

Acme Coke
11236 S. Torrence Ave.
Chicago IL 60617



acmecoke.com

Document archive

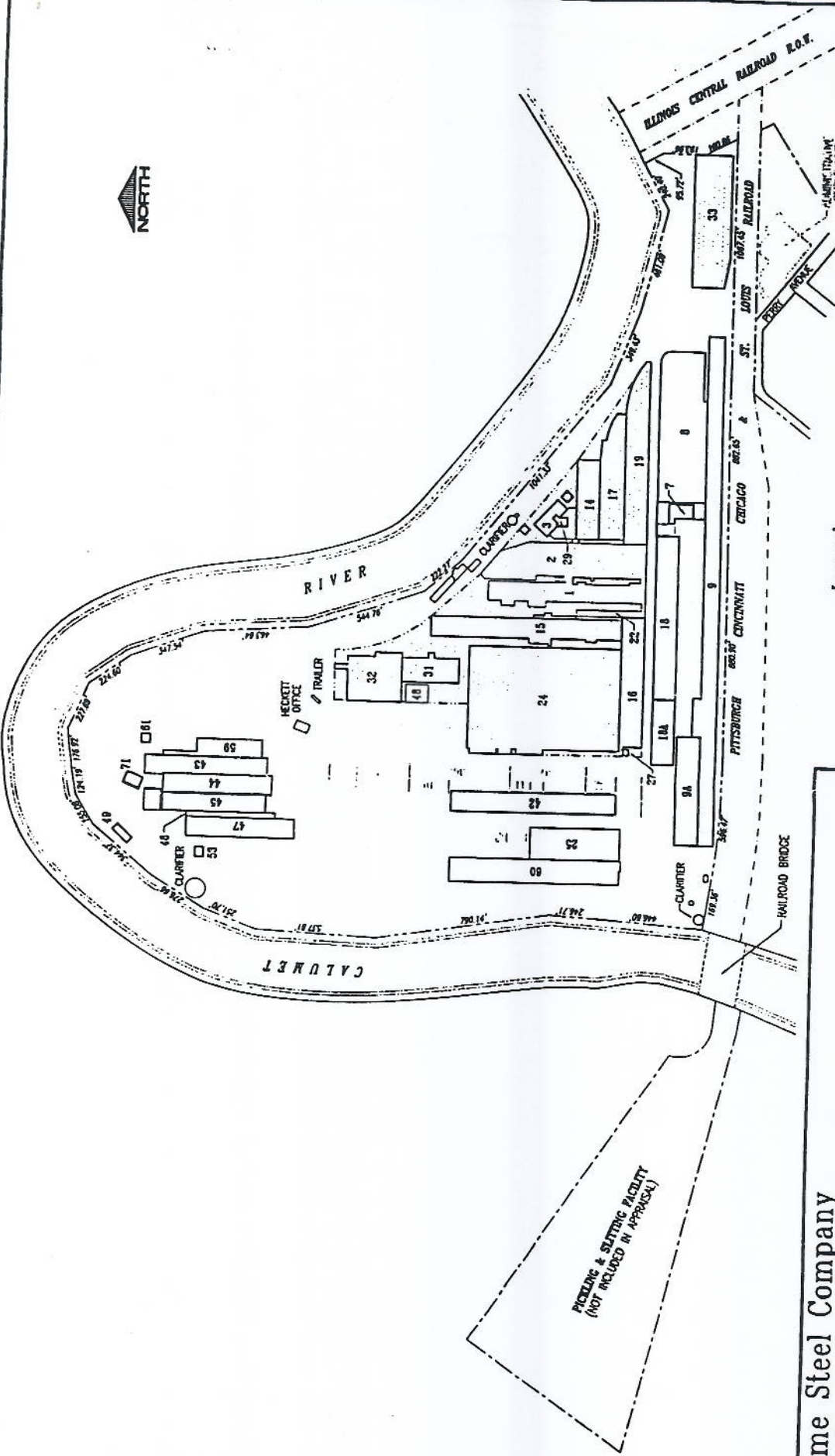
Acme sale proposal to WCI (Schedules)

Dated: 2000

Schedule 1

Real Property

The parcels of real property referenced in Section 2(1)(x) of the Term Sheet are those owned in fee by Acme and identified on the accompanying maps.



Legend

- Outline of Property Appraised
- Indicates Packaging Buildings (Leased to Others)
- Indicates Buildings Abandoned in Place



American Appraisal Associates

Acme Steel Company
BOF/Tandem Mill/Steel Finishing Complex
 Perry Avenue
 Riverdale, Illinois

CONTRACT
041712

APPRAISAL DATE
 (as) December 31, 1999

SCALE
 0 450'

PARCEL 2
0.615 ACRE

110TH STREET



RAILROAD

LOUIS ST.

