

IN THE UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF PENNSYLVANIA

IN RE:	:	Case No. 92-25379/JLC
	:	Chapter 11
SHENANGO GROUP, Inc.,	:	
	:	Case No. 92-25377/JLC
Debtor,	:	Chapter 11
	:	
SHENANGO INCORPORATED,	:	Case No. 92-25378/JLC
	:	Chapter 11
Debtor, and	:	
	:	Consolidated for
	:	Administration Purposes at
THE HOCKENSMITH CORPORATION,	:	Case No. 92-25379/JLC
	:	
Debtor.	:	
	:	Judge Joseph L. Cosetti

---

SETTLEMENT AGREEMENT BETWEEN DEBTORS AND CREDITORS,  
THE UNITED STATES AND THE STATE OF OHIO

---

WHEREAS, on December 14, 1992, Shenango Incorporated ("Shenango"), Shenango Group, Inc. ("SGI") and The Hockensmith Corporation ("Hockensmith" and, together with Shenango and SGI, the "Debtors"), each filed a separate petition for reorganization under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §101, *et seq.*, as amended (the "Bankruptcy Code");

WHEREAS, on or about July 6, 1993, the United States, on behalf of the Environmental Protection Agency ("U.S. EPA"), filed Proof of Claim No. 360 against the bankruptcy estate of SGI, Proof of Claim No. 233 against the bankruptcy estate of Hockensmith and Proof of Claim No. 564 against the bankruptcy estate of Shenango;

WHEREAS, Proof of Claim No. 564 asserts a claim, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. § 9601 *et seq.*, for unreimbursed environmental response costs incurred by the United States at the Buckeye Reclamation Landfill Site located in Belmont County, Ohio ("Buckeye Site"), and for response costs which may be incurred in the future by the United States at the Buckeye Site;

WHEREAS, Proof of Claim No. 564 also asserts Claims for civil penalties plus interest against Debtor Shenango relating to a Consent Decree entered by the District Court for the Western District of Pennsylvania in United States v. Shenango Inc., C.A. No. 85-933 (W.D. Pa.), on April 27, 1992, pursuant to Sections 301(a) and 402 of the Clean Water Act, 33 U.S.C. §§ 1311(a) and 1342, ("Water Decree") and a Consent Decree lodged with the District Court for the Western District of Pennsylvania on April 12, 1993 in United States and County of Allegheny v. Shenango Inc., C.A. No. 80-1172 (W.D. Pa.), pursuant to the Clean Air Act, 42 U.S.C. § 7613 ("Air Decree");

WHEREAS, on or about July 2, 1993, the State of Ohio, on behalf of the Ohio EPA ("OEPA"), filed Proof of Claim No. 364 against the bankruptcy estate of SGI, Proof of Claim No. 236 against the bankruptcy estate of Hockensmith and Proof of Claim No. 568 against the bankruptcy estate of Shenango;

WHEREAS, Proof of Claim No. 568 asserts a claim, pursuant to CERCLA and Ohio Revised Code ("ORC") Chapter 3734., for unreimbursed response costs not inconsistent with the National Contingency Plan ("NCP") incurred by the State of Ohio at the Buckeye Site, and for response costs to be incurred in the future by the State of Ohio at the Buckeye Site, including all operation and maintenance costs for 30 years;

WHEREAS, the parties hereto, without admission of liability by any party, desire to settle, compromise and resolve all of the foregoing Claims against the Debtors as provided herein;

WHEREAS, the U.S. EPA and the OEPA specifically reserve all of their rights against all other potentially responsible parties at the Buckeye Site for joint and several liability, subject only to a credit in the amount actually received respectively by U.S. EPA and OEPA under this Settlement Agreement;

NOW, THEREFORE, in consideration of the mutual promises contained herein;

IT IS HEREBY STIPULATED and agreed to by and between the parties hereto, subject to approval by the Bankruptcy Court, as follows:

1. Proofs of Claim numbered 360 and 233 filed on behalf of U.S. EPA against the bankruptcy estates of SGI and Hockensmith, respectively, and Proofs of Claim numbered 364 and 236 filed on behalf of the OEPA against the bankruptcy estates of SGI and Hockensmith, respectively, are all hereby withdrawn and each of the U.S. EPA and OEPA expressly consent to the disallowance of such proofs of claim by the bankruptcy court.

