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LAKELAND, IN

LASALLE STEEL COMPANY,  
a Delaware corporation,

Mortgagor

to

THE BANK OF NEW YORK,  
Mortgagee

SECOND LIEN MORTGAGE, ASSIGNMENT OF LEASES AND RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING

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This Document is the property of  
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THIS IS A FUTURE ADVANCE MORTGAGE. THIS INSTRUMENT SECURES, INTER ALIA, OBLIGATIONS WHICH PROVIDE FOR A VARIABLE RATE OF INTEREST AND FUTURE ADVANCES. PURSUANT TO SECTION 5.14(g) HEREOF, ALL SUCH FUTURE ADVANCES SHALL HAVE THE SAME LIEN PRIORITY AS IF MADE ON THE DATE HEREOF. THIS INSTRUMENT SHALL BE DEEMED TO CONSTITUTE A CONTINUOUSLY PERFECTED FIXTURE FILING TO BE FILED OF RECORD IN THE OFFICE OF THE RECORDER OF LAKE COUNTY, INDIANA, AND GRANTED PURSUANT TO IC 26-1-9.1-502 AND 26-1-9.1-515, AND THE TERMS AND PROVISIONS HEREOF.

This instrument was prepared and executed outside the State of Indiana.



Chicago Title Insurance Company

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SECOND LIEN MORTGAGE, ASSIGNMENT OF LEASES AND RENTS,  
SECURITY AGREEMENT AND FIXTURE FILING

Lake County, State of Indiana

**THIS SECOND LIEN MORTGAGE, ASSIGNMENT OF LEASES AND RENTS, SECURITY AGREEMENT AND FIXTURE FILING** ("Second Lien Mortgage") is made as of September 7, 2006, by LASALLE STEEL COMPANY, a Delaware corporation, with its principal office at 1412 E. 150<sup>th</sup> Street, Hammond, Indiana ("Mortgagor"), to THE BANK OF NEW YORK, with an office at 600 East Las Colinas Boulevard, Suite 1300, Irving, Texas 75039, as mortgagee, assignee and secured party, in its capacity as agent on behalf of the Lenders as hereinafter defined (together with any successors or assigns in such capacity, the "Agent" or "Mortgagee"). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Credit Agreement (as hereinafter defined).

I.  
RECITALS

WHEREAS, Mortgagor is the owner and holder of fee simple title in and to all of the real estate located in the County of Lake and State of Indiana (the "State"), and more fully described in Exhibit A attached hereto (the "Premises"), which Premises forms a portion of the Property described below;

WHEREAS, on the date hereof, Mortgagor entered into that certain Credit Agreement by and among Mortgagor, Niagara Corporation, Niagara LaSalle Corporation, Rabbit Steel Corporation (the "Borrowers"), each of the financial institutions from time to time party thereto named therein as lenders (the "Lenders"), the Agent, the other Credit Parties named therein (as the same may be amended, restated, modified or otherwise supplemented and in effect from time to time, hereinafter the "Credit Agreement"), under which the Lenders agreed to make available to the Borrowers a term loan in the aggregate principal amount of Sixty Million Dollars (\$60,000,000);

WHEREAS, on the date hereof, the Borrowers and the other Credit Parties signatory thereto, the financial institutions who are or hereafter become parties thereto as lenders (the "First Lien Lenders"), and General Electric Capital Corporation, as US Agent for the First Lien Lenders ("GE Capital"), and together with the First Lien Lenders, the "First Lien Creditors") and GE Leveraged Loans Limited, as UK Agent for the Lenders, are parties to a First Lien Credit Agreement dated as of September 7, 2006 (collectively with each loan agreement, credit agreement or other instrument (including indentures) evidencing any replacement, substitution, renewal, or refinancing for the Obligations under such Credit Agreement, in each case as amended, restated, supplemented or otherwise modified from time to time subject to the terms hereof, the "First Lien Credit Agreement"), pursuant to which the First Lien Lenders have made and will from time to time make loans and provide other financial accommodations to the Borrower;

WHEREAS, Agent and General Electric Capital Corporation, as First Lien Agent (or its successors and assigns in that capacity), and certain other persons party or that may become party thereto from time to time have entered into that certain Intercreditor Agreement, dated September 7, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement") setting forth their agreement as to certain of their respective rights and obligations with respect to certain assets and properties of the Borrower and the other obligors and their understanding relative to their respective positions in certain assets and properties of the Borrower and other obligors; and

WHEREAS, Mortgagor wishes to provide further assurance and security to the Agent and the Lenders and as a condition to the Agent and the Lenders executing the Credit Agreement, the Agent and the Lenders are requiring (1) that Mortgagor grant to the Agent, on behalf of the Lenders, a security interest in and a mortgage lien upon the Property (as hereinafter defined), subject to Permitted Liens (as such term is defined in the Credit Agreement), to secure all of Mortgagor's obligations under the Credit Agreement, this Second Lien Mortgage and the Loan Documents, and (2) the granting by Mortgagor of Mortgages that create security interests in certain mortgaged properties other than the Property to secure the performance of Mortgagor's Obligations (the "Other Mortgages and Security Documents").

II.

THE GRANT

NOW, THEREFORE, in order to secure the payment of the obligations of the Borrowers under the Credit Agreement, this Second Lien Mortgage and the other Loan Documents that may now or hereafter become owing from the Borrowers to Mortgagee and the Lenders (the "Secured Indebtedness"), and in consideration of Ten and No/100 Dollars (\$10.00) in hand paid by Mortgagee to Mortgagor, the Recitals above stated, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Mortgagor GRANTS, BARGAINS, SELLS, ASSIGNS, RELEASES, ALIENS, TRANSFERS, WARRANTS, DEMISES, CONVEYS and MORTGAGES to Mortgagee and its successors and assigns (for the benefit of the Lenders) forever (and grants to Mortgagee and its successors and assigns (for the benefit of the Lenders) forever a continuing security interest in and to) all of Mortgagor's estate, right, claim and interest in and to the Premises, together with all of Mortgagor's estate, right, claim and interest in and to the following described property, all of which other property is pledged primarily on a parity with the Premises and not secondarily (the Premises and the following described rights, interests, claims and property are collectively referred to as the "Property"):

- (a) all buildings, structures and other improvements of every kind and description now or hereafter erected, situated, or placed upon the Premises (the "Improvements"), together with any and all personal property now or hereafter owned by Mortgagor and located in or on, forming part of, attached to, used or intended to be used in connection with, or incorporated in any such Improvements, including all extensions of, additions to, betterments, renewals of, substitutions for and replacements for any of the foregoing;

(b) all claims, demands, rights, title and interest of Mortgagor now owned or hereafter acquired, including without limitation, any after-acquired title, franchise, license, remainder or reversion, in and to any and all (i) land or vaults lying within the right-of-way of any street, avenue, way, passage, highway, or alley, open or proposed, vacated or otherwise, adjoining the Premises; (ii) alleys, sidewalks, streets, avenues, strips and gores of land belonging, adjacent or pertaining to the Premises or the Improvements; (iii) storm and sanitary sewer, water, gas, electric, railway and telephone services relating to the Premises and the Improvements; (iv) development rights, air rights, water, water rights, water stock, gas, oil, minerals, coal and other substances of any kind or character underlying or relating to the Premises or any part thereof; and (v) tenements, hereditaments, easements, appurtenances, other rights, liberties, reservations, allowances and privileges relating to the Premises or the Improvements or in any way now or hereafter appertaining thereto, including homestead and any other claims at law or in equity;

(c) all right, title and interest of Mortgagor in any and all leases, subleases, management agreements, arrangements, concessions or agreements, written or oral, relating to the use and occupancy of the Premises or the Improvements or any portion thereof, now or hereafter existing or entered into (collectively "Leases");

(d) all rents, issues, profits, royalties, revenue, advantages, income, avails, claims against guarantors, all cash or security deposits, advance rentals, deposits or payments given and other benefits now or hereafter derived directly or indirectly from the Premises and Improvements under the Leases or otherwise (collectively "Rents"), subject to the right, power and authority granted to Mortgagee pursuant to Section 3.8 hereof;

(e) all right, title and interest of Mortgagor in and to all options to purchase or lease the Premises or the Improvements or any portion thereof or interest therein, or any other rights, interests or greater estates in the rights and properties comprising the Property now owned or hereafter acquired by Mortgagor;

(f) any interests, estates or other claims of every name, kind or nature, both in law and in equity, which Mortgagor now has or may acquire in the Premises and Improvements or other rights, interests or properties comprising the Property now owned or hereafter acquired;

(g) all rights of Mortgagor to any and all plans and specifications, designs, drawings and other matters prepared for any construction on the Premises or regarding the Improvements;

(h) all rights of Mortgagor under any contracts executed by Mortgagor with any provider of goods or services for or in connection with any construction undertaken on or services performed or to be performed in connection with the Premises or the Improvements;