CHICAGO

NEW YORK

TORRANCE AVENUE

TORRANCE

PARCEL 4
1.297 ACRE

SHIP CANAL

RIVER

CALUMET

PARCEL 4
63.812 ACRES

PARCEL 3
48.44 ACRES

PARCEL 5
57.785 ACRES

----- Outline of Property Appraised

Acme Steel Company
Coke Plant
Torrance Avenue
Chicago, Illinois



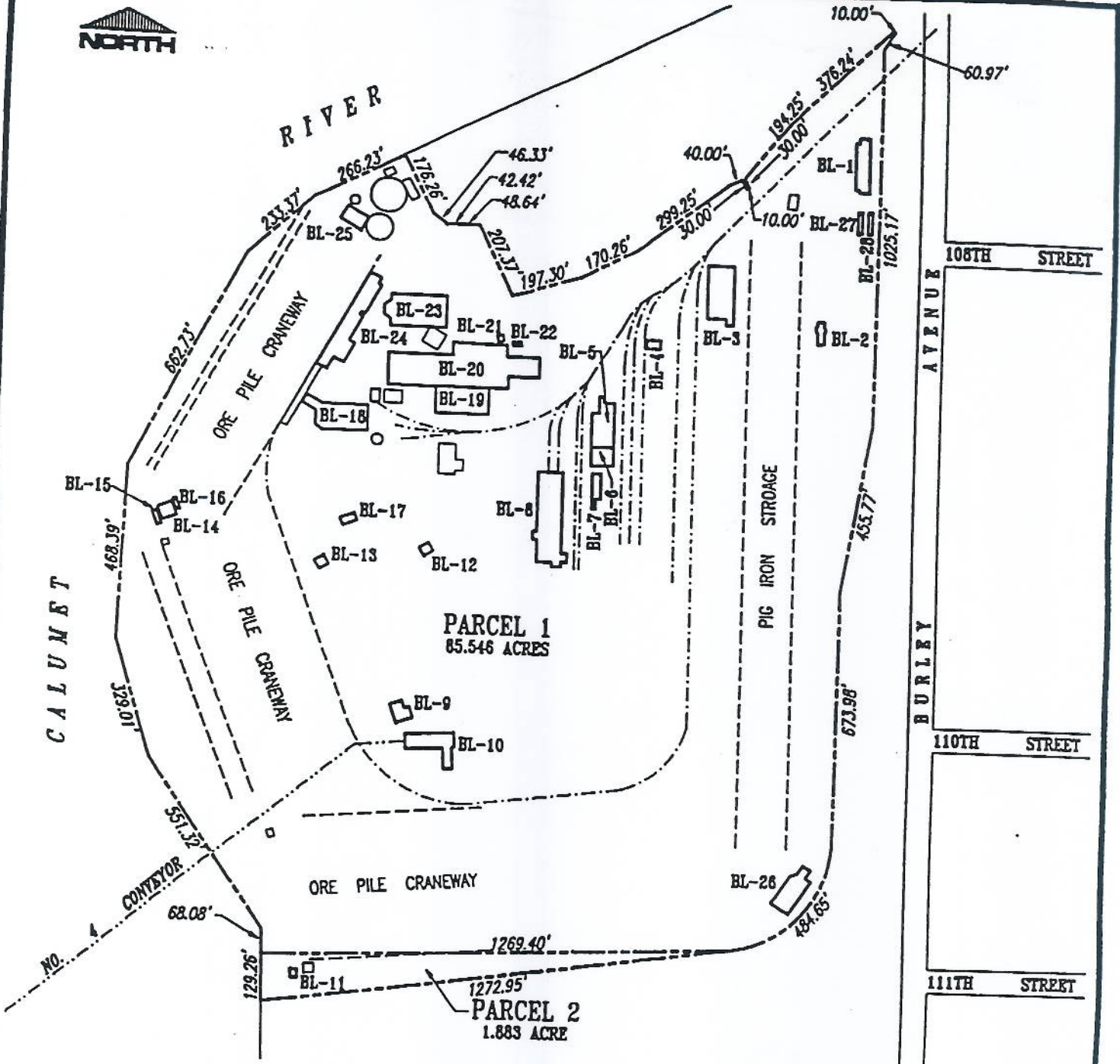
CONTRACT
041712

APPRAISAL DATE
(A1) December 31, 1999

SCALE
0 600'



