interest

3) Pre-Paid  
Interest (4/1/01-3/31/01)

4) Read as of 3/1/01  
WTO BE Received after 8/1/01  
Final  
ed & Obsolete Inventory  
WTO BE Classified as Unsold

5)

6) Allocation between Resco and RHI  
Purchase Accounting Adjustments

7) Wire to MARCO, Dated 5/21/01

8) True Up Fair Estimate Difference  
RHI, AVR  
Reviewed to RHI that have an amount out  
of RHI  
Resco per discussion with J. Vukobratovic  
(2001) subject to audit.

9) Wire to RILMARCO

immaterial expense

See details below.

related to expense/book and fair

Notice of Service

- Amount to be paid without  
interest is \$1,000,000

**EXHIBIT D**

**Form of Patent License Agreement**



of 5% of Licensee's Royalty Base, as defined in Section 3B. The initial Accrual Period shall be for the period from the date hereof to December 31, 2001.

B. Royalty Base. For purposes of this Agreement, Licensee's "Royalty Base" shall mean Licensee's total Net Revenues derived from the sale of Product. The term "Net Revenues" shall mean sales at the invoiced price of Product after deduction of the following: all trade and quantity discounts actually allowed; freight; allowance for credit or returns; sales commissions actually paid to third parties who are not affiliates; and value-added taxes, sales taxes, customer duties or purchase taxes borne by the Licensee. "Net Revenue" shall not include any deduction for cash or prompt payment discounts, and shall not be decreased by invoices which have been written off as uncollectible.

C. Verification by Licensor. For the purposes of verifying the accuracy of the Royalty Fees payable to Licensor, Licensee shall produce and forward to Licensor a quarterly revenue report that is certified by a financial officer of Licensee within 45 days of each

each Accrual Period. Licensor has the right to appoint a certified public accountant to audit Licensee's books and records at any time upon prior notice to Licensee and during customary business hours. Licensor shall not have the right to conduct more than one such audit in any fiscal year unless any prior audit has revealed an underpayment by Licensee of 5% or more of royalties payable to Licensor hereunder. Any such audit shall be at the expense of Licensor, and Licensee agrees, at Licensor's expense, to cooperate with Licensor, when requested, in stopping such infringement, but Licensee shall not take any action against an infringer in its own name or on behalf of Licensor without Licensor's prior written approval. Licensee acknowledges the validity

any such claim, action or proceeding (and of any negotiations for the settlement thereof) if

to defend any such claim, action or proceeding, Licensee may do so. Licensor and Licensee each shall pay its own expenses and retain any costs or damages awarded to it in any such suit.

Section 4 shall survive the termination of this Agreement.

5. TAXES. All payments or reimbursements under this Agreement shall be made without setoff or counterclaim and free and clear of and without deduction for any and all present and future taxes, levies, imposts, duties or any other charges of a similar nature ("Taxes"). Licensee agrees to cause all Taxes imposed in connection with the purchase and sale of the Product to be paid directly to the appropriate governmental authority.

6. TERM, TERMINATION AND DEFAULT.

A. Term. This Agreement shall begin on the date first set forth above and continue for an initial term of one year from the date of this Agreement, unless sooner terminated

... as specified herein shall be automatically renewed for a period of \_\_\_\_\_

terms at the end of each term: if not terminated in accordance with this Agreement.

B. Default and Termination. This Agreement shall terminate at the election of either party to this Agreement if the other party (the "Defaulting Party") shall breach or default in

the rights, privileges and obligations of the parties shall be as follows.

(i) Such termination shall be without prejudice to Licensor's rights to





IN WITNESS WHEREOF, the parties hereof have duly executed this Agreement as of the day and year first above written.