(i) all right, title and interest of Mortgagor in and to all tangible personal property (“Personal Property”) now or hereafter owned by Mortgagor and located in, on or at the Premises or the Improvements and used or useful in connection therewith, including, without limitation:

(i) all building materials and equipment located upon the Premises and intended for construction, reconstruction, alteration, repair or incorporation in or to the Improvements now or hereafter to be constructed thereon, whether or not yet incorporated in such Improvements (all of which shall be deemed to be included in the Property upon delivery thereto);

(ii) all machines, machinery, fixtures, apparatus, equipment or articles used in supplying heating, gas, electricity, air-conditioning, water, light, power, plumbing, sprinkler, waste removal, refrigeration, ventilation, and all fire sprinklers, alarm systems, protection, electronic monitoring equipment and devices;

(iii) all window, structural, maintenance and cleaning equipment and rigs; and

(iv) all fixtures now or hereafter owned by Mortgagor and attached to or contained in and used or useful in connection with the Premises or the Improvements; and

(j) all the estate, interest, right, title or other claim or demand which the Mortgagor now has or may hereafter have or acquire with respect to (i) proceeds of insurance in effect with respect to the Property and (ii) any and all awards, claims for damages, judgments, settlements and other compensation made for or consequent upon the taking by condemnation, eminent domain or any like proceeding, or by any proceeding or purchase in lieu thereof, of the whole or any part of the Property, including, without limitation, any awards and compensation resulting from a change of grade of streets and awards and compensation for severance damages (collectively “Awards”).

TO HAVE AND TO HOLD the Property hereby mortgaged and conveyed or so intended, unto the Mortgagee, its successors and assigns, forever, for the uses and purposes herein set forth, subject, however, only to Permitted Liens.

The Mortgagor hereby covenants with the Mortgagee: (i) that at the execution and delivery hereof, Mortgagor owns the Property and has good, indefeasible estate therein, in fee simple; (ii) that the Property is free from all encumbrances and exceptions to title (and any claim of any other person) other than Permitted Liens, (iii) that it has good and lawful right to sell, mortgage and convey the Property; and (iv) that Mortgagor and its successors and assigns shall forever warrant and defend the Property against all claims and demands whatsoever.



If and when the Secured Indebtedness has been paid in full and Mortgagor has performed and observed all of the agreements, terms, conditions, provisions and warranties contained herein and in the Credit Agreement and in all of the other Loan Documents applicable to Mortgagor and there exist no commitments of the Lenders under the Loan Documents which could give rise to Secured Indebtedness, then this Second Lien Mortgage and the estate, right and interest of the Mortgagee in and to the Property shall cease and shall be released at the cost of Mortgagor, but otherwise shall remain in full force and effect.

### III. GENERAL AGREEMENTS

3.1 Payment of Indebtedness. The Borrowers shall pay promptly and when due all amounts owing by the Borrowers in respect of the Secured Indebtedness at the times and in the manner provided in the Credit Agreement, the Notes, this Second Lien Mortgage, or any of the other Loan Documents. The loans which are the subject of the Credit Agreement bear interest at variable rates as provided in the Credit Agreement, and the latest final maturity date of such loans is September 7, 2012.

3.2 Impositions. Except as otherwise permitted under Section 4.7 of the Credit Agreement, Mortgagor shall pay prior to delinquency, all general taxes, special taxes, special assessments, water charges, sewer charges, and any other charges, fees, taxes, claims, levies, expenses, liens and assessments, ordinary or extraordinary, governmental or nongovernmental, statutory or otherwise (all of the foregoing being herein collectively referred to as "Impositions"), that may be asserted against the Property or any part thereof or Mortgagor's interest therein.

3.3 Payment of Impositions by Mortgagee. Upon the occurrence and during the continuance of an Event of Default (as hereinafter defined), Mortgagee is hereby authorized to make or advance, in the place and stead of Mortgagor, any payment relating to Impositions. Mortgagee may do so according to any bill, statement, or estimate procured from the appropriate public office without inquiry into the accuracy or the validity of any Impositions, lien, sale, forfeiture, or related title or claim. Mortgagee is further authorized to make or advance, in place of Mortgagor, unless such matter is being properly contested by Mortgagor in accordance with Section 4.7 of the Credit Agreement, any payment relating to any apparent or threatened adverse title, lien, statement of lien, encumbrance, claim, charge, or payment otherwise relating to any other purpose herein and hereby authorized, but not enumerated in this Section 3.3, whenever, in Mortgagee's judgment and discretion, such advance is necessary to protect the full security intended to be created by this Second Lien Mortgage. All such advances and indebtedness authorized by this Section 3.3 shall constitute Secured Indebtedness and shall be repayable by Mortgagor upon demand with interest at the Base Rate plus the Applicable Margin applicable to the US Revolving Loans (as defined in the Credit Agreement) plus two percent (2%) per annum (the "Default Rate").

3.4 Condemnation and Eminent Domain. Mortgagor shall give Mortgagee prompt notice of all proceedings, instituted or, to Mortgagor's knowledge, threatened, seeking

condemnation or a taking by eminent domain or like process (herein collectively called "Taking"), of all or any part of the Property or affecting any related easement or appurtenance (including severance of, consequential damage to, or change in grade of streets), and shall deliver to Mortgagee copies of any and all papers served in connection with any such proceeding. Mortgagee (or, after entry of decree of foreclosure, the purchaser at the foreclosure sale or decree creditor, as the case may be) is hereby authorized at its option to participate in such proceeding and control the same and to be represented therein by counsel of its own choice, and Mortgagor will deliver, or cause to be delivered to Mortgagee such instruments as may be requested by it from time to time to permit such participation or control. Mortgagor hereby assigns, transfers and sets over unto Mortgagee the entire proceeds of any and all Awards resulting from any Taking. Mortgagee is hereby authorized, during the continuance of an Event of Default, to collect and receive from the condemnation authorities all Awards and is further authorized to give appropriate receipts and acquittances. Such Award or payment, less the amount of any expenses incurred in litigating, arbitrating, compromising, or settling any claim arising out of a Taking, shall be applied in the same manner as if they were proceeds from a casualty loss covered by insurance in accordance with Section 4.6 of the Credit Agreement and in accordance with Section 3.5 hereafter.

3.5 Restoration. In the event there shall be casualty loss or a Taking, and Mortgagee elects or is required to cause the applicable insurance proceeds or Award to be applied to restore, repair or replace the Property ("Restoration"), all such insurance proceeds or Award shall be collected and disbursed in accordance with the terms and provisions of the Credit Agreement (and, if applicable and not specifically provided for in the Credit Agreement, in the event of collection by Mortgagee and disbursement to Mortgagor in accordance with such procedures as are customarily utilized by construction lenders to insure the lien free completion of construction projects).

3.6 Maintenance of Property. Mortgagor shall:

(a) promptly repair, restore, replace or rebuild any material portion of the Property which may become damaged, destroyed, altered, removed, severed, or demolished, whether or not proceeds of insurance are available or sufficient for the purpose, with replacements at least equal in quality and condition as previously existed, free from any security interest in, encumbrances on or reservation of title thereto except the lien of this Second Lien Mortgage and Permitted Liens;

(b) keep the Property in good condition and repair (ordinary wear and tear excepted), without waste, and free from mechanics', materialmen's or like liens or claims except for Permitted Liens; and

(c) not make any material alterations in the Property, except as required by law or municipal ordinance or in the ordinary course of business; provided, however, that Mortgagee shall not unreasonably withhold consent to such alterations as shall increase the value of the Property.

3.7 Prohibited Liens; Prohibited Transfers.

(a) Except as otherwise permitted in Section 5.1 of the Credit Agreement, Mortgagor shall not create, suffer, or permit to be created or filed against the Property any Lien superior or inferior to the lien created by this Second Lien Mortgage.

(b) Except as otherwise provided in Section 5.2 of the Credit Agreement, Mortgagor may not sell, lease or convey all or any part of the Property or any interest therein.

3.8 Assignment of Leases and Rents.

(a) All right, title, and interest of Mortgagor in and to all Leases and Rents are hereby transferred and assigned simultaneously herewith to Mortgagee. Although it is the intention of the parties that the assignment contained in this paragraph shall be a present assignment, it is expressly understood and agreed, anything to the contrary notwithstanding, that Mortgagee shall not exercise any of the rights or powers conferred upon it by this paragraph until an Event of Default shall exist and be continuing under this Second Lien Mortgage.

(b) Following the occurrence of an Event of Default and during the continuance thereof, (a) Mortgagee shall have the rights and powers as are provided herein, (b) this Second Lien Mortgage shall constitute a direction to each lessee under the Leases and each guarantor thereof to pay all Rents directly to Mortgagee without proof of the Event of Default, and (c) Mortgagee shall have the authority, as Mortgagor's attorney-in-fact (such authority being coupled with an interest and irrevocable), to sign the name of Mortgagor and to bind Mortgagor on all papers and documents relating to the operation, leasing and maintenance of the Property.