RIVER



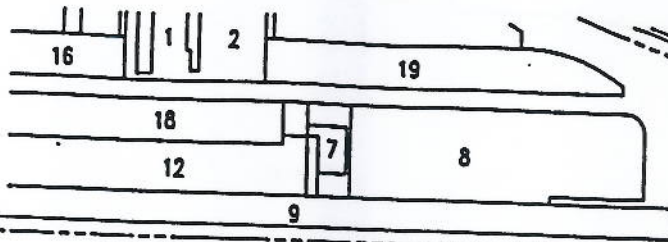
- Outline of Property Appraised
- - - - - Indicates Overhead Crane Rails
- - - - - Indicates Railroad Sidings

Acme Steel Company
 Blast Furnace Site
 Burley Avenue
 Chicago, Illinois

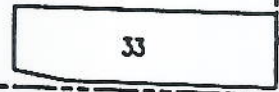
CONTRACT 041712	APPRAISAL DATE (A2) December 31, 1999
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SCALE
 0 400'

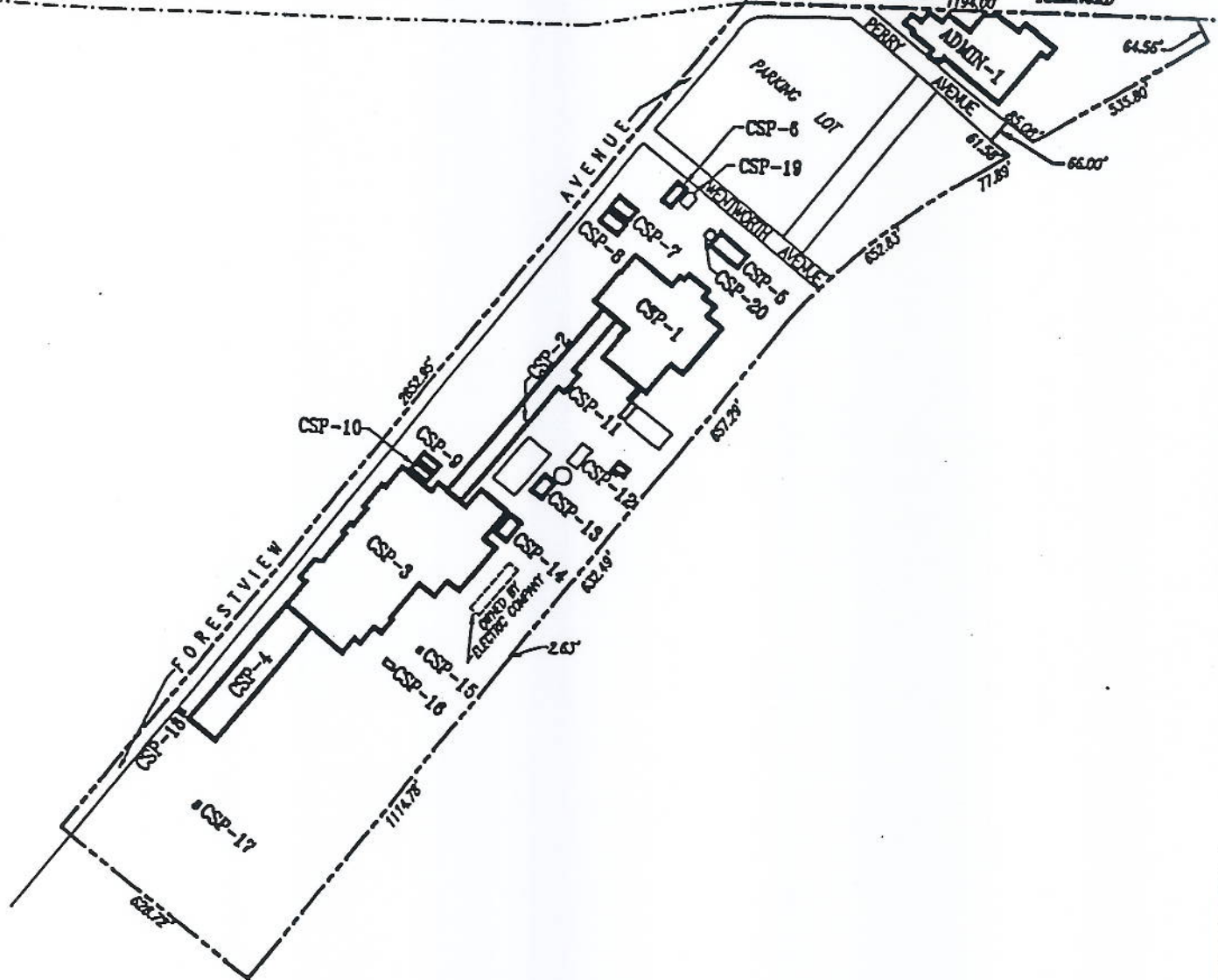




CALUMET RIVER



PITTSBURGH CINCINNATI CHICAGO & ST. LOUIS RAILROAD



Outline of Property Appraised

Acme Steel Company
Administrative Office & Caster/Hot Mill
Complex - Perry Avenue
Riverdale, Illinois