2. In complete and total satisfaction of Proof of Claim No. 564 filed against the bankruptcy estate of Shenango the U.S. EPA shall have an allowed general unsecured claim in the amount of \$1,252,846 ("Allowed U.S. EPA Claim"), which allowed claim shall be allocated for purposes of this Settlement Agreement as follows:

The U.S. EPA Claim relating to the Buckeye Site shall be allowed as an Unsecured Claim in the amount of \$800,000. The U.S. EPA Claim relating to the Water Decree shall be allowed as an Unsecured Claim in

the amount of \$137,846. The U.S. EPA Claim relating to the Air Decree shall be allowed as an Unsecured Claim in the amount of \$315,000.

The Allowed U.S. EPA Claim shall be paid as a general unsecured claim without discrimination. The United States will be deemed to have withdrawn Proof of Claim No. 564 to the extent that it sought any additional amounts.

3. In complete and total satisfaction of Proof of Claim No. 568 filed against the bankruptcy estate of Shenango the OEPA shall have an allowed general unsecured claim in the amount of \$200,000 ("Allowed OEPA Claim"), which shall be paid as a general unsecured claim without discrimination. The State of Ohio will be deemed to have withdrawn Claim No. 568 to the extent that it sought any additional amount.

4. Payment on the Allowed U.S. EPA Claim relating to the Buckeye site shall be made by certified check, payable to the EPA Hazardous Substances Superfund, and mailed to :

EPA--Region 5  
Attention; Superfund Accounting  
P.O. Box 70753  
Chicago, IL 60673

with copies sent to:

Michael Berman  
Office of Regional Counsel  
EPA--Region 5  
77 West Jackson Blvd.  
Chicago, IL 60604

and to:

Chief, Environmental Enforcement Section  
Department of Justice  
P.O. Box 7611  
Ben Franklin Station  
Washington, D.C. 20044 (Ref. No. 90-5-2-3-1099D)

Payment on the other Allowed U.S. EPA Claims shall be made by certified check, payable to "Treasurer, the United States of America," and delivered to:

Office of United States Attorney  
Western District of Pennsylvania  
633 U.S. Post Office & Courthouse  
Pittsburgh, PA 15219

with copies as required by the Water Decree and Air Decree, and to:

Chief, Environmental Enforcement Section  
Department of Justice  
P.O. Box 7611  
Ben Franklin Station  
Washington, D.C. 20044  
Ref. No. 90-5-2-3-1099D.

5. Payment on the Allowed OEPA Claim shall be made by certified or cashier's check payable to "Treasurer, State of Ohio" and mailed to Matt Sanders, or his successor, at 30 East Broad Street, 25th Floor, Columbus, Ohio 43266-0410, and shall reference OAG Case Number E1930268. Copies of check(s) paid pursuant to this paragraph, and any accompanying transmittal letter(s), shall be sent to Edith Long, or her successor, Fiscal Officer for Ohio EPA, Division of Emergency and Remedial Response, 1800 WaterMark Drive, P.O. BOX 1949, Columbus, Ohio 43266.

6. Only the amount of actual cash received by U.S. EPA from the Debtor Shenango under this Settlement Agreement for the Allowed U.S. EPA Claim for the Buckeye Site, and not the total amount of the allowed claim, shall be credited by U.S. EPA to its Buckeye Site account. Only the amount of actual cash received by OEPA from the Debtors under this Settlement Agreement for the Allowed OEPA Claim for the Buckeye Site, and not the total amount of the allowed claim, shall be credited by the OEPA to its Buckeye Site account.

7. In consideration of the payments or distributions that will be made by Debtor Shenango under the terms of this Settlement Agreement, and except as provided in paragraph 8, the United States and the State of Ohio covenant not to bring a civil action or take administrative action against the Debtors (i) pursuant to Sections 106 and 107 of CERCLA, Section 7003 of RCRA or ORC Chapter 3734. relating to the Buckeye Site or (ii) which relates to penalties for pre-petition violations or occurrences under the Water Decree or the Air Decree. This covenant not to sue is conditioned upon the complete and satisfactory performance by the Debtors of their obligations under this Settlement Agreement. This covenant not to sue extends only to the Debtors and does not extend to any other person.

