

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re : Chapter 11
 :
RathGibson, Inc., et al.,¹ : Case No. 09-12452 ()
 :
Debtors. : Joint Administration Pending
-----X

**DEBTORS' MOTION FOR ORDER PURSUANT TO SECTIONS 363(b) AND 105(a) OF
THE BANKRUPTCY CODE AND BANKRUPTCY RULE 6003: (I) AUTHORIZING
DEBTORS (A) TO CONTINUE INSURANCE POLICIES AND AGREEMENTS
RELATING THERETO, AND (B) TO HONOR CERTAIN PREPETITION
OBLIGATIONS IN RESPECT THEREOF; AND (II) GRANTING RELATED RELIEF**

The debtors and debtors in possession in the above-captioned cases (the “Debtors”), hereby move (the “Motion”) for entry of an order, pursuant to sections 363(b) and 105(a) of title 11 of the United States Code (the “Bankruptcy Code”), as supplemented by Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”): (i) authorizing the Debtors (a) to continue insurance policies and agreements relating thereto, and (b) to honor certain prepetition obligations in respect thereof; and (ii) granting related relief. In support of the Motion, the Debtors rely upon and incorporate by reference the Declaration of Jon M. Smith in Support of Chapter 11 Petitions and First Day Pleadings (the “Smith Declaration”), which was filed with the Court concurrently herewith. In further support of the Motion, the Debtors, by and through their undersigned proposed counsel, respectfully represent:

¹ The last four digits of the taxpayer identification numbers of the Debtors follow in parentheses: (i) Greenville Tube Company (2689); (ii) RathGibson, Inc. (3283); (iii) RG Tube Holdings LLC (4080); and (iv) RGCH Holdings Corp. (9683). The Debtors’ executive headquarters’ address is 475 Half Day Road, Suite 210, Lincolnshire, Illinois 60069.

BACKGROUND

1. On July 13, 2009 (the “Petition Date”), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. The Debtors are continuing in the possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. The Debtors have requested that these chapter 11 cases be consolidated for procedural purposes. As of the date hereof, no official committee of unsecured creditors has been appointed.

2. The events leading up to the Petition Date and the facts and circumstances supporting the relief requested herein are set forth in the Smith Declaration.

JURISDICTION

3. This Court has jurisdiction to consider this motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for relief requested herein are sections 363(b) and 105(a) of the Bankruptcy Code, as supplemented by Bankruptcy Rule 6003.

INSURANCE POLICIES AND PAYMENT PROCEDURES IN RESPECT THEREOF

4. In connection with the operation of their respective businesses, the Debtors maintain various workers’ compensation and insurance policies (each an “Insurance Policy” and, collectively, the “Insurance Policies”) through third party insurance carriers (the “Insurance Carriers”). Annexed hereto as Exhibit A is a list of the Debtors’ current Insurance Policies and corresponding Insurance Carriers.² As set forth below, the Insurance Policies

² Due to the breadth of their businesses, the Debtors currently may have certain Insurance Policies that are not reflected on Exhibit A. The Debtors’ failure to include a particular Insurance Policy on Exhibit A shall

insure against, among other things, workers' compensation and employer liability, general liability, automobile liability, liability arising out of international operations, property damage, cargo losses, directors' and officers' liability, and kidnap and ransom damage. By this Motion, the Debtors seek authority to pay all prepetition obligations under the Insurance Policies, including amounts for any unpaid premiums and fees, following the Petition Date in the ordinary course of business.³

BROKERAGE SERVICES

5. Integro Insurance Brokers ("Integro")⁴ serves as the Debtors' insurance broker under all of the Insurance Policies. Among other things, Integro is involved in the representation of the Debtors in various ongoing negotiations with the Debtors' insurers. Integro and the Debtors' risk manager (described below) work together to obtain the insurance coverage necessary for the Debtors to operate their businesses in a reasonable and prudent manner and to realize savings in the procurement of such coverage. Among other things, Integro is involved in the representation of the Debtors in various ongoing negotiations with the Insurance Carriers and other potential insurance providers.

6. Integro receives a portion of the Debtors' premium payment under each Insurance Policy as a brokerage commission (the "Integro Commissions"). The Debtors believe that it is in the best interests of their creditors and estates to continue their relationship with

not operate to exclude that policy from the coverage of this Motion or any order of the Court entered in connection with this Motion.