CONTRACT
041712

APPRAISAL DATE
(A4) December 31, 1999

SCALE
0 450'



American Appraisal Associates

Addendum to Schedule 1 - Acme/Acme Packaging Retained Use Areas

The portions of the Riverdale site which Acme/Acme Packaging will retain the right to use are the ground upon which the buildings at such site numbered (as indicated elsewhere in Schedule 1) 2, 16, 17, 19, 24, 25, 27, 31, 32 and 33 are located (and the improvements located thereon), together with certain immediately contiguous areas used in connection with operations at such buildings to be specified in the definitive agreement.

Schedule 2

Real Property Leases

1. Lease of property on East side of Torrence Avenue, north of 114th Street, Chicago, Illinois, (to maintain on existing steel conveyer structure and one portal pier) (lessor, Commonwealth Edison Co.).
2. Lease of property at 112th Street and Torrence Avenue, Chicago, Illinois (for driving and parking and passenger vehicles) (lessor, Commonwealth Edison Co.). This lease was scheduled to have expired on August 31, 2000, but may have been, or may be, renewed.
3. Lease of approximately 14,000 square feet from Norfolk Southern Corp. (for oxygen pipeline relating to coke plant).
4. Lease of property from Omnitrax, Inc. (for crossing right-of-way for conveyer).
5. Lease of approximately one acre from Indiana Harbor Belt Railroad Company on the west side of Torrence Avenue in Chicago, Illinois (related to coke plant).

Annex A

Principal Terms of the Supply Agreements

Parties:

There will be a separate Supply Agreement between each of Purchaser, on the one hand, and Acme Packaging and Alpha Tube, on the other.

Term:

The initial term of the Acme Packaging Supply Agreement will be four years. Prior to the expiration of the initial term and (if applicable) any extension term, the contract shall be extended for an additional one year, unless either party shall have given a contrary notice to the other at least one year prior to the then-scheduled expiration date of the contract.

The term of the Alpha Tube Supply Agreement shall be two years.

Products:

Acme Packaging Supply Agreement: All types of hot rolled P&O slit steel products that the Riverdale facility (including the adjacent NACME facility) is capable of producing in the ordinary course ("collectively, HR Products"). Specific HR Products include mid-carbon (1030 or 1050), low carbon (1009) and Supramet (1020).

Alpha Tube Supply Agreement: Wide hot-rolled, cold rolled and hot-dipped galvanized sheet steel ("Steel Products").

Purchase/Supply Provisions:

Acme Packaging shall purchase from Purchaser, and Purchaser shall supply to Acme Packaging, minimum amounts of HR Products in each year as follows:

<u>Year</u>	<u>Tons</u>
First	170,000
Second	130,000
Third	100,000
Fourth (and thereafter if applicable)	50,000

Alpha Tube shall purchase from Purchaser, and Purchaser shall supply to Alpha Tube a minimum of Steel Products as follows:

<u>Year</u>	<u>Tons</u>
First	20,000
Second	20,000

However, in no event shall either Acme Packaging or Alpha Tube be required to purchase more than the amount required to meet its business needs each year. Acme Packaging and Alpha Tube may, in their discretion and to any extent, elect to purchase under the Supply Agreement more than the minimum of HR Products or Steel Products in any year; Purchaser shall be obligated to fill any such discretionary orders under the Supply Agreement, but the price and other economic terms (excluding, for the avoidance of doubt, delivery obligations) shall be as agreed by the parties at the time. However, if Purchaser declines to fill any such discretionary order of Acme Packaging on the terms (including price and other economic terms) set forth in the Acme Packaging Supply Agreement, then, at Acme Packaging's option, any contract that Acme Packaging enters into with a third party in order to meet such requirements of Acme Packaging shall be disregarded for purposes of paragraph D of "Pricing", below.

Orders by Acme Packaging or Alpha Tube from Acme outstanding but not cold-rolled as of the Closing date shall be deemed to be orders under the relevant Supply Agreement (including without limitation for purposes of pricing and minimum purchase requirements).

General. All of the foregoing will be subject to customary exceptions such as force majeure, emergency purchases and the like. However, Purchaser must in any event meet its supply obligations to the extent that it is capable of doing so using any of its or its affiliates' facilities. Any HR Products or Steel Products purchased by Acme Packaging or Alpha Tube from third parties due to force majeure affecting Purchaser shall count against the minimum purchase requirements and (unless otherwise specified by Acme Packaging or Alpha Tube, as the case may be, in its discretion) shall be disregarded for purposes of clause D of "Price", below.