(c) If Mortgagor, as lessor under any Lease, shall neglect or refuse to perform, observe and keep all of the covenants, provisions and agreements contained in such Lease, then Mortgagee may perform and comply with any such Lease covenants, agreements and provisions. All reasonable costs and expenses incurred by Mortgagee in complying with such covenants, agreements, and provisions shall constitute Secured Indebtedness and shall be payable upon demand with interest payable at the Default Rate.

(d) Mortgagee shall not be obligated to perform or discharge any obligation, duty or liability under any Lease, and Mortgagor shall and does hereby agree, except to the extent of Mortgagee's gross negligence or willful misconduct, to indemnify and hold the Mortgagee harmless of and from any and all liability, loss or damage which it may or might incur under any Lease or under or by reason of their assignments and of and from any and all claims and demands whatsoever which may be asserted against it by reason of alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in such Lease. Should Mortgagee incur any such liability, loss or damage under any Lease or under or by reason of its assignment to Mortgagee, or in the defense of any claims or demands, the amount thereof, including costs, expenses and reasonable attorneys' fees, shall constitute Secured Indebtedness and shall be payable upon demand with interest payable at the Default Rate.

### 3.9 Uniform Commercial Code.

(a) This Second Lien Mortgage constitutes a Security Agreement as that term is used in the Uniform Commercial Code in the State (the "Code") with respect to any part of the Property which may or might now or hereafter be or be deemed to be personal property, fixtures or property other than real estate (including all replacements thereof, additions thereto and substitutions therefor) (collectively, the "Personal Property Collateral"). All of Mortgagor's right, title and interest in the Personal Property Collateral is hereby assigned to Mortgagee to secure the payment of the Secured Indebtedness.

(b) At any time after an Event of Default has occurred and shall be continuing, Mortgagee shall have the remedies of a secured party under the Code, including without limitation the right to take immediate and exclusive possession of the Personal Property Collateral or any part thereof. The remedies of Mortgagee hereunder are cumulative and the exercise of any one or more of the remedies provided for herein or under the Code shall not be construed as a waiver of any of the other remedies of the Mortgagee, including having the Personal Property Collateral deemed part of the realty upon any foreclosure so long as any part of the Secured Indebtedness remains unsatisfied.

(c) This Second Lien Mortgage is intended to be a "fixture filing" for purposes of the Code with respect to the items of Property which are or may become fixtures relating to the Premises upon recording of this Second Lien Mortgage in the real estate records of the proper office. The addresses of Mortgagor (Debtor) and Mortgagee (Secured Party) are set forth in Section 5.1 hereof.

(d) The Mortgagor hereby directs that the Mortgagee shall cause to be recorded in the county in which the Premises are located, as well as with the applicable offices of the State, such financing statements and fixture filings as shall be necessary in order to perfect and preserve the priority of Mortgagee's lien upon the Personal Property Collateral.

3.10 Releases. Subject to the terms and provisions of the Intercreditor Agreement, without notice and without regard to the consideration therefor, and to the existence at that time of any inferior liens, Mortgagee may release from the lien created hereby all or any part of the Property, or release from liability any person obligated to repay any of the Obligations, without affecting the liability of any party to any of the Notes, this Second Lien Mortgage, or any of the other Loan Documents (including without limitation any guaranty given as additional security) and without in any way affecting the priority of the lien created hereby. Mortgagee may agree with any liable party to extend the time for payment of any part or all of the Obligations. Such agreement shall not in any way release or impair the lien created by this Second Lien Mortgage or reduce or modify the liability of any person or entity obligated personally to repay the Obligations, but shall extend the lien created by this Second Lien Mortgage as against the title of all parties having any interest in the Property.

3.11 Further Assurances. Mortgagor agrees that, upon the request of Mortgagee from time to time, it will, at Mortgagor's sole cost and expense, execute, acknowledge and deliver all such additional instruments and further assurances of title and will do or cause to be done all such further acts and things as may reasonably be necessary to fully effectuate the intent of this Second Lien Mortgage. In the event that Mortgagor shall fail to do any of the foregoing, Mortgagee may, in its sole discretion, do so in the name of Mortgagor, and Mortgagor hereby appoints Mortgagee as its attorney-in-fact to do any of the foregoing.

#### IV.

#### EVENT OF DEFAULT AND REMEDIES

4.1 Event of Default. The occurrence of an "Event of Default," as such term is defined in the Credit Agreement, shall constitute an "Event of Default" under this Second Lien Mortgage.

4.2 Foreclosure and Remedies. When all or any part of the Secured Indebtedness shall become due, whether by acceleration or otherwise, Mortgagee shall have the right to foreclose the lien hereof for such Secured Indebtedness or part thereof and/or exercise any right, power or remedy provided in this Second Lien Mortgage or any of the other Loan Documents.

4.3 Remedies Cumulative and Non-Waiver. No remedy or right of Mortgagee hereunder or under the Notes, or any of the Loan Documents or otherwise, or available under applicable law, shall be exclusive of any other right or remedy. Each such remedy or right shall be in addition to every other remedy or right now or hereafter existing under any such document or under applicable law. No delay in the exercise of, or omission to exercise, any remedy or right accruing on the occurrence of any Event of Default shall impair any such remedy or right or be construed to be a waiver of any such Event of Default or an acquiescence therein, nor shall it

affect any subsequent Event of Default of the same or a different nature, nor shall it extend or affect any grace period. Every remedy or right may be exercised concurrently or independently, when and as often as may be deemed expedient by the Mortgagee. All obligations of the Mortgagor, and all rights, powers and remedies of the Mortgagee shall be in addition to, and not in limitation of, those provided by law or in the Notes or contained in any of the Loan Documents or any other written agreement or instrument relating to any of the Secured Indebtedness or any security therefor.

4.4 Expenses. In any proceeding to foreclose or partially foreclose the lien of this Second Lien Mortgage, there shall be allowed and included, as additional indebtedness in the judgment or decree resulting therefrom, all expenses paid or incurred by or on behalf of Mortgagee in the protection of the Property and the exercise of Mortgagee's rights and remedies hereunder, which expenses may be estimated as to items to be expended after entry of any judgment or decree of foreclosure. Such expenses shall include: reasonable attorney's fees, appraiser's fees, outlays for documentary and expert evidence, stenographer's charges, publication costs, survey costs, and costs of procuring all abstracts of title, title searches and examinations, title insurance policies, and any similar data and assurances with respect to title to the Property as Mortgagee may deem reasonably necessary either to prosecute any such proceeding or to evidence to bidders at any sale pursuant to such decree the true condition of the title to or value of the Premises or the Property. All such expenses shall be due and payable by Mortgagor upon demand with interest thereon at the Default Rate.

4.5 Mortgagee's Performance of Mortgagor's Obligations. Following the occurrence of an Event of Default and during the continuance thereof, Mortgagee, either before or after acceleration of the Secured Indebtedness or the foreclosure of the lien hereof and during the period of redemption, if any, may, but shall not be required to (a) make any payment or perform any act herein, in the Notes or any other Loan Document which is required of Mortgagor (whether or not Mortgagor is personally liable therefor) in any form and manner deemed expedient to Mortgagee; (b) make full or partial payments of principal or interest on any permitted prior mortgage or encumbrance and purchase, discharge, compromise or settle any tax lien or other prior lien on title or claim thereof, or redeem from any tax sale or forfeiture affecting the Premises, or contest any Impositions; and (c) complete construction, furnishing and equipping of the Improvements upon the Premises and rent, operate and manage the Premises and such Improvements and pay operating costs and expenses, including management fees, of every kind and nature in connection therewith, so that the Premises and Improvements shall be operational and usable for their intended purposes. All monies paid for any of the purposes herein authorized, and all expenses paid or incurred in connection therewith, including reasonable attorneys' fees, shall constitute Secured Indebtedness, and shall become due and payable upon demand and with interest thereon at the Default Rate. Mortgagee, in making any payment hereby authorized: (x) for the payment of Impositions, may do so according to any bill or statement, without inquiry into the validity of any tax, assessment, sale, forfeiture, tax lien or title or claim thereof; (y) for the purchase, discharge, compromise or settlement of any other prior lien, may do so without inquiry as to the validity or amount of any claim or lien which may be asserted; or (z) for the completion of construction, furnishing or equipping of the Improvements or the Premises or the rental, operation or management of the Premises or the

payment of operating cost and expenses thereof, may do so in such amounts and to such persons as Mortgagee may deem appropriate and may enter into such contracts therefor as Mortgagee may deem appropriate or may perform the same itself.