³ The majority of the Insurance Policies were recently renewed, either on April 1, 2009 or on June 15, 2009, for a term of one year.

⁴ DLJ Merchant Banking Partners III, L.P., together with affiliated funds ("DLJMB"), holds an equity interest in Integro. Affiliates of DLJMB hold equity interests in the Debtors' ultimate parent, RG Tube Holdings LLC.

Integro. Accordingly, the Debtors seek this Court's authorization to continue their prepetition practice of paying the Integro Commissions. The premium amounts for each Insurance Policy set forth herein include the Integro Commissions. As of the Petition Date, the Debtors do not have any outstanding obligations in respect of the Integro Commissions.

RISK MANAGEMENT

7. Corporate Risk Solutions, LLC ("CRS") provides risk management advisory services to the Debtors. CRS has extensive knowledge of the market for insurance products, and substantial experience providing services to private equity portfolio companies. Additionally, CRS has well-entrenched relationships with a variety of insurance carriers, which it uses to achieve the broadest protection for the Debtors at the lowest possible expense. The Debtors believe that maintaining their relationship with CRS is in the best interests of their estates.

8. The Debtors pay CRS approximately \$25,000 per year for their services. The Debtors recently paid CRS for its services for the period June 15, 2009 through June 15, 2010. Accordingly, as of the Petition Date, the Debtors do not have any outstanding obligations to CRS.

WORKERS' COMPENSATION

9. The Debtors are required under the laws of the various states in which they operate to maintain workers' compensation insurance, which covers the Debtors' employees for injuries arising from or related to their employment with the Debtors. Accordingly, the Debtors maintain a workers' compensation policy with McKee Risk Management, Inc./Sparta Insurance. The coverage limit under this policy is \$1,000,000 per employee claim. The workers' compensation policy is scheduled to expire on April 1, 2010.

10. Premiums and surcharges for the workers' compensation policy total approximately \$832,596 per year. The Debtors are current on premiums and surcharges in respect of their workers' compensation policy. However, a portion of the premiums and surcharges payable under the workers' compensation policy is payable in nine equal monthly installments of approximately \$66,671 (the "Monthly Installments"), payable on the first of each month. The Debtors owe seven remaining Monthly Installments, the next of which comes due on July 1, 2009. Should the Debtors fail to pay any of the remaining Monthly Installments, the Debtors' workers' compensation coverage may lapse. Accordingly, the Debtors seek the Court's authorization to continue paying the Monthly Installments in the ordinary course of business.

GENERAL LIABILITY

11. The Debtors maintain a general liability insurance policy with Federal Insurance Company ("Federal"). This policy covers claims relating to, among other things, third party liability arising from personal injury and advertising injury, products and completed operations liability, and damage to rented premises. The coverage limits are, among others: (i) \$10,000,000 combined total aggregate; (ii) \$2,000,000 general aggregate; (iii) \$1,000,000 products and completed operations aggregate; (iv) \$1,000,000 personal and advertising injury; and (v) \$1,000,000 per occurrence. The general liability insurance policy is scheduled to expire on April 1, 2010. The Debtors are current on premiums in respect of the general liability policy.

AUTOMOBILE LIABILITY

12. The Debtors maintain an automobile liability insurance policy with Federal. Coverage under the automobile liability insurance policy covers claims relating to automobiles owned and/or hired by the Debtors. This policy covers: (i) automobile liability for personal injury claims, medical payments and uninsured/underinsured motorists; and

(ii) physical damage to the Debtors' vehicles. This policy includes a \$1,000 deductible for claims relating to physical damage to owned vehicles or hired cars. The policy limits are: (i) \$1,000,000 per occurrence for liability claims; (ii) \$5,000 per occurrence for medical payments; (iii) \$1,000,000 for losses relating to accidents involving uninsured/underinsured motorists; and (iv) in the case of physical damage claims, the lesser of the actual cash value of the damaged vehicle or cost of repair. The automobile liability insurance policy is scheduled to expire on April 1, 2010. The Debtors are current on premiums and surcharges in respect of the automobile liability policy.