Acme Packaging and Alpha Tube are not required to order specific amounts of any particular product (other than the overall amounts specified above), and reserve the right from time to time to change the mix of products that they purchase.

Specifications:

All purchased products shall at least continue to meet the current specifications for such products, which shall be attached to the Supply Agreements. Acme Packaging and Alpha Tube each shall have the right to in good faith change the specifications with respect to any particular product from time to time. If Purchaser cannot meet such modified specifications, then such particular product shall cease to be considered a "HR Product" or "Steel Product", as the case may be, and the minimum purchase requirements of the relevant Supply Agreement shall be

adjusted downward in the same proportion as orders of such particular product prior to such change in specifications relative to all orders of all products prior to such change in specifications.

Delivery:

All HR Products shall be supplied from the Riverdale facility, except in emergencies.

Purchaser and its affiliates will routinely publish and make available to Acme Packaging and Alpha Tube lead time information.

For Alpha Tube, all products shall be delivered within normal industry standards regarding the promising and shipments of steel mill products. Alpha Tube will provide sufficient lead time to make deliveries. Lead times are subject to change as a result of facility maintenance requirements that arise from time to time.

With respect to Acme Packaging, (i) Acme Packaging shall provide to Purchaser weekly rolling non-binding estimates of its delivery requirements for the next 60 days, (ii) Acme Packaging shall provide to Purchaser on a weekly basis definitive statements of its delivery requirements for the next five weeks and (iii) Purchaser shall be required to comply with Acme Packaging's delivery requirements statements described in clause (ii).

Price:

- A: Pricing will be composed of two components for Acme Packaging and one component for Alpha Tube. First, the "base price" for any particular product (which is the only pricing component for Alpha Tube) shall be established for the wide (as opposed to slit) version of such product, as described in the following paragraphs of this section. Second, there shall be an incremental charge for slitting, which (i) may be specified in the Supply Agreement (for some period of time after the Closing) and (ii) subject only to clause (i) and the following sentences of this paragraph A, shall equal the prevailing market price from time to time, in the Chicago area, for slitting for such wide product. Purchaser shall at all times keep Acme Packaging notified as to its prevailing slitting charges. Acme Packaging may in its discretion from time to time elect, by notice to such effect to Purchaser, prospectively to accept such posted pricing (as in effect from time to time) instead of attempting to ascertain the prevailing market price for slitting; such election subsequently may be terminated by Acme Packaging at any time by further notice to such effect to Purchaser.
- B: Subject to paragraph E, base pricing for any particular HR Product or Steel Product for the period between the Closing date through December 31, 2000 shall be the lower of (i) the base price for such product for such period specified in the Supply Agreement and (ii) the lowest base price for the same or "like" products offered or given by Purchaser or any of its affiliates to any "significant customer" at any time within 30 days prior to, or on or within 60 days after, the date of execution of the Purchase Agreement, for delivery of such same or like products at any time during the period between the date of execution of

the Purchase Agreement and December 31, 2000. Purchaser forthwith shall notify Acme Packaging or Alpha Tube, as the case may be, of the applicability of clause (ii) of the preceding sentence and of the resulting lower price.

- C: Base pricing shall be established for successive six-month periods commencing January 1, 2001 (together with the period between the Closing date through December 31, 2000, the "pricing periods"). Subject to paragraph E, base pricing established for any particular pricing period shall apply to all orders placed for delivery during such pricing period.
- D: Except as otherwise provided in paragraph B, not earlier than 90, and not later than 60, days prior to the first day of any particular pricing period, Purchaser shall give Acme Packaging or Alpha Tube, as the case may be, its pricing list for all HR Products or Steel Products, as the case may be, which for each such product shall be the lowest base price it is then offering or giving (or at any time after such 90th day has given or offered) to any significant customer for delivery of such product during such pricing period. (The date on which such price list is delivered may be referred to herein as the "Pricing Date".) Subject to paragraph E, base pricing for any particular HR Product or Steel Product, as the case may be, for such pricing period shall then be the lower of (i) (x) if Acme Packaging or Alpha Tube, as the case may be, at any time after the Pricing Date and prior to the first day of such pricing period, enters into one or more contracts with domestic steel producers for delivery of significant quantities of the same or "like" products at any time during such pricing period, the lowest base price for such same or like products in any such contract, or (y) if clause (x) is not applicable (and it being understood that clause (x) shall be deemed not to be applicable under the Acme Packaging Supply Agreement for the 2001 pricing periods), the base price for such product specified in the pricing list provided by Purchaser, and (ii) if lower than the price described in clause (i)(y) (regardless of whether clause (i)(x) is applicable) and (but only if clause (i)(x) is applicable) also lower than the price described in clause (i)(x), the lowest base price for the same or like products offered or given by Purchaser or any of its affiliates to any significant customer at any time on or after the 90th day prior to the first day of such pricing period and prior to such first day of such pricing period, for delivery of such same or like products at any time during such pricing period. Purchaser forthwith shall notify Acme Packaging or Alpha Tube, as the case may be, of the applicability of clause (ii) of the preceding sentence and of the resulting lower price.
- E. If at any time during any particular pricing period, Purchaser or any of its affiliates shall offer or give to any significant customer a base price, for delivery of any HR Product or Steel Product, as the case may be, during such pricing period or a portion thereof that is lower than the base price for such product then applicable pursuant to paragraph B or D, as the case may be, then any subsequent shipments to Acme Packaging or Alpha Tube, as the case may be, of such product, or any like product, during such pricing period or portion thereof, as the case may be, shall be reduced (but, for the avoidance of doubt, never increased) to equal such lower price. Purchaser forthwith shall notify Acme Packaging or Alpha Tube, as the case may be, of the applicability of this clause E and of the resulting lower price.