4.6 Application of Income Received by Mortgagee. Mortgagee, in the exercise of the rights and powers hereinabove conferred upon it, shall have full power to use and apply the avails, rents, issues and profits of the Property to the payment of or on account of the following, in such order as Mortgagee may determine: (i) to the payment of the operating expenses of the Property including cost of management thereof, established claims for damages, if any, and premiums on insurance hereinabove authorized; (ii) to the payment of taxes and special assessments now due or which may hereafter become due on the Premises; (iii) to all other items which may under the terms hereof constitute Secured Indebtedness additional to that evidenced by the Notes, with interest thereon as provided herein or in the other Loan Documents; and (iv) to all principal and interest remaining unpaid on the Notes.

4.7 Appointment of Receiver. During the continuance of an Event of Default, Mortgagee, to the extent permitted by law and without regard to the value of the Property or the adequacy of the security for the indebtedness and other sums secured hereby, shall be entitled as a matter of right and without any additional showing or proof, at Mortgagee's election, to apply to any court having jurisdiction for the appointment by the court of a receiver (without the necessity of Mortgagee posting a bond) to enter upon and take possession of the Property and to collect all rents, income and other benefits thereof and apply the same as the court may direct or to be placed by the court into possession of the Property as mortgagee in possession with the same power herein granted to a receiver and with all other rights and privileges of a mortgagee in possession under law. The right to enter and take possession of and to manage and operate the Property, and to collect all Rents by a receiver, shall be cumulative to any other right or remedy hereunder or afforded by law and may be exercised concurrently therewith or independently thereof. Mortgagee shall be liable to account only for such Rents actually received by Mortgagee. Notwithstanding the appointment of any receiver or other custodian, Mortgagee shall be entitled as pledgee to the possession and control of any cash, deposits or instruments at the time held by, or payable or deliverable under the terms of this Second Lien Mortgage to Mortgagee.

4.8 Foreclosure Sale. In the event of any foreclosure sale, the Property may be sold in one or more parcels. Mortgagee may bid for and acquire the Property or any part thereof at any sale made under or by virtue of this Second Lien Mortgage and, in lieu of paying cash therefor, may make settlement for the purchase price by crediting against the purchase price the unpaid amounts due and owing in respect of any Loans, Obligations or any other liabilities after deducting from the sales price the expenses of the sale and the costs of the action or proceedings and any other sums that Mortgagee is authorized to deduct under this Second Lien Mortgage or applicable law.

4.9 Application of Proceeds of Foreclosure Sale. The proceeds of any foreclosure sale of the Property shall be distributed and applied in the following order of priority: first, to all costs and expenses incident to the foreclosure proceedings, including all such items as are mentioned in Section 4.4 above; second, to all other items which may under the terms hereof



constitute Secured Indebtedness additional to that evidenced by the Notes, with interest thereon as provided herein or in the other Loan Documents; third, to all principal and interest remaining unpaid on the Notes; and fourth, any surplus to Mortgagor, its successors or assigns, as their rights may appear or to any other party legally entitled thereto.

4.10 Adjournment of Foreclosure Sale. Mortgagee may adjourn from time to time any sale by it to be made under or by virtue of this Second Lien Mortgage by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and, except as otherwise provided by any applicable provisions of law, Mortgagee, without further notice or publication, may make such sale at the time and place to which the same shall be so adjourned.

4.11 Insurance Upon Foreclosure. In case of an insured loss after foreclosure proceedings have been instituted, the proceeds of any insurance policy or policies, if not applied in repairing, restoring, replacing or rebuilding any portion of the Property, shall be used to pay the amount due in accordance with any decree of foreclosure that may be entered in any such proceedings, and the balance, if any, shall be paid as the court may direct. In case of the foreclosure of this Second Lien Mortgage, the court in its judgment may provide that the judgment creditor may cause a new or additional loss clause to be attached to each of said policies making the loss thereunder payable to said judgment creditor; and any such foreclosure judgment may further provide, unless the right of redemption has been waived, that in case of redemption under said judgment, then, and in every such case, the redemptor may cause the preceding loss clause attached to each insurance policy to be canceled and a new loss clause to be attached thereto, making the loss thereunder payable to such redemptor.

4.12 Waiver of Statutory Rights. Mortgagor agrees, to the fullest extent permitted by law, that if an Event of Default has occurred and is continuing, neither Mortgagor nor anyone claiming through or under it will apply for or avail itself of any appraisement, valuation, redemption, stay, extension, or exemption laws, or any so-called "moratorium laws," now existing or hereafter enacted, in order to prevent or hinder the enforcement or foreclosure of this Second Lien Mortgage, and Mortgagor hereby waives the benefit of such laws. Mortgagor, for itself and all who may claim through or under it, waives any and all rights to have the Property and estates comprising the Property marshaled upon any foreclosure of the lien of this Second Lien Mortgage, and agrees that any court having jurisdiction to foreclose such lien may order the Property sold in its entirety. Mortgagor further waives any and all rights of redemption from foreclosure and from sale under any order or decree of foreclosure of the lien created by this Second Lien Mortgage, for itself and on behalf of: (i) any trust estate of which the Premises are a part; (ii) all beneficially interested persons; (iii) each and every person acquiring any interest in the Property or title to the Premises subsequent to the date of this Second Lien Mortgage; and (iv) all other persons to the extent permitted by the provisions of laws of the State in which the Premises are located.

4.13 Effect of Judgment. The obtaining of any judgment by Mortgagee and any levy of any execution under any judgment upon the Property shall not affect in any manner or to any extent the Lien of this Second Lien Mortgage upon the Property or any part thereof, or any



Liens, powers, rights and remedies of Mortgagee hereunder, but such Liens, powers, rights and remedies shall continue unimpaired as before until the judgment or levy is satisfied.

V.  
MISCELLANEOUS

5.1 Notices. Any notice or other communication required shall be in writing addressed to the respective party as set forth below and shall be effective and be deemed to have been received (i) if delivered by hand, upon personal delivery, (ii) if delivered by overnight courier service, 1 Business Day after delivery to such courier service, (iii) if delivered by mail, when deposited in the mails, (iv) if delivered by facsimile (other than to post to an E-System pursuant to Section 9.2(a)(ii) or 9.2(a)(iii) of the Credit Agreement), upon sender's receipt of confirmation of proper transmission, and (v) if delivered by posting to any E-System, on the later of the date of such posting and the date access to such posting is given to the recipient thereof in accordance with the standard procedures applicable to such E-System.

Notices shall be addressed as follows:

- (i) If to Mortgagor:

LaSalle Steel Company  
c/o Niagara Corporation  
667 Madison Avenue – 11<sup>th</sup> Floor  
New York, NY 10021  
Attention: Michael J. Scharf and Marc Segalman  
Telecopier No.: (212) 317-1001

with copies to :

KNIA Holdings, Inc.  
c/o Kohlberg & Company, L.L.C.  
111 Radio Circle  
Mount Kisco, New York 10549  
Attention: Christopher Lacovara and Christopher Anderson  
Facsimile: (914) 244-0689

and

Ropes & Gray LLP  
One International Place  
Boston, Massachusetts 02115  
Attention: Tom Draper  
Facsimile: (617) 951-7050

(ii) If to Mortgagee:

The Bank of New York  
Asset Solutions Division  
600 East Las Colinas Blvd., Suite 1300  
Irving, Texas 75039  
Attention: Stephen C. Jerard  
Telecopier No.: (972) 401-8556

5.2 Time of Essence. Time is of the essence of this Second Lien Mortgage.

5.3 Covenants Run with Land. All of the covenants of this Second Lien Mortgage shall run with the land constituting the Premises.

5.4 **GOVERNING LAW. THIS SECOND LIEN MORTGAGE SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES, EXCEPT TO THE EXTENT INDIANA LAW NECESSARILY APPLIES BECAUSE THE PROPERTY IS LOCATED IN INDIANA.**

In the event that any provision in this Second Lien Mortgage shall be inconsistent with any provision of real property law of the State where the Property is located regarding foreclosures of mortgages (the "Foreclosure Laws"), the provisions of the Foreclosure Laws shall take precedence over the provisions of this Second Lien Mortgage, but shall not invalidate or render unenforceable any other provision of this Second Lien Mortgage that can be construed in a manner consistent with the Foreclosure Laws. If any provision of this Second Lien Mortgage shall grant to Mortgagee, for the benefit of the Lenders, any rights or remedies upon default of Mortgagor that are more limited than the rights that would otherwise be vested in Mortgagee under the Foreclosure Laws in the absence of said provision, Mortgagee shall be vested with the rights granted in the Foreclosure Laws.

5.5 Severability. If any provision of this Second Lien Mortgage, or any paragraph, sentence, clause, phrase, or word, or their application, in any circumstance, is held invalid, the validity of the remainder of this Second Lien Mortgage shall be construed as if such invalid part were never included.