EXPORTERS PACKAGE PORTFOLIO POLICY

13. The Debtors maintain an exporters package portfolio policy (the "Exporter Policy") with Great Northern Insurance Co. The Exporter Policy provides coverage relating to the Debtors' overseas operations, including, but not necessarily limited to: (i) international general liability coverage; (ii) international workers' compensation coverage; (iii) international property and business income coverage; (iv) international automobile liability coverage; (v) international accident coverage; and (vi) international kidnap/ransom and extortion coverage. The coverage limits include, but are not limited to: (i) \$2,000,000 in the aggregate for international general liability claims; (ii) \$1,000,000 per occurrence for international general liability claims; (iii) \$2,000,000 in the aggregate for international products/completed operations liability; (iv) \$1,000,000 for foreign employer liability; (v) \$500,000 in the aggregate for employee repatriation expenses. The Exporter Policy is scheduled to expire on April 1, 2010. The Debtors are current on premiums and surcharges in respect of the Exporter Policy.

UMBRELLA LIABILITY

14. The Debtors maintain an umbrella liability insurance policy with National Union Fire Insurance Company of Pittsburgh, Pennsylvania. ("National Union Fire"). The umbrella liability policy covers out-of-the-ordinary claims, and provides supplemental coverage for claims in excess of applicable coverage limits under certain other Insurance Policies. The Debtors' self-insured retention ("SIR") under this policy is \$10,000 per occurrence. The coverage limits are: (i) \$25,000,000 per occurrence; (ii) \$25,000,000 general aggregate; (iii) \$25,000,000 in the aggregate for products and completed operations; (iv) \$250,000 in the aggregate for crisis response costs; and (v) \$50,000 for excess casualty. The umbrella liability insurance policy is scheduled to expire on April 1, 2010. The Debtors are current on premiums and surcharges in respect of the umbrella liability policy. The Debtors, however, may file claims under the umbrella liability policy that relate to prepetition events. The Debtors may be required to pay the SIR for such claims as a prerequisite to National Union Fire's obligation to pay the remainder of the claims. By this Motion, the Debtors seek authority (but not direction) to continue paying SIRs on all claims arising under the umbrella liability policy, without regard to the period during which the events underlying such claims occurred.

PROPERTY LIABILITY

15. The Debtors maintain a property liability policy with AXIS Insurance Company. This policy provides liability coverage for direct physical loss or damage to the Debtors' real property and any personal property held or stored therein, including property of others in the custody of the Debtors (if the Debtors are obligated to insure such property) and property in transit. The property liability policy applies to all covered property located in the United States (including United States Territories and possessions), and provides worldwide

contingent business interruption coverage. The property liability policy also includes coverage for acts of terrorism.

16. The policy includes a number of deductibles for claims relating to earthquakes, floods, and named windstorms, which vary by location. Other deductibles include, but are not limited to: (i) \$25,000 for claims relating to property in transit; (ii) \$25,000 for claims relating to equipment breakdowns; and (iii) an “all other perils” deductible of \$25,000 per occurrence. Coverage limits vary by location, and include: (i) a \$100,000,000 general per-occurrence loss limit; and (ii) a \$5,000,000 limit for contingent business interruption claims. The property liability policy is scheduled to expire on April 1, 2010. The Debtors are current on premiums and surcharges in respect of the property liability policy.

CARGO INSURANCE POLICY

17. The Debtors maintain a cargo insurance policy with Starr Marine. The cargo insurance policy covers losses relating to domestic and international shipments of the Debtors’ goods or merchandise, but excludes from coverage shipments to or from those countries with which the United States has forbidden trade. The deductible under this policy is \$10,000 per occurrence. The coverage limits are: (i) \$1,000,000 for cargo shipped under deck steamer or by air; (ii) \$100,000 for cargo shipped on deck or by barge/tow; (iii) \$1,000,000 for any one domestic inland transit claim; and (iv) \$500,000 for any one foreign inland transit claim. The cargo insurance policy is scheduled to expire on April 1, 2010. The Debtors are current on premiums and surcharges in respect of the cargo insurance policy.