8. The covenant not to sue set forth in paragraph 7 does not pertain to any matters other than those expressly specified therein. The United States and the State of Ohio hereby reserve, and this Settlement Agreement is without prejudice to, all rights against the Debtors with respect to all other matters, and specifically with respect to: (i) liability for damages for injury to, destruction of, or loss of natural resources; (ii) liability for response costs that have been or may be incurred by federal and or state agencies which are trustees for natural resources; (iii) claims based on a failure by the Debtors to meet a requirement of this Settlement Agreement; (iv) claims under the Clean Air Act or the Clean Water Act (except for pre-petition penalty claims arising under the Water Decree or the Air Decree); and (v) claims for any site other than the Buckeye Site. Nothing in this Settlement Agreement limits, impairs or otherwise adversely affects the scope and extent of (a) the discharge Debtors received pursuant to Section 1141 of The Bankruptcy Code upon confirmation of Debtors' Second Amended Joint Plan of Reorganization, dated September 9, 1993, as Modified through February 10, 1994 ("Plan") or (b) the obligations reaffirmed by Shenango pursuant to paragraph 16 of the Order dated March 2, 1994 confirming the Plan.

9. With regard to claims for contribution against the Debtors for matters addressed in this Settlement Agreement, the Debtors are entitled to such protection from contribution actions or claims as is provided by CERCLA Section 113(f)(2), 42 U.S.C. §9613(f)(2).

10. The Debtors covenant not to sue and agree not to assert any claims or causes of action against the United States and/or the State of Ohio with respect to the Buckeye Site, including, but not limited to: (i) any direct or indirect claim for reimbursement from the Hazardous Substance Superfund, (ii) any claims for contributions against the United States and the State of Ohio, its departments, agencies or instrumentalities, and (iii) any claims arising out of response activities at the Buckeye Site. Nothing in this Settlement Agreement shall be construed to constitute preauthorization of a claim within the meaning of Section 111 of CERCLA, 42 U.S.C. § 9611 or 40 C.F.R. §300.700(d).

11. The covenant not to sue set forth in paragraph No. 10 does not pertain to any matters other than those expressly specified therein and Debtors hereby reserve, and this Settlement Agreement is without prejudice to, all rights of Debtors with respect to the Buckeye site against the United States or the State of Ohio with respect to all other matters.

12. In addition to the Allowed U.S. EPA Claim, Debtor Shenango agrees to comply with all requirements of the Consent Decrees in United States v. Shenango Inc., C.A. No. 85-933 (W.D. Pa.), and United States and County of Allegheny v. Shenango Inc., C.A. No. 80-1172 (W.D. Pa.).

13. Nothing in this Settlement Agreement shall be construed to create any rights in, or grant any cause of action to, any person not a party to this Settlement Agreement.

14. This Settlement Agreement will be subject to Bankruptcy Court approval pursuant to Bankruptcy Rule 9019. This Settlement Agreement will also be lodged with the Court and submitted for public comment following notice of the Settlement Agreement in the Federal Register. The United States reserves the right to withdraw or withhold its consent if the public comments regarding the Settlement Agreement disclose facts or considerations which indicate that the Settlement Agreement is inappropriate, improper or inadequate.

15. If the United States withdraws or withholds its consent to this Settlement Agreement pursuant to paragraph number 14 above, the State of Ohio reserves the right to withdraw or withhold its consent to this Settlement Agreement as well.

16. If this Settlement Agreement is not authorized and approved by the Bankruptcy Court, this Settlement Agreement shall be of no force and effect, whereupon nothing herein shall be deemed an admission of any fact or waiver of any right of any party with respect to the matters contained herein.

17. This Settlement Agreement, along with the above two referenced Consent Decrees, represents the complete agreement of the parties hereto on the matters referred to herein and supersedes all prior agreements, understandings, promises and representations made by the parties hereto concerning the subject matter hereof. This Settlement Agreement may not be amended, modified or supplemented, in whole or in part, without the prior written consent of the parties hereto and the approval of the Bankruptcy Court.