5.6 Non-Waiver. Unless expressly provided in this Second Lien Mortgage to the contrary, no consent or waiver, express or implied, by any party, to or of any breach or default by any other party shall be deemed a consent to or waiver of the performance by such defaulting party of any other obligations or the performance by any other party of the same, or of any other, obligations.

5.7 Headings. The headings of sections and paragraphs in this Second Lien Mortgage are for convenience or reference only and shall not be construed in any way to limit or define the content, scope, or intent of the provisions.

5.8 Grammar. As used in this Second Lien Mortgage, the singular shall include the plural, and masculine, feminine, and neuter pronouns shall be fully interchangeable, where the context so requires.

5.9 Deed in Trust. If title to the Property or any part thereof is now or hereafter becomes vested in a trustee, any prohibition or restriction against the creation of any lien on the Property shall be construed as a similar prohibition or restriction against the creation of any lien on or security interest in the beneficial interest of such trust.

5.10 Successors and Assigns. This Second Lien Mortgage shall be binding upon Mortgagor, its successors, assigns, legal representatives, and all other persons or entities claiming under or through Mortgagor. The word "Mortgagee," when used herein, shall include each of: (i) the Agent in its capacity as a Lender and as Agent for the Lenders; and (ii) the Lenders, together with each of their successors, assigns and legal representatives.

5.11 Counterparts. This Second Lien Mortgage may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one Second Lien Mortgage.

5.12 Mortgagee in Possession. Nothing contained in this Second Lien Mortgage shall be construed as constituting Mortgagee a mortgagee in possession in the absence of the actual taking of possession of the Property.

5.13 Incorporation of Credit Agreement; No Conflicts. The terms of the Credit Agreement are incorporated by reference herein as though set forth in full detail. In the event of any conflict between the terms and provisions of Section 3.9 of this Second Lien Mortgage and the Security Agreement, the terms and provisions of the Security Agreement shall control; in the event of a conflict between any other term or provision of this Second Lien Mortgage and the Credit Agreement, the terms and provisions of the Credit Agreement shall control. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Second Lien Agent pursuant to or in connection with this Second Lien Mortgage and the exercise of any right or remedy against the Collateral by the Second Lien Agent hereunder are subject to the provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and this Second Lien Mortgage, the terms of the Intercreditor Agreement shall govern and control.

5.14 Additional Provisions. Notwithstanding anything contained herein to the contrary:

(a) The Recitals set forth herein above are incorporated herein by reference and made a part of this Second Lien Mortgage as if fully set forth herein.

(b) This Second Lien Mortgage shall be construed as a mortgage and therefore, Mortgagor shall be considered a "mortgagor" and Mortgagee should be considered a "mortgagee" and each such person shall have all rights and benefits of a mortgagor and mortgagee as conferred herein and by Applicable Law (as defined below).

(c) Except as provided herein to the contrary the term "Secured Indebtedness" as defined in this Second Lien Mortgage shall include, without limitation, any judgment(s) or final decree(s) rendered to collect any money obligations of Mortgagor to Mortgagee and/or to enforce the performance or collection of all rights, remedies, obligations, covenants, agreements, conditions, indemnities, representations, warranties, and other liabilities of the Mortgagor under this Second Lien Mortgage or any or all of the other Loan Documents; provided however, such Secured Indebtedness shall NOT include any judgment(s) or final decree(s) rendered in another jurisdiction, which judgment(s) or final decree(s) would be unenforceable by an Indiana Court pursuant to Ind. Code 34-54-3-4. The obtaining of any judgment by Mortgagee (other than a judgment foreclosing this Second Lien Mortgage) and any levy of any execution under any such judgment upon the Property shall not affect in any manner or to any extent the lien of this Second Lien Mortgage upon the Property or any part thereof, or any Liens, powers, rights and remedies of Mortgagee, but such Liens, powers, rights and remedies shall continue unimpaired as before until the judgment or levy is satisfied.

(d) Mortgagee shall be entitled to all rights and remedies that a mortgagee would have under Indiana law or in equity including, but not by way of limitation, Ind. Code 32-30-10, Mortgage Foreclosure Actions, Ind. Code 32-30-5, Receiverships, and the Code (such laws, as amended, modified and/or recodified from time to time are collectively referred to herein as, the "Applicable Law"). In the event of any inconsistency between the provisions of this Second Lien Mortgage and the provisions of Applicable Law, the provisions of Applicable Law shall take precedence over the provisions of this Second Lien Mortgage, but shall not invalidate or render unenforceable any other provisions of this Second Lien Mortgage that can be construed in a manner consistent with Applicable Law. Conversely, if any provision of this Second Lien Mortgage shall grant to Mortgagee any rights or remedies upon default of the Mortgagor which are more limited than the rights that would otherwise be vested in the Second Lien Mortgage under Applicable Law in the absence of said provision, Mortgagee shall be vested with the rights and remedies granted under Applicable Law. Notwithstanding any provision in this Second Lien Mortgage relating to a power of sale or other provision for sale of the Property upon default other than under a judicial proceeding, any sale of the Property pursuant to this Second Lien Mortgage will be made through a judicial proceeding, except as otherwise may be permitted under the Code.

(e) Anything contained in this Second Lien Mortgage or the Loan Documents to the contrary notwithstanding, no waiver made by Mortgagor in this Second Lien Mortgage or the Loan Documents shall (i) constitute a waiver by Mortgagor of the time limitations on issuance of process set out in Ind. Code 32-29-7-3 or (ii) be consideration for or be deemed to be a waiver of or release of by Mortgagee or any judgment holder of the Secured Indebtedness hereby secured as provided in Ind. Code 32-29-7-5 of the right to seek a deficiency judgment against Mortgagor.

(f) Mortgagor hereby represents and agrees that the Obligations evidenced by the Credit Agreement are being obtained for business or commercial purposes, and the proceeds thereof will not be used for personal, family, residential, household or agricultural purposes.

(g) Notwithstanding anything contained in this Second Lien Mortgage or the Loan Documents to the contrary, this Second Lien Mortgage shall secure: (i) a maximum principal amount of Sixty Million Dollars (\$60,000,000) exclusive of any items described in (ii) below, including any additional advances made from time to time after the date hereof pursuant to the Loan Documents whether made as part of the obligations secured hereby, made at the option of the Mortgagee, made after a reduction to a zero (0) or other balance, or made otherwise, (ii) all other amounts payable by Mortgagor, or advanced by Mortgagee for the account, or on behalf, of Mortgagor, pursuant to the Loan Documents, including amounts advanced with respect to the Property for the payment of taxes, assessments, insurance premiums and other costs and impositions incurred for the protection of the Property to the same extent as if the future obligations and advances were made on the date of execution of the Second Lien Mortgage; and (iii) future modifications, extensions, and renewals of any Loan Documents or Obligations secured by this Second Lien Mortgage. Pursuant to Ind. Code 32-29-1-10, the lien of this Second Lien Mortgage with respect to any future advances, modifications, extensions, and renewals referred to herein and made from time to time shall have the same priority to which this Second Lien Mortgage otherwise would be entitled as of the date this Second Lien Mortgage is executed and recorded without regard to the fact that any such future advance, modification, extension, or renewal may occur after the Second Lien Mortgage is executed.

(h) During the continuance of an Event of Default and subject to the terms and provisions of Section 4.7 of this Second Lien Mortgage, Mortgagor hereby irrevocably consents to the appointment of a receiver and waives notice of any application therefor, which receiver, when duly appointed, shall have all of the powers and duties of receivers pursuant to Ind. Code 32-30-5, as amended, modified and/or recodified from time to time.

(i) The Property: (i) does not contain any facility or facilities that are subject to reporting (by either Borrower or any tenant or lessee thereon or other person or entity in possession or occupancy of any portion thereof) under Section 312 of the federal Emergency Planning and Community Right-to-Know Act of 1986 (42 U.S.C. §11022); (ii) is not the site of any underground storage tanks; and (iii) is not listed on the Comprehensive Environmental Response, Compensation and Liability Information System ("CERCLIS") in accordance with Section 116 of CERCLA (42 U.S.C. §9616). By reason of the foregoing, the conveyance made by Mortgagor to Mortgagee by this Second Lien Mortgage is not subject to the disclosure requirements or other provisions of the Indiana Responsible Property Transfer Law, Ind. Code 13-25-3.