DIRECTORS AND OFFICERS LIABILITY

18. The Debtors maintain a directors and officers liability insurance policy (the “Basic D&O Policy”) with Twin City Fire Insurance Company (“Twin City”). This policy

covers claims relating to, among other things: (i) wrongful acts by directors, officers, and other employees of the Debtors ("D&O Claims"); (ii) wrongful acts in connection with employment practices ("Employment Claims"); (iii) breaches of fiduciary duty ("Fiduciary Duty Claims"); and (iv) losses resulting from crime (e.g., employee theft) ("Crime Claims"). Deductibles under this policy include: (i) \$75,000 for D&O Claims; (ii) \$75,000 for claims arising from Employment Claims; (iii) \$10,000 for Fiduciary Duty Claims; and (iv) \$10,000 for Crime Claims. Coverage limits include: (i) a \$10,000,000 combined aggregate limit; (ii) \$10,000,000 for D&O Claims; (iii) \$75,000 for Employment Claims; (iv) \$2,000,000 for Fiduciary Duty Claims; and (v) \$1,000,000 for Crime Claims. The D&O Policy expires on June 15, 2010. The Debtors are current on premiums in respect of the Basic D&O Policy.

EXCESS DIRECTORS AND OFFICERS LIABILITY

19. The Debtors also maintain an excess directors and officers liability insurance policy (the "Excess D&O Policy") with Federal. Like the Basic D&O Policy, the Excess D&O Policy covers claims relating to the actions of the Debtors' directors and officers. The Excess D&O policy provides coverage to the extent that covered claims under the Basic D&O Policy exceed the \$10,000,000 aggregate coverage limit under such policy. Coverage under the Excess D&O Policy is limited to \$5,000,000 in the aggregate. The Excess D&O Policy expires on June 15, 2010. The Debtors are current on premiums in respect of the Excess D&O Policy.

DIRECTORS AND OFFICERS LIABILITY RUN-OFF

20. The Debtors also maintain a "run-off" directors and officers liability insurance policy (the "2007 Run-Off Policy") with Twin City. The Run-Off Policy extended coverage under the Debtors' then-current directors and officers liability policies (the "2007 D&O

Policies”) for six years following a 2007 transaction that resulted in a change in control (“Change In Control”) of the Debtors. Accordingly, deductibles and coverage limits under the Run-Off Policy are identical to those under the 2007 D&O Policies. The 2007 Run-Off Policy is scheduled to expire on June 15, 2013. The Debtors have paid the premium due in respect of the Run-Off Policy.

21. On June 19, 2009, Twin City and Federal bound combined “run off” directors and officers liability, employment practices liability, fiduciary liability and crime coverage (the “2009 Run-Off Policy” and, collectively with the Basic D&O Policy, Excess D&O Policy, and Run-Off Policy, the “D&O Policies”). The 2009 Run-Off Policy will take effect only upon the Debtors’ emergence from bankruptcy, which would constitute a Change In Control. The 2009 Run-Off Policy would extend the Basic D&O Policy’s and the Excess D&O Policy’s reporting period for six years from the date of inception of the Replacement Run-Off Policies. The Debtors have paid the premium due in respect of the 2009 Run-Off Policy.

KIDNAP AND RANSOM INSURANCE

22. The Debtors maintain a kidnap and ransom insurance policy with Illinois National Insurance Company. The kidnap and ransom policy is scheduled to expire on June 15, 2011.

23. Premiums for the kidnap and ransom policy total approximately \$2,857 per year, and are payable annually. The Debtors are current on premiums in respect of the kidnap and ransom policy.

RELIEF REQUESTED

24. By this Motion, the Debtors seek authority, but not direction, pursuant to sections 363(b) and 105(a) of the Bankruptcy Code, as supplemented by Bankruptcy Rule 6003,

to: (i) maintain and continue to make all payments with respect to Insurance Policies on an uninterrupted basis, in accordance with the Debtors' prepetition practices; and (ii) pay any prepetition premiums, fees, SIRs, deductibles, or reimbursement obligations, and other amounts due and owing under the Insurance Policies (up to the applicable amounts).

25. Section 363(b)(1) of the Bankruptcy Code provides: "The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate" 11 U.S.C. § 363(b)(1). Section 105(a) of the Bankruptcy Code provides:

The court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title. No provision of this title providing for the raising of an issue by a party in interest shall be construed to preclude the court from, sua sponte, taking any action or making any determination necessary or appropriate to enforce or implement court orders or rules, or to prevent the abuse of process.