FOR THE UNITED STATES OF AMERICA

1/7/94  
Date

Lo / Schiff  
LOIS J. SCHIFFER  
Assistant Attorney General  
Environment and Natural Resources Division  
U.S. Department of Justice

11/7/94  
Date

Alan S. Tenenbaum  
ALAN S. TENENBAUM  
LESLIE E. LEHNERT  
DAVID E. STREET  
Environmental Enforcement Section  
U.S. Department of Justice

                      
Date

PETER KOSTMEYER  
~~Regional Administrator~~  
~~U.S. EPA, Region III~~

9/12/94  
Date

Valdas V. Adamkus  
VALDAS V. ADAMKUS  
Regional Administrator  
U.S. EPA, Region V

                      
Date

BRUCE BYRD  
~~Assistant Regional Counsel~~  
~~U.S. EPA, Region III~~

8/19/94  
Date

Michael R. Berman  
MICHAEL R. BERMAN  
Associate Regional Counsel  
U.S. EPA, Region V

3/14/95  
Date

Steven A. Herman for  
STEVEN A. HERMAN  
Assistant Administrator for  
Enforcement and Compliance  
Assurance  
U.S. EPA

3/1/95  
Date

Marcia E. Mulkey  
MARCIA E. MULKEY  
Regional Counsel  
U.S. EPA, Region III

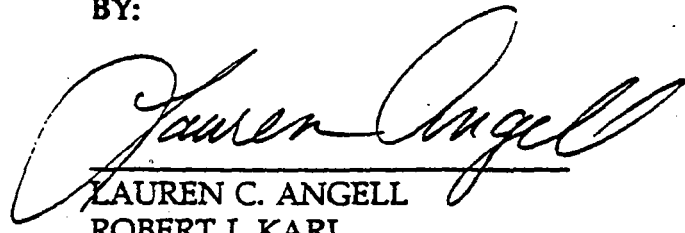
3/1/95  
Date

Bruce Byrd  
BRUCE BYRD  
Assistant Regional Counsel  
U.S. EPA, Region III

FOR THE STATE OF OHIO

LEE FISHER  
ATTORNEY GENERAL OF OHIO  
BY:

7/1/94  
Date



LAUREN C. ANGELL  
ROBERT J. KARL  
Assistant Attorneys General  
Environmental Enforcement Section  
30 East Broad Street, 25th Floor  
Columbus, Ohio 43266-0410  
(614) 466-2766

FOR DEBTOR SHENANGO INCORPORATED

7-6-94  
Date

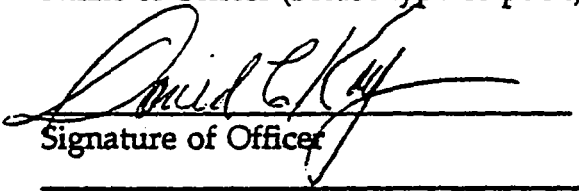
200 NEVILLE ROAD  
NEVILLE ISLAND, PA 15225

Address  
412-777-6628

Telephone Number

BY: DAVID C. KAY

Name of Officer (Please type or print)



Signature of Officer

Title PRESIDENT

FOR DEBTOR SHENANGO GROUP INC.

7/6/94  
Date

200 NEVILLE ROAD  
NEVILLE ISLAND, PA 15205

Address

412-777-6610

Telephone Number

BY:

ANDREW ALOE

Name of Officer (Please type or print)

Andrew Aloe

Signature of Officer

Title PRESIDENT

FOR DEBTOR THE HOCKENSMITH CORPORATION

7/6/94  
Date

200 NEVILLE ROAD  
NEVILLE ISLAND, PA 15205

Address

412-777-6628

Telephone Number

BY:

DAVID C. KAY

Name of Officer (Please type or print)