(j) Mortgagor acknowledges and agrees that the Secured Indebtedness is secured by the Property and various other collateral including, without limitation, at the time of execution of this Second Lien Mortgage certain real and personal property of Mortgagor and other parties described in the Loan Documents. Mortgagor specifically acknowledges and agrees that the Property, in and of itself, if foreclosed or realized upon would not be sufficient to satisfy the outstanding amount of the Secured Indebtedness. Accordingly, Mortgagor acknowledges that it is in Mortgagor's contemplation that the other collateral pledged to secure the Secured Indebtedness may be pursued by Mortgagee in separate proceedings in the various states and counties where such collateral may be located and additionally that Mortgagor and other parties



liable for payment of the Secured Indebtedness will remain liable for any deficiency judgments in addition to any amounts Mortgagee may realize on sales of other property or any other collateral given as security for the Secured Indebtedness. Specifically, and without limitation of the foregoing, it is agreed that it is the intent of the parties hereto that in the event of a foreclosure of this Second Lien Mortgage, that the Secured Indebtedness shall not be deemed merged into any judgment of foreclosure, but shall rather remain outstanding to the fullest extent permitted by applicable law. It is the further intent and understanding of the parties that Mortgagee, following an Event of Default, may pursue all of its collateral with the Secured Indebtedness remaining outstanding and in full force and effect notwithstanding any judgment of foreclosure or any other judgment which Mortgagee may obtain.

(k) Without limiting the scope of Section 3.8, the assignment of Rents set forth herein is made pursuant to, and includes, but is not limited to, all rights conferred by Indiana Code 32-21-4-2 and 32-29-1-11, and thereby creates a security interest in the Rents that will be perfected upon the recording of this Second Lien Mortgage. Such assignment shall run with the land and be good and valid as against Mortgagor and those claiming by, under or through Mortgagor, from the date of recording of this Second Lien Mortgage. Such assignment shall continue to be operative during the foreclosure or any other proceedings taken to enforce this Second Lien Mortgage. In the event of a foreclosure sale which results in a deficiency, this assignment shall stand as security during the redemption period for the payment of such deficiency. Such assignment does not and shall not be construed as obligating Mortgagee to perform any of the covenants or undertakings required to be performed by Mortgagor in any leases.

(l) It is intended that as to the fixtures that are part of the Personal Property Collateral ("Fixtures") hereby mortgaged, this Second Lien Mortgage shall be effective as a continuously perfected financing statement filed as a fixture filing from the date of the filing of this Second Lien Mortgage for record with the Recorder of Lake County, pursuant to Ind. Code 26-1-9.1-502 and 26-1-9.1-515. This information is provided in order that this Second Lien Mortgage shall comply with the requirements of the Code, for a mortgage instrument to be filed as a financing statement. The Mortgagor is the "debtor" and its name and mailing address are set forth in Preamble of this Second Lien Mortgage. The Mortgagee is the "secured party" and its name and mailing address from which information concerning the security interest granted herein may be obtained are as set forth in Preamble of this Second Lien Mortgage. A statement describing the portion of the Property comprising the Fixtures hereby secured is set forth in the description of Property herein contained. Mortgagor's organizational number is 0921545.

(m) In addition to having any other right or remedy available at law or in equity, Mortgagee shall have the option pursuant to Ind. Code 26-1-9.1-604 of either (i) proceeding under the Code and exercising such rights and remedies as may be provided to a secured party by the Code with respect to all or any portion of the Property that is not real property (including, without limitation, taking possession of and selling such property) or (ii) treating such property as real property and proceeding with respect to both the real and personal property constituting the Property in accordance with Mortgagee's rights, powers and remedies with respect to the real property (in which event the default provisions of the Code shall not apply).

(n) Notwithstanding anything contained in this Second Lien Mortgage or in the Loan Documents to the contrary, the creation, validity, perfection, priority and enforceability of the lien and security interest created hereby, all warranties of title contained herein with respect to the Property and all provisions hereof relating to the realization of the security covered hereby with respect to the Property shall be governed by the laws of the State of Indiana.

(o) Notwithstanding Section 5.14(d) above, to the extent Applicable Law limits (i) the availability of the exercise of any of the remedies set forth in this Second Lien Mortgage, including without limitation the remedies involving a power of sale on the part of the Mortgagee and the right of the Mortgagee to exercise self-help in connection with the enforcement of the terms of this Second Lien Mortgage, or (ii) the enforcement of waivers and indemnities made by Mortgagee, such remedies, waivers or indemnities shall be exercisable or enforceable, any provisions in this Second Lien Mortgage to the contrary notwithstanding, if, and to the extent, Applicable Law in force at the time of the exercise of such remedies or the enforcement of such waivers or indemnities permits such exercise or enforcement, without regard to the enforceability of such remedies, waivers or indemnities at the time of the execution and delivery of this Second Lien Mortgage.

(p) This Second Lien Mortgage is intended to be both a mortgage of real property and a grant of a security interest in the Property with respect to all or any portion of the fixtures, equipment and other personal property covered in the Code ("UCC Property") that is not real property, and shall constitute and serve as a "Security Agreement" within the meaning of the Code. Mortgagor has hereby granted unto Mortgagee a security interest in and to all the UCC Property, and simultaneously with the recording of this Second Lien Mortgage, Mortgagor has filed or will file Uniform Commercial Code financing statements, and upon Mortgagee's request, will file continuation statements prior to the lapse thereof, at the appropriate offices to perfect the security interest granted by this Second Lien Mortgage in all the UCC Property. Mortgagor hereby appoints Mortgagee as its true and lawful attorney-in-fact and agent, for Mortgagor and in its name, place and stated, in any and all capacities, to execute any document and to file the same in the appropriate offices (to the extent it may lawfully do so), and to perform each and every act and thing reasonably requisite and necessary to be done, solely with respect to perfecting the security interest contemplated by the preceding sentence. Mortgagee shall have all rights with respect to the part of the UCC Property that is the subject of a security interest afforded by the Code in addition to, but not in limitation of, the other rights afforded Mortgagee hereunder and under this Second Lien Mortgage.

(q) The maximum aggregate amount secured by this Second Lien Mortgage at any one time shall not exceed One-Hundred Twenty Million Dollars (\$120,000,000).

(r) Even though the lien of this Second Lien Mortgage shall be released from the Property subject to Article I, any of the terms and provisions of this Second Lien Mortgage that are intended to survive shall nevertheless survive the release or satisfaction of this Second Lien Mortgage whether voluntarily granted by Mortgagee or the Lenders, as a result of a judgment upon judicial foreclosure of this Second Lien Mortgage or in the event a deed in lieu of foreclosure is granted by Mortgagor to Mortgagee and/or the Lenders.

(s) Mortgagor acknowledges that this Second Lien Mortgage is one of a number of Other Mortgages and Security Documents that secure the Obligations. Mortgagor agrees that the lien of this Second Lien Mortgage shall be absolute and unconditional and shall not in any manner be affected or impaired by any acts or omissions whatsoever of Mortgagee and without limiting the generality of the foregoing, the lien hereof shall not be impaired by any acceptance by the Mortgagee of any security for or guarantees of any of the Obligations hereby secured, or by any failure, neglect or omission on the part of Mortgagee to realize upon or protect any Obligation or indebtedness hereby secured or any collateral security therefor including the Other Mortgages and Security Documents. The lien hereof shall not in any manner be impaired or affected by any release (except as to the property released), sale, pledge, surrender, compromise, settlement, renewal, extension, indulgence, alteration, changing, modification or disposition of any of the Obligations secured or of any of the collateral security thereof, including the Other Mortgages and Security Documents or of any guarantee thereof, and Mortgagee may at its discretion foreclose, exercise any power of sale, or exercise any other remedy available to it under any or all of the Other Mortgages and Security Documents without first exercising or enforcing any of its rights and remedies hereunder. Such exercise of Mortgagee's rights and remedies under any or all of the Other Mortgages and Security Documents shall not in any manner impair the indebtedness hereby secured or the lien of this Second Lien Mortgage and any exercise of the rights or remedies of Mortgagee hereunder shall not impair the lien of any of the Other Mortgages and Security Documents or any of Mortgagee's rights and remedies thereunder. Mortgagor specifically consents and agrees that Mortgagee may exercise its rights and remedies hereunder and under the Other Mortgages and Security Documents separately or concurrently and in any order that it may deem appropriate and waives any rights of subrogation.

5.15 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Second Lien Mortgage. In the event an ambiguity or question of intent or interpretation arises, this Second Lien Mortgage shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of this Second Lien Mortgage.

(SIGNATURE PAGE FOLLOWS)



IN WITNESS WHEREOF, Mortgagor has duly signed and delivered this Second Lien Mortgage as of the date first above written.