- F: Pricing of Purchaser and its affiliates to third parties, and of third party domestic steel producers to Acme Packaging or Alpha Tube, shall always be adjusted to reflect the value of economic terms that are more or less favorable to such third party than those set forth hereunder, including without limitation better or worse freight or payment terms, rebates, incentives or other items having the effect of lowering or raising such third party's all-in price for the relevant product, as delivered to the purchaser, and pricing comparisons under the Supply Agreements shall be on the basis of such all-in, as delivered, prices thereunder and to such purchaser. Without limitation of the foregoing, Purchaser and its affiliates always shall act in good faith with respect to the benefits intended to be conferred on Acme Packaging and Alpha Tube under the pricing provisions of the Supply Agreements.
- G: "Like product" is defined for purposes of this term sheet as comparable product description, including comparable gauge and width, and comparable quality, including chemistry; however, in cases where Purchaser and its affiliates sells slit products to third parties, the price to such third party shall be broken down into its "base price" as defined herein and Purchaser's and its affiliates' prevailing incremental charge for slitting. In any event, the concepts of "like product", "significant customers" and "significant quantities" will be defined more precisely in the Supply Agreements.
- H: If, with respect to any particular pricing period and any particular HR Product or Steel Product, as the case may be, Purchaser and its affiliates do not engage in a meaningful amount of other transactions with significant customers for the same or like products, then the comparison described above against Purchaser third party pricing will be extrapolated from other products sold by Purchaser and its affiliates, if this would result in a lower price.
- I: The Supply Agreements will contain mutual certification provisions and third party audit rights for Acme Packaging or Alpha Tube, as the case may be, on the one hand, and Purchaser, on the other, to confirm pricing as specified above.
- J: Disputes concerning pricing will be determined by a designated third party by baseball arbitration, with the third party being obligated to pick the submitted price which he feels is closest to the price described in the relevant Supply Agreement. All relevant third party audit data shall be made available to such arbitrator.

Deliveries to Acme Packaging's Riverdale facility shall be FOB to Acme Packaging at such facility. It is understood that some product initially delivered to Acme Packaging's Riverdale facility may then be cold-rolled by Acme Packaging and shipped to other Acme Packaging facilities. During Year 1 of the Acme Packaging Supply Agreement, Purchaser shall be responsible for Acme Packaging's costs of re-shipping such cold-rolled product from its Riverdale facility to its Alabama facility (but not its west coast facility) to the same extent as would be the case if Purchaser shipped the product directly to such Alabama facility on the basis of freight-equalization from the nearest point to such other facility where "like product" is produced. Sales to Alpha Tube shall be freight-equalized (from the nearest point where "like product" is produced) to the consuming plant.

Payment shall be due net 30 days from date of shipment, with customary discount terms for prompt payment.

Assignment:

Any purchaser of all or substantially all of Purchaser's Riverdale facility, or of the steel-making business of Purchaser and its affiliates, will be required to agree to be bound by the terms of the relevant Supply Agreement. Any purchaser of all or substantially all of Acme Packaging's steel fabricating business will be required to agree to be bound by the terms of the Acme Packaging Supply Agreement. Any purchaser of all or substantially all of Alpha Tube's steel fabricating business will be required to agree to be bound by the terms of the Alpha Tube Supply Agreement. No such assignment shall release the assignor from its obligations without the consent of the other party.

Steel Strapping Supply Agreement:

During the term of the Supply Agreement, Purchaser will be required to purchase all of its requirements of strapping, strapping seals and strapping tools required by the Riverdale facility (and that Acme Packaging can supply).