David C. Kay

Signature of Officer

Title PRESIDENT

IN THE UNITED STATES BANKRUPTCY COURT  
 FOR THE WESTERN DISTRICT OF PENNSYLVANIA

In Re:	)	Case No. 92-25377JLC through
	)	92-25379JLC, inclusive
	)	
SHENANGO GROUP, INC.,	)	Consolidated for Administrative
SHENANGO INCORPORATED and	)	Purposes at No. 92-25379JLC
THE HOCKENSMITH CORPORATION,	)	
	)	
Debtors	)	Filed Under Local Bankr. Rule
	)	9013.4 ¶6(c)
	)	
	)	Chapter 11
<hr/>		
SHENANGO GROUP, INC.,	)	
SHENANGO INCORPORATED, and	)	
THE HOCKENSMITH CORPORATION,	)	
	)	
Movant/Objector	)	
	)	
v.	)	Motion No. JFC-086
	)	
OHIO ENVIRONMENTAL	)	
PROTECTION AGENCY,	)	
	)	
Respondent.	)	
<hr/>		
SHENANGO GROUP, INC.,	)	
SHENANGO INCORPORATED, and	)	
THE HOCKENSMITH CORPORATION	)	
	)	
Movant/Objector	)	
	)	
v.	)	Motion No. JFC-090
	)	
UNITED STATES OF AMERICA	)	
on behalf of the UNITED STATES	)	
ENVIRONMENTAL PROTECTION	)	
AGENCY,	)	
	)	
Respondent.	)	

ORDER

The court, having considered the Joint Motion of the United States For Approval and Entry of Settlement Agreement and any response thereto, HEREBY ORDERS that the Motion is GRANTED

and the Settlement Agreement lodged in this Court on or about March 16, 1995 is hereby APPROVED and ENTERED.

Dated this \_\_\_\_\_ day of \_\_\_\_, 1995.

---

United States Bankruptcy Judge

CERTIFICATE OF SERVICE

I, the undersigned, certify that I served or caused to be served on the 16<sup>th</sup> day of May, 1995, a copy of the Joint Motion for Approval and Entry of Proposed Settlement Agreement on the persons identified on the attached list, by United States First Class Mail, postage prepaid.

*Kristen A. Serrao*

---

Kristen A. Serrao  
Senior Legal Assistant

Joseph F. McDonough, Esq.  
Manion, McDonough & Lucas, P.C.  
USX Tower, 8th Floor  
Grant Street  
Pittsburgh, PA 15219

David K. Rudov, Esq.  
Rudov & Stein  
100 First Avenue  
First & Market Building, 8th Floor  
Pittsburgh, PA 15222

Richard E. Gordon, Esq.  
Grossinger, Gordon & Vatz  
1000 Law & Finance Building  
Pittsburgh, PA 15219

Jonathan P. Clunies, Esq.  
Breault, Clunies & Associates, P.C.  
2701 Gulf Tower  
767 Grant Street  
Pittsburgh, PA 15219-1912

Jeffrey Ward, Esq.  
Cohen & Grigsby  
2900 CNG Tower  
625 Liberty Avenue  
Pittsburgh, PA 15222

Robert G. Sable, Esq.  
Michael Kaminski, Esq.  
Sable, Makoroff & Gusky, P.C.  
Seventh Floor, Frick Building  
Pittsburgh, PA 15219

Harry A. Flannery, Esq.  
Legal Department  
Pennsylvania Power Company  
1 East Washington Street  
P.O. Box 891  
Pittsburgh, PA 16103-0891

Michael J. Tobak, III, Esq.  
Tucker Arensberg, P.C.  
1500 One PPG Place  
Pittsburgh, PA 15222

John C. Brzustowicz, Esq.  
Brzustowicz Law Offices  
3821 Washington Road, Ste. C  
McMurray, PA 15317

Joan Girard Dorgan, Esq.  
Buchanan Ingersoll, P.C.  
Professional Corp.  
600 Grant Street, 58th Fl.  
Pittsburgh, PA 15219

Lawrence A. Demase, Esq.  
John B. Persiani, Esq.  
Reed Smith Shaw & McClay  
435 Sixth Avenue  
Pittsburgh, PA 15219

Richelle D. Hittinger, Esq.  
General Refractories Co.  
225 City Line Ave., Ste. 114  
Bala Cynwyd, PA 19004

Kirk Junker  
400 Waterfront Drive  
Pittsburgh, PA 15222-4745

Olivia J. Lorenzo, Esq.  
810 Allegheny Building  
Pittsburgh, PA 15219



Eric Andrew Schaffer, Esq.  
Reed Smith Shaw & McClay  
Sixth Avenue  
Pittsburgh, PA 15219

Susan Fuhrer Reiter, Esq.  
MacDonald, Illig, Jones & Britton  
100 State Street, Suite 700  
Erie, PA 16507-1498

Christopher J. Ryan, Esq.  
Chemlink  
c/o Baker Hughes Inc.  
P.O. Box 4740  
Houston, TX 77210-8771

Wade R. Sjogren, Esq.  
WHIBCO, Inc.  
P.O. Box 259, River Road  
Leesburg, NJ 08327