LASALLE STEEL COMPANY,  
a Delaware corporation

By: *Anthony Verkruse*  
Name: Anthony J. Verkruse  
Title: Vice President, Finance + Treasurer



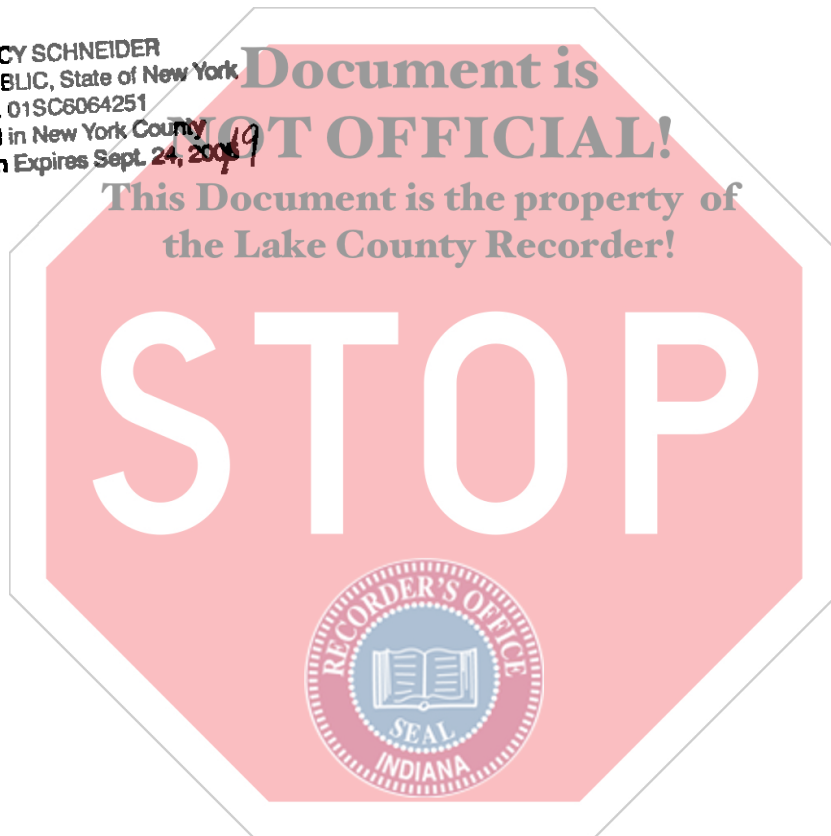
STATE OF New York )  
 ) ss.  
COUNTY OF New York )

Before me, a Notary Public in and for said County and State, personally appeared Anthony J. Verkruse, the VP, Finance & Treasury of LASALLE STEEL COMPANY who acknowledged the execution of the foregoing Mortgage, and who, having been duly sworn, stated that any representations therein contained are true.

Witness my hand and Notarial Seal this 6<sup>th</sup> day of September, 2006.

My county of residence: NASSAU  
My commission expires: Sept. 24 2009  
Signature: Nancy Schneider  
Printed: Nancy Schneider

NANCY SCHNEIDER  
NOTARY PUBLIC, State of New York  
No. 01SC6064251  
Qualified in New York County  
Commission Expires Sept. 24, 2009





THIS INSTRUMENT PREPARED  
OUTSIDE OF THE STATE OF  
INDIANA BY AND  
AFTER RECORDING RETURN TO:

Sidley Austin LLP  
1501 K Street, N.W.  
Washington, DC 20005  
Attn: Edward S. Abrams, Esq.

I affirm, under the penalties for perjury, that I have taken reasonable care to redact each social security number in this document, unless required by law.

Edward S. Abrams



**EXHIBIT A**

**LEGAL DESCRIPTION**

**[See attached]**



EXHIBIT A  
Legal Description

Griffith, IN  
(Lake County)

Parcel 1

A tract of land in the North Half of the Northeast Quarter of Section 2, Township 35 North, Range 9 West of the Second Principal Meridian, in the Town of Griffith, in Lake County, Indiana, lying South of the 100-foot right-of-way of the Elgin, Joliet and Eastern Railroad, more particularly described as follows: Beginning at a point on the North line of said Section 2, a distance of 1200 feet West of the Northeast corner of the Northeast Quarter of said Section 2, said point of beginning being also the Northwest corner of Lot 1 of La Salle Steel Company Subdivision No. 1, in the Town of Griffith, as shown in Plat Book 44, page 87, in the Office of the Recorder of Lake County, Indiana; thence South on a line which makes an angle of 90 degrees 55 minutes 15 seconds, measured West to South with the North line of said Section 2, a distance of 1013.40 feet (said line also being the West line and the West line extended South of aforesaid Lot 1, La Salle Steel Company Subdivision No. 1); thence Southwesterly on a line which makes an angle of 139 degrees 15 minutes 15 seconds, measured North through West to Southwest, a distance of 467.89 feet; thence North on a line which is parallel to and 300 feet West of the aforesaid 1013.40-foot line and 1013.40-foot line projected Southerly, a distance of 1246.67 feet to a point 40 feet Southerly of the Southerly right-of-way line of the Elgin, Joliet and Eastern Railroad, measured perpendicular thereto; thence Northeasterly on a line parallel to and 40 feet Southerly of the Southerly right-of-way line of the Elgin, Joliet and Eastern Railroad a distance of 171.2 feet to the East line of the Northwest Quarter of the Northeast Quarter of Section 2, Township 35 North, Range 9 West of the Second Principal Meridian; thence North on said East line of the Northwest Quarter of the Northeast Quarter, a distance of 42.38 feet to the Southerly right-of-way line of the Elgin, Joliet and Eastern Railroad; thence Northeasterly along said Southerly right-of-way line of Elgin, Joliet and Eastern Railroad, a distance of 62.01 feet to the North line of said Section 2; thence East along said North line of Section 2, a distance of 80.31 feet to the point of beginning.

Parcel 2:

Easement for ingress and egress made by and between N & A Foundry Corp., and La Salle Steel Company, dated April 8, 1960 and recorded August 29, 1980, as Document No. 596230, as follows:

Right and easement to go upon, over and across and to use the following described real estate: Part of Lot 1, Austgen's 5th Addition, to the Town of Griffith, as shown in Plat Book 74, page 15, in Lake County, Indiana, more particularly described as follows: A tract of land in the Northwest Quarter of the Northeast Quarter of Section 2, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, lying South of the 100-foot right-of-way of the Elgin, Joliet and Eastern Railroad, more particularly described as follows: Commencing at a point on the North line of said Section 2, a distance of 1200 feet West of the Northeast corner of the Northeast Quarter of said Section 2, said point of commencement being also the Northwest corner of Lot 1, La Salle Steel Company Subdivision No. 1, in the Town of Griffith, as shown in Plat Book 44, page 87, in the Office of the Recorder of Lake County, Indiana; thence West on the North line of said Section 2, a distance of 80.31 feet to its intersection with the Southerly right-of-way line of the Elgin, Joliet and Eastern Railroad; thence Southwesterly

on said Southerly right-of-way line of the Elgin, Joliet and Eastern Railroad, a distance of 62.01 feet to the point of beginning; thence continuing Southwesterly on said Southerly right-of-way of the Elgin, Joliet and Eastern Railroad, a distance of 171.2 feet; thence South on a line that makes an interior angle of 109 degrees 18 minutes 15 seconds, measured Northeast through East to South, a distance of 42.38 feet; thence Northeasterly on a line which is parallel to and 40 feet Southeast of the aforescribed railroad right-of-way, a distance of 171.2 feet to the East line of the Northwest Quarter of the Northeast Quarter of said Section 2, thence North on said East line of the Northwest Quarter of Northeast Quarter, a distance of 42.38 feet to the point of beginning.

Parcel 3:

The East 1200 feet of the North Half of the Northeast Quarter of Section 2, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, excepting therefrom the North 765 feet of the East 550 feet and excepting therefrom the West 650 feet of the North 670.2 feet.

Parcel 4:

A triangular shaped parcel of land in the North Half of the Northeast Quarter of Section 2, Township 35 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, more particularly described as follows: Commencing at a point in the South line of said North Half of the Northeast Quarter that is 1200 feet West of the East line of said Northeast Quarter; thence Northward on a line parallel to and 1200 feet West of the East line of said Northeast Quarter, 519.75 feet, more or less, to a point 1013.4 feet South of the North line of said Northeast Quarter; thence Southwestward in a straight line, 679.29 feet to a point in the South line of said North Half of the Northeast Quarter, being the intersection of said South line with the North line of the Grand Trunk Railroad; thence East on said South line of the North Half of the Northeast Quarter, 437.36 feet to the place of beginning.

Parcel 5:

Lot 1, LaSalle Steel Company Subdivision No. 1, to the Town of Griffith, as per plat thereof, recorded in Plat Book 44, page 87, in the Office of the Recorder of Lake County, Indiana.

EXHIBIT A  
Legal Description

Hammond, IN  
(Lake County)

Parcel 1: The South Half of the Northeast Quarter of the Northeast Quarter excepting the Easterly 240 feet thereof, and all that part lying North of the Northerly railroad right-of-way to the Indiana Harbor Belt Railroad (formerly known as the East Chicago Belt Railroad), of Government Lot 1, except the Easterly 240 feet thereof, all in Section 31, Township 37 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, and excepting therefrom all of the property lying Easterly of the Westerly line of that certain property conveyed to the Indiana Toll Road Commission by Warranty Deed recorded January 13, 1956 in Deed Record 1019, page 254, as Document No. 898518.