Annex B

Transfer of Acme Pension Plan Assets

Acme shall cause the actuary for the Acme Pension Plan ("Acme's Actuary") to determine the amount of assets required by Section 414(l) of the Internal Revenue Code of 1986, as amended (the "Tax Code") to be transferred from the Acme Pension Plan to Purchaser's Pension Plan for the liabilities attributable to the benefits of the Business Employees, based on allocating assets by priority categories described in section 4044(a) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (the "414(l) Amount"), as provided herein and the Supplement attached hereto. The 414(l) Amount shall be determined as of immediately prior to the Closing by Acme's Actuary on the basis of (i) the benefit provisions and other terms of the ACME Pension Plan as in effect immediately prior to the Closing, and (ii) the Pension Benefit Guaranty Corporation's assumptions as in effect as of the Closing date determined in accordance with PBGC Regulations 4044.51-57. In connection therewith, Acme's Actuary shall determine the amounts of charges and credits to the funding standard account under Section 412 of the Tax Code, the funding standard account credit balance and the annual amortization charges and credits (such amounts determined under the provisions of Internal Revenue Service Revenue Ruling 81-212 and other applicable guidance) to be allocated between the Acme Pension Plan and the Purchaser's Pension Plan as a result of the transfer of assets and liabilities anticipated under this Annex. Such amounts shall be determined without regard to use of the de minimis option contained in such revenue ruling and the regulations promulgated under Section 414(l) of the Tax Code. Further, the 414(l) Amount shall be determined without regard to (i) the termination of any Business Employees occurring on or following the Closing date and (ii) benefit improvements, if any, agreed to by Purchaser pursuant to the Purchaser CBA (as defined in Section 16(c) of the Term Sheet).

As soon as practicable following the Closing date (the "Transfer Date") (provided that Acme has received either a favorable determination letter from the Internal Revenue Service to the effect that Purchaser's Pension Plan meets the requirements for qualification under Section 401(a) of the Tax Code or an opinion of Purchaser's counsel, reasonably satisfactory to Acme, to such effect), Acme shall cause to be transferred from the trust for the Acme Pension Plan to the trust established for Purchaser's Pension Plan, an amount equal to the 414(l) Amount, adjusted as follows: (i) the 414(l) Amount shall be adjusted by its pro rata share (based on assets after taking into account the amounts in clause (ii) below) of the investment gains and losses (realized and unrealized) of the Acme Pension Plan for the period between the Closing date and the Transfer Date (the "Gap Period"); and (ii) the 414(l) Amount shall be reduced by (A) any distributions made from the Acme Pension Plan with respect to Business Employees during the Gap Period; (B) a proportionate share of reasonable administrative and investment expenses of the Acme Pension Plan for the Gap Period; and (C) if the Closing date occurs on or after January 1, 2001, the full amount of PBGC premiums paid or payable with respect to Business Employees in the Acme Pension Plan for the premium payment year in which the Transfer Date occurs (the "Business Employees Premiums"), if the Purchaser's Pension Plan is an existing plan. If Purchaser's Pension Plan is a newly-established plan, then either (1) the preceding clause (ii)(C)

shall be applied by substituting "50% of the" for the words "the full" in such clause, or (2) clause (ii)(C) shall continue to apply (without regard to the condition that Purchaser's Pension Plan be an existing plan) and Acme will pay to Purchaser's Pension Plan an amount equal to 50% of the Business Employees Premiums, as determined by Acme. The transfer of assets from the Acme Pension Plan to Purchaser's Pension Plan shall be made in cash or other property, as determined by Acme.

**SUPPLEMENT TO ANNEX B
TRANSFER OF ACME PENSION PLAN ASSETS
ASSUMPTIONS/METHODOLOGY TO BE USED TO DETERMINE 414(I) AMOUNT**

The 414(I) Amount shall be determined without regard to (i) the termination of any Business Employees occurring on or following the Closing date and (ii) benefit improvements, if any, agreed to by Purchaser pursuant to the Purchaser CBA (as defined in Section 16(c) of the Term Sheet).