Deborah Candace Phillips, Esq.  
Assistant Counsel  
Commonwealth of Pennsylvania  
Dept. of Labor & Industry  
1306 State Office Bldg.  
300 Liberty Avenue  
Pittsburgh, PA 15222

Beth Stern Fleming, Esq.  
Mesirov, Gelman, Jaffe, Cramer & Jamieson  
1735 Market Street, 38th Fl.  
Philadelphia, PA 19103-7598

Robert L. Arrington  
Kingsport Foundry & Manufacturing Corp.  
P.O. Box 1345  
Kingsport, TN 37662

Carol Connor Flowe, Esq.  
Michael C. Miller, Esq.  
Pension Benefit Guaranty Corp.  
Office of the General Counsel  
1200 K Street, N.W.  
Washington, D.C. 20005-4026

Mr. James R. Paschall  
General Attorney  
Norfolk Southern Railway Co.  
3 Commercial Place  
Norfolk, VA 23510-2191

Mr. Raymond Bartholomew, Esq.  
Cusick, Madden, Joyce and McKay  
P.O. Box 91  
Sharon, PA 16146

T. Lawrence Palmer, Esq.  
Palmer & Palmer, P.C.  
P.O. Box 2045  
Pittsburgh, PA 15230-2045

Barry B. Gindlesperger, Esq.  
Fisher, Ong & Rigone  
101 West Pittsburgh Street  
Greensburg, PA 15601

Matthew C. Cairone  
Aristech Chemical Corp.  
600 Grant Street, Ste. 1185  
Pittsburgh, PA 15219-2704

James Addison, Esq.  
Amy E. Bentz, Esq.  
Plowman, Spiegel & Lewis, P.C.  
925 Grant Building  
Pittsburgh, PA 15219

Stephen T. Lindo, Esq.  
Wilkie Farr & Gallagher  
One Citicorp Center  
E. 53rd Street  
New York, NY 10022-4677

William Pietragallo II, Esq.  
Pietragallo, Bosick & Gordon  
38th Floor  
One Oxford Centre  
Pittsburgh, PA 15219

Stanley A. Kirshenbaum, Esq.  
1400 Law & Finance Building  
429 Fourth Avenue  
Pittsburgh, PA 15219

Denise Simmons, Esq.  
Bernstein & Bernstein, P.C.  
1133 Penn Avenue  
Pittsburgh, PA 15222

Daniel D. Harshman, Esq.  
One Oxford Centre, 38th Floor  
Pittsburgh, PA 15219

H. Slayton Dabney, Jr., Esq.  
McGuire, Woods, Battle & Boothe  
One James Center  
Richmond, VA 23219

Michael G. McCabe, Esq.  
1424 Frick Building  
Pittsburgh, PA 15219

Lauren C. Angell  
Ohio Environmental Protection Agency  
State Office Tower  
30 E. Broad Street, 25th Floor  
Columbus, OH 43266-0410

Chester A. Dudzinski, Esq.  
Cipriani & Werner  
2500 Two Oliver Plaza  
Pittsburgh, PA 15222

Susan N. Duke  
1171 S. Cameron Street, Rm. 103  
Harrisburg, PA 17104

Mark D. Shepard, Esq.  
Two Gateway Center  
8th Floor  
Pittsburgh, PA 15222

Joel Marc Helmrich, Esq.  
1500 One PPG Place  
Pittsburgh, PA 15222

Barbara E. Locklin-George, Esq.  
Assistant General Counsel  
UMWA Health & Retirement Funds  
Office of General Counsel  
4455 Connecticut Avenue, N.W.  
Washington, D.C. 20008

Thomas D. Maxson, Esq.  
Eckert Seamans Cherin & Mellott  
42nd Floor, USX Tower  
600 Grant Street  
Pittsburgh, PA 15219

Office of the U.S. Trustee  
319 Federal Building  
100 Liberty Avenue  
Pittsburgh, PA 15222

Alan S. Tenenbaum, Esq.  
Environmental Enforcement Section  
Environment & Natural Resource Division  
U.S. Department of Justice  
Washington, DC 20530

Stanley E. Levine, Esq.  
Campbell & Levine  
3100 Grant Building  
Pittsburgh, PA 15219