RESCO PRODUCTS INC

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By: \_\_\_\_\_  
William K. Brown,  
President and CEO

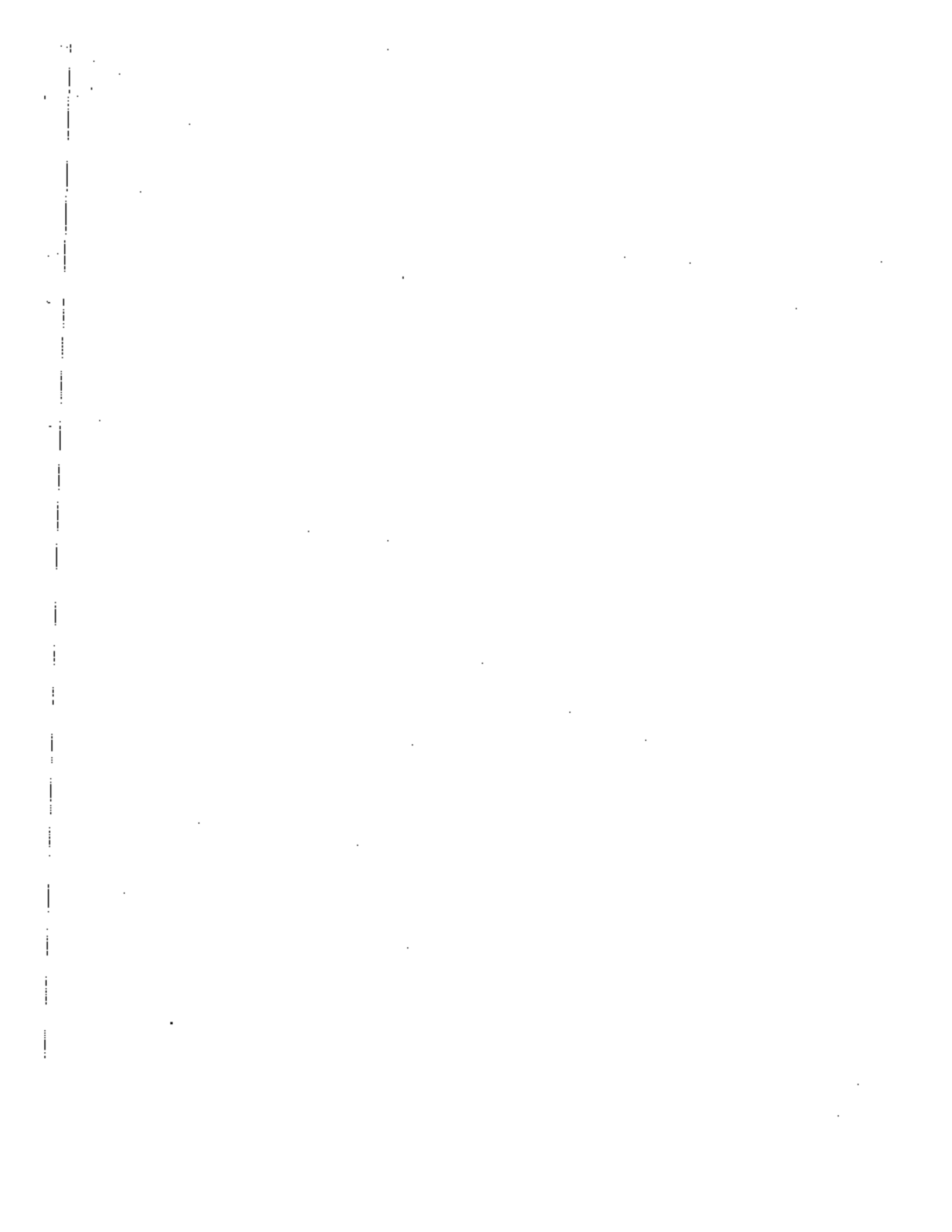
NORTH AMERICAN REFRACTORIES  
COMPANY

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

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Title: \_\_\_\_\_

PHJ/889241.3



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By and between NARCO and RESCO

Paragraph Number	Title or Subject Matter	Material Changes Caused by 2001 Settlement Assessment
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22 through 33 inclusive	Miscellaneous Provisions	No material change.
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