ACTIVES

- Liability determined using accrued benefit and deferred to XRA annuity factor
- PBGC interest assumption in effect for month of Closing
- PBGC mortality: 83 GAM male with 6 year setback for females
- XRA's determined based on tables in Section 4044 – no extended tables used
- Future service recognized in setting XRA
- No assumptions for withdrawal or disability
- No recognition of any shutdown benefits
- No special payment
- No pre-retirement death benefits

DEFERRED VESTEDS

- Liability determined using accrued benefit and deferred to XRA annuity factor
- PBGC interest assumption: same as above
- PBGC mortality: same as above
- XRA = 62 for those age 40 with 15 years of service at termination of employment, otherwise = 65
- No assumptions for withdrawal or disability
- No pre-retirement death benefits

RETIREEES

- Liability determined using accrued benefit and immediate annuity factor under current form of payment
- PBGC interest assumption: same as above
- PBGC mortality: same as above
- Temporary supplements recognized if 3-year lookback and 5-year phase-in rules met based on Closing date

Annex C

Riverdale Retained Use and Services Agreement

Scope of Agreement:

Generally as described in Section 12 of the attached Term Sheet. The definitive agreement shall include "lease" and easement provisions (rights of ingress and egress, rights to use common areas, etc.) consistent with the purposes of the agreement. The services that Purchaser would continue to make available to Acme Packaging include, without limitation, utilities, fire protection, plant security, emergency medical care, in-plant rail service and maintenance of common areas and infrastructure used from time to time in the ordinary course in connection with the retained activities of Acme and Packaging described in said Section 12.

Term:

The term (the "Term") shall be 99 years, subject to the following qualifications.

Acme Packaging can terminate the Term (and the contract) at any time on not less than 12 months' prior written notice. Acme Packaging from time to time may, without terminating the entire contract, reduce the scope of services that it requires (and will pay for); however, if the reduction is material, Acme Packaging must give not less than one year's prior written notice of such material reduction to Purchaser.

Purchaser may reduce the scope of services that it is obligated to provide to Acme Packaging (and that Acme Packaging will pay for) if such reduction is part of, and proportional to, a contemporaneous reduction in the extent to which such services are performed in relation to the Riverdale steel-making facility itself. However, if the reduction is material, Purchaser must give not less than one year's prior written notice of such material reduction to Acme Packaging (or two years' prior notice if such reduction amounts to the elimination of substantially all of the services that Purchaser is obligated to provide).

Rent:

Acme Packaging's sole rental obligation shall be to contribute to all direct, ordinary, out-of-pocket expenses incurred by Purchaser that are directly attributable to the facilities and services it is required to provide under the agreement. This would include, without limitation, real property taxes on the Riverdale facility to the extent attributable to the portions of the facility to be leased to Acme Packaging, all utility expenses attributable to Acme Packaging's operations at the Riverdale facility and ordinary, direct out-of-pocket maintenance costs related to the common areas used from time to time in connection with such operations. Where services are shared by Purchaser and Acme Packaging, Acme Packaging's share described above will be determined based on actual or estimated relative use. To the extent commercially reasonable, the parties shall take such actions (such as installing separate meters) as are necessary to maximize the parties' ability separately to measure the amount of shared services used, and/or site costs incurred, by Acme Packaging and Purchaser, respectively. The definitive agreement will contain

Special Indemnity for Historical Environmental Problems; Closure of Abandoned Buildings

- A: Acme Packaging shall be required to indemnify Purchaser against environmental liabilities, costs or expenses of Purchaser arising from ground or water contamination at the Riverdale site (if any) that was caused by Acme Packaging's operations conducted at the site prior to the Closing ("Fabricating Environmental Liabilities"). However, all ground or water contamination of the Riverdale site (if any) that is disclosed in the environmental report that Purchaser intends to have prepared prior to the execution of the Purchase Agreement shall be deemed not to constitute Fabricating Environmental Liabilities, except to the extent that Purchaser reserves its rights, by notice to Acme prior to the Closing as described in Section 16(h) of the Term Sheet, to assert that specified possible Environmental Liabilities disclosed in such report constitute Fabricating Environmental Liabilities. Promptly after the Closing date, Purchaser will provide Acme Packaging with a copy of such environmental report.
- B: Pursuant to the Term Sheet, Purchaser shall be responsible for (and shall indemnify Acme Fabricating and its successors and assigns against) all Environmental Liabilities (if any) associated with the Riverdale site other than Fabricating Environmental Liabilities. For the avoidance of doubt, it is understood that to the extent that it is not possible to determine (or, in any event, the relevant trier of fact is unable to determine) whether or not a particular Environmental Liability is a Fabricating Environmental Liability, Purchaser, and not Acme Packaging, shall be responsible for such Environmental Liability.
- C: Except to the extent otherwise agreed Purchaser and Acme Packaging, Acme Packaging will remediate and close (i) all buildings in the Leased Areas (or, if only a portion of a particular building is included in the Leased Areas, such portion) at the end of the Term and (ii) any such building (or, if only a portion of a particular building is included in the Leased Areas, any such portion of a building) that it elects permanently to abandon prior to the expiration of the Term.

Assignment:

Any purchaser of all or substantially all of Purchaser's or Acme Packaging's respective steel business conducted at the Riverdale facility will be required to agree to be bound by the terms of the contract. No such assignment shall release the assignor from its obligations without the consent of the other party.