

RELEASE AGREEMENT

This Release Agreement (this "**Agreement**"), dated as of April 21, 2004, is entered into by and among Slater Steels Corporation (d/b/a Fort Wayne Specialty Alloys), a Delaware corporation ("**Slater**"), Valbruna Slater Stainless Inc., a Delaware corporation ("**Valbruna**"), Valbruna Slater Steel Corp., a Delaware corporation ("**Valbruna II**"), Fort Wayne Steel Corp., a Delaware corporation ("**Fort Wayne**") and the Indiana Department of Environmental Management ("**IDEM**").

WHEREAS, Slater and IDEM entered into an agreed order in case number H-13520, and a related remedial program (the "**Agreed Order**") regarding environmental obligations for Slater's facility in Fort Wayne, Indiana (the "**Facility**");

WHEREAS, pursuant to the terms of the Agreed Order, The Toronto-Dominion Bank (the "**Bank**") provided to IDEM a letter of credit (the "**LOC**") on behalf of Slater to secure obligations of Slater under the Agreed Order;

WHEREAS, Slater and Valbruna entered into an asset purchase agreement (the "**APA**"), dated as of February 12, 2004, as amended, providing for the sale and transfer of substantially all of the assets of Slater to Valbruna, Valbruna II and Fort Wayne;

WHEREAS, Section 2.8 of the APA provides that Slater and Valbruna shall undergo all commercially reasonable efforts to obtain a release of the LOC from IDEM (the "**Release**") effective as of, and conditioned upon, the closing of the transactions contemplated by the APA (the "**Closing**");

WHEREAS, Section 2.8 of the APA further provides that in exchange for the Release at Closing, Slater shall pay into escrow an amount in United States Dollars equal to the amount provided for under the LOC as of the Closing (the "**LOC Amount**"), which escrow shall be available to IDEM to pay for environmental clean-up costs that are within the scope of the clean-up costs provided for under the Agreed Order and that relate to the Facility ("**Environmental Claims**");

WHEREAS, Valbruna, Valbruna II, Fort Wayne and IDEM entered into a prospective purchasers agreement (the "**Purchasers Agreement**"), dated on or about April 20, 2004 pursuant to which the parties are regulating certain environmental clean-up liabilities with respect to the Facility;

WHEREAS, Valbruna II, Fort Wayne and Chicago Title & Trust Company, as escrow agent, entered into an escrow agreement (the "**Escrow Agreement**"), dated on or about April 20, 2004 providing for the establishment of an escrow fund (the "**Escrow Fund**") for the benefit of IDEM, Valbruna II and Fort Wayne in accordance with the Purchasers Agreement;

WHEREAS, Section 45.(a) of the Purchasers Agreement provides that Valbruna deposit the LOC Amount into an Escrow Fund at Closing; and

WHEREAS, Slater, Valbruna, Valbruna II, Fort Wayne and IDEM agree that Valbruna shall deposit at Closing an amount from the Purchase Price (as defined in the APA) equal to the LOC Amount into the Escrow Fund in exchange for the Release at Closing.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, intended to be legally bound, the parties hereby agree as follows:

1. Valbruna shall, at the Closing, deposit from the Purchase Price, \$350,000 United States Dollars (which the parties hereby agree and confirm to be the LOC Amount available as of the date hereof), subject to any reduction based on draws by IDEM on the LOC prior to Closing, into the Escrow Fund (the "**LOC Contribution**").

2. IDEM will not pursue a cost recovery claim against Slater until \$850,000 have been disbursed out of the Escrow Fund or otherwise have been spent by IDEM performing environmental remediation at the Facility for which it may seek reimbursement from the Escrow Fund. The term "cost recovery claim" as used in this paragraph shall be limited to a claim filed by IDEM under Ind. Code § 13-25-4 or 42 U.S.C. § 9607 for costs actually incurred by IDEM at the Facility. Nothing in this Agreement shall be construed to alter or in any way impair IDEM's or Slater's respective rights with respect to Claim Nos. 1005, 1006 and 1007 filed in Slater's Chapter 11 bankruptcy cases.

3. Upon Valbruna's deposit of the LOC Contribution, IDEM shall release and discharge Slater and the Bank from any and all obligations and liabilities under the LOC effective as of, and expressly conditioned upon, the Closing and the payment of the LOC Contribution by Valbruna into the Escrow Fund.

4. All rights with respect to the LOC Contribution subsequent to the establishment of, and the payment of the LOC Contribution into, the Escrow Fund in accordance with this Agreement shall be governed by the Escrow Agreement.

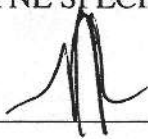
5. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Indiana applicable to contracts made in that State, without giving effect to the conflicts of laws principles thereof.

6. This Agreement is not intended, and shall not be construed, to create any rights in any parties other than Slater, Valbruna, Valbruna II, Fort Wayne, IDEM and the Bank, and their respective permitted successors and assigns, and no person other than the Bank shall be entitled to assert any rights as third-party beneficiary hereunder.

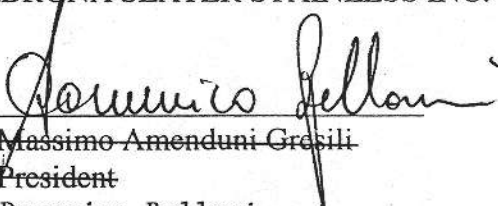
7. This Agreement may be executed simultaneously in one or more counterparts, and by different parties hereto in separate counterparts, each of which when executed shall be deemed an original, but all of which taken together shall constitute one and the same instrument. This Agreement may be executed and delivered by facsimile and upon such delivery the facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other parties.

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

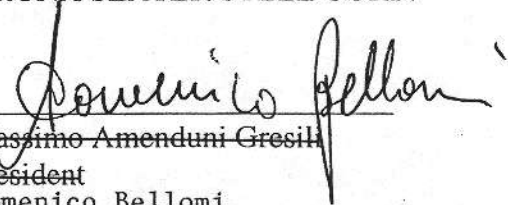
SLATER STEELS CORPORATION
(D/B/A FORT WAYNE SPECIALTY ALLOYS)

By: 
Paul D. Davis
Vice President

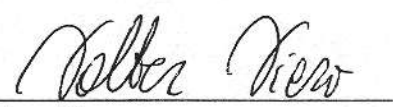
VALBRUNA SLATER STAINLESS INC.

By: 
Massimo Amenduni Gresili
President
Domenico Bellomi
Vice President


VALBRUNA SLATER STEEL CORP.

By: 
Massimo Amenduni Gresili
President
Domenico Bellomi
Vice President

FORT WAYNE STEEL CORP.

By: 
Valter Viero
Secretary

INDIANA DEPARTMENT OF ENVIRONMENTAL
MANAGEMENT

By: 
Name: BRUCE H PALIN
Title: DEPUTY ASST. COMM.