Parcel 2: A varying width strip of land in the Southwest Quarter of the Northeast Quarter and the Southeast Quarter of the Northeast Quarter in Section 31, Township 37 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, more particularly described as follows: Beginning at the Northeast corner of the Southwest Quarter of the Northeast Quarter; thence West on the North line of the Southwest Quarter of the Northeast Quarter a distance of 370 feet to the intersection of a curved line that is concentric with and 11 feet from the centerline of the existing main track of the Elgin, Joliet and Eastern Railway; thence Southeasterly on said curved line of 1443.69 foot radius, convexed to the Northeast, a distance of 367 feet, more or less, to the intersection of another curved line that is concentric with and 11 feet from the centerline of the existing main track of the Indiana Harbor Belt Railroad; thence Easterly on said curved line of 1300 foot radius, convexed to the North, a distance of 18 feet to the East line of the Southwest Quarter of the Northeast Quarter; thence North on said East line 15 feet, more or less, to the curved South line of the 66 foot wide right of way of the Indiana Harbor Belt Railroad; thence Southeasterly on the 66 foot curved right of way line that has a radius of 1465.69 feet, convexed to the Northeast, for a distance of 76 feet, more or less, to the intersection with a curved line that is concentric with and 11 feet Northerly from the centerline of the existing main track of the Indiana Harbor Belt Railroad; thence Easterly on said curved line of 1300 foot radius, convexed to the North, a distance of 300 feet to a point of tangency; thence continuing Southeasterly in a straight line parallel to and 11 feet North of the main track of the Indiana Harbor Belt Railroad, a distance of 730 feet; thence Northeasterly at right angles to aforesaid 730 foot line, a distance of 30 feet to the North line of the 66 foot wide Indiana Harbor Belt Railroad right-of-way; thence Northwesterly along the North line of said 66 foot wide right-of-way 944.5 feet to a point of curve; thence continuing on said 66 foot wide right-of-way which is a curved line of 1531.89 foot radius, convexed to the North, for a distance of 187.90 feet to the West line of the Southeast Quarter of the Northeast Quarter; thence North on said West line 11.08 feet to the point of beginning.

Parcel 3: All that part of the 33 foot wide strip of land lying North of a line parallel to and 15 feet North of the existing Elgin, Joliet and Eastern Railway main track and lying East of a line parallel to and 880 feet East of the West line of the Northeast Quarter, all in the Northwest Quarter of the Northeast Quarter of Section 31, Township 27 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, more particularly described as follows: Beginning at the Southeast corner of the Northwest Quarter of the Northeast Quarter of said Section 31; thence West along the South line of said Northwest Quarter of the Northeast Quarter, a distance of 350 feet, more or less, to a line parallel to and 15 feet Northeasterly of the main track of the Elgin, Joliet and Eastern Railway; thence Northwesterly on a curved line of 1447.69 foot radius, convexed to the Northeast, for a distance of 95 feet, more or less, to a point in a line that is 880 feet East of and parallel to the West line of said Northeast Quarter; thence North on said 880 foot parallel line, a distance of 20 feet to a line that is parallel to and 33 feet North of the South line of the Northwest Quarter of the Northeast Quarter; thence East on said 33 foot parallel line, a distance of 442.5 feet to the East line of the Northwest Quarter of the Northeast Quarter; thence South on said East line, a distance of 33 feet to the place of beginning.



Parcel 4: Part of the South 20 acres of the North 40 acres of Government Lot 2, Section 31, Township 37 North, Range 9 West of the Second Principal Meridian, in Lake County, Indiana, more particularly described as follows: Commencing at a point on the East line and 170 feet South of the North line of the South 20 acres of the North 40 acres of Government Lot 2 aforesaid; thence West, parallel to the North line of said South 20 acres of the North 40 acres, 112.19 feet to a point; thence South 457.9 feet to a point which is 111.99 feet West of the East line of the South 20 acres of the North 40 acres; thence East 111.99 feet to a point on the East line of the South 20 acres of the North 40 acres; thence North on said East line 457.9 feet to the point of beginning, in Lake County, Indiana, being a part of Lots 5 and 6 and the roadway adjoining said lots, Industrial District of Hammond, as shown in Plat Book 21, page 20, in the Office of the Recorder of Lake County, Indiana.

Parcel 5: Lots 46, 47, 48 and 49 in Commercial Club Addition to the City of Hammond, as per plat thereof, recorded in Plat Book 5, page 25, in the Office of the Recorder of Lake County, Indiana, together with the vacated alley adjoining said lots on the South and also the 30 foot roadway adjoining Lot 49 on the East.

Parcel 6: Lots 13 to 22, both inclusive, in Block 6 in LaSalle Addition, in the City of Hammond, as per plat thereof, recorded in Plat Book 14, page 28, in the Office of the Recorder of Lake County, Indiana.

Parcel 7: The West Quarter of Lot 18 and all of Lots 19, 20, 21 and 22 in Block 7, in LaSalle Addition, in the City of Hammond, as per plat thereof, recorded in Plat Book 14, page 28, in the Office of the Recorder of Lake County, Indiana.

Parcel 8: The West Half of Lot 16, all of Lot 17 and the East Three Quarters of Lot 18, in Block 7, in LaSalle Addition, in the City of Hammond, as per plat thereof, recorded in Plat Book 14, page 28, in the Office of the Recorder of Lake County, Indiana, excepting therefrom that part of the West Half of Lot 16 conveyed to Indiana Toll Road Commission by deed dated March 14, 1956 and recorded March 16, 1956 in Deed Record 1024, page 392.

Parcel 9: Part of Lot 15 and the East Half of Lot 16 in Block 7 in LaSalle Addition, in the City of Hammond, as per plat thereof, recorded in Plat Book 14, page 28, in the Office of the Recorder of Lake County, Indiana, all being bounded and described as follows:

Beginning on the South line of said Lot 15 at a point which is 69.76 feet Westerly, measured on the North line of 150th Street, from the Southeast corner of said Lot 13 in said Block 7; thence Northwesterly on a curve to the left having a radius of 2825.75 feet (the tangent to said curve at the last corner making an angle of 76 degrees 12 minutes 39 seconds measured West to North, with the South line of said Lot 15), a distance of 52.13 feet to a point of compound curve which is 230.50 feet Southwesterly, measured at right angles, from the centerline of the Indiana East-West Toll Road (a centerline survey map of which is on file in the Office of the Recorder of Lake County, Indiana); thence continuing Northwesterly parallel with said Toll Road centerline on a curve to the left having a radius of 2061.33 feet to the West line of the East Half of said Lot 16; thence Southerly on said West line to the Southwest corner of the East Half of said Lot 16; thence Easterly on the South line of said Lots 15 and 16 to the point of beginning.

Parcel 10: Lots 35 to 45, both inclusive, in Commercial Club Addition to the City of Hammond, as per plat thereof, recorded in Plat Book 5, page 25, in the Office of the Recorder of Lake County, Indiana, together with the vacated alley adjoining lots 35 to 45, both inclusive, on the South.

Parcel 11: A Perpetual Easement for the construction, enlargement, reconstruction, repair, maintenance, use and operation of an underground sewer to carry liquids including acids, as reserved in Warranty Deed dated January 10, 1956 and recorded January 13, 1956 in Deed Record 1019, page 254, as Document No. 898518, made by LaSalle Steel Company, a Delaware corporation, to The Indiana Toll Road Commission, described as follows:

Said perpetual easement is described as lying 7.5 feet on both sides of the following described line: A line in the Southeast Quarter of the Northeast Quarter of Section 31, Township 37 North, Range 9 West of the Second Principal Meridian, in the City of Hammond, North Township, Lake County, Indiana, said line and easement being in Government Lot 1 and described as beginning at a point on the Westerly line of the property hereby conveyed that is 79.93 feet Northerly of the curved North Right of Way line of the Indiana Harbor Belt Railroad, which said point is also 79.93 feet Northerly of the Southwesterly corner of the property hereby conveyed, measured along said Westerly line of property hereby conveyed; thence Southeasterly on a line that makes an interior angle of 19 degrees 56 minutes 38 seconds, measured South to Southeast with the last described Westerly line of property hereby conveyed, 94.82 feet to the center of an existing manhole on the centerline of an existing sewer; thence continuing Southerly on the centerline of said existing sewer, the centerline of which makes a deflection angle of 25 degrees 10 minutes 30 seconds to the West from the last described line projected, 4.08 feet to a point in the curved North Right of Way line of the Indiana Harbor Belt Railroad, said point being 250.10 feet Westerly of the East line of said Section 31, measured along the North Right of Way line of the Indiana Harbor Belt Railroad.



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