11 U.S.C. § 105(a). Section 105(a) of the Bankruptcy Code grants bankruptcy courts broad authority and discretion to enforce the provisions of the Bankruptcy Code either under specific statutory fiat or under equitable common law principles.

26. A bankruptcy court may use its equitable powers to authorize the payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor. See In re Just For Feet, Inc., 242 B.R. 821, 824 (D. Del. 1999) (acknowledging that "[c]ertain prepetition claims . . . may need to be paid to facilitate a successful reorganization" and that "[s]ection 105(a) of the [Bankruptcy] Code provides a statutory basis for the payment of prepetition claims"); see also In re Ionosphere Clubs, Inc., 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989) ("The ability of a Bankruptcy Court to authorize the payment of pre-petition debt when such payment is needed to facilitate the rehabilitation of the debtor is not a novel concept."). This

equitable common law principle “was first articulated by the United States Supreme Court in Miltenberger v. Logansport, C. & S.W. R. Co., 106 U.S. 286 (1882), and is commonly referred to as either the ‘doctrine of necessity’ or the ‘necessity of payment’ rule.” In re Ionosphere Clubs, Inc., 98 B.R. at 176.

27. Federal courts frequently have permitted postpetition payment of prepetition obligations where necessary to preserve or enhance the value of a debtor’s estate for the benefit of all creditors. See, e.g., In re Just For Feet, Inc., 242 B.R. at 824 (granting approval to pay prepetition claims of certain trade vendors which were “critical to the Debtors’ reorganization”); In re Columbia Gas Sys., Inc., 171 B.R. 189, 191–92 (Bankr. D. Del. 1994) (noting that debtors may pay prepetition claims that are essential to continued operation of business); Disability Compensation and Michigan Self-Insurers’ Security Fund v. Chateaugay Corp. (In re Chateaugay Corp.), 80 B.R. 279, 285–86 (S.D.N.Y. 1987), appeal dismissed, 838 F.2d 59 (2d Cir. 1988) (approving lower court order authorizing payment of prepetition wages, salaries, expenses and benefits); Miltenberger v. Logansport Ry., 106 U.S. 286, 312 (1882) (payment of pre-receivership claim prior to reorganization permitted to prevent “stoppage of [crucial] business relations”); Dudley v. Mealey, 147 F.2d 268 (2d Cir. 1945), cert. denied, 325 U.S. 873 (1945) (Second Circuit extends doctrine for payment of prepetition claims beyond railroad reorganization cases).

28. Under the doctrine of necessity, a bankruptcy court may exercise its equitable power to authorize a debtor to pay certain critical prepetition claims, even though such payment is not explicitly authorized under the Bankruptcy Code. See In re Columbia Gas System, 136 B.R. 930, 939 (Bankr. D. Del. 1992) (citing In re Lehigh & New England Rwy Co., 657 F.2d 570, 581 (3d Cir. 1981) (recognizing that “if payment of a prepetition claim ‘is

essential to the continued operation of [debtor], payment may be authorized.”)); In re Boston & Me. Corp., 634 F.2d 1359, 1382 (1st Cir. 1980) (recognizing existence of judicial power to authorize trustees to pay claims for goods and services that are indispensably necessary to debtors’ continued operations).

29. Moreover, Bankruptcy Rule 6003 empowers bankruptcy courts to grant relief regarding “a motion to use, sell, lease, or otherwise incur an obligation regarding property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” to the extent that relief is necessary to avoid “immediate and irreparable harm.”

30. The Debtors must be permitted to maintain the Insurance Policies and continue making payments thereunder, including, but not limited to, related fees and expenses. If these policies were allowed to lapse, the Debtors would be exposed to substantial liability for any damages or loss resulting to persons and/or property of the Debtors and others. In addition, absent certain types of coverage (e.g., workers’ compensation), the Debtors would not be able to continue to conduct business. Moreover, maintenance of the D&O Policies is necessary to retain the Debtors’ senior management who are critical to the success of the Debtors’ business and reorganization.

31. Further, it is essential to the continued operation of the Debtors’ businesses and the Debtors’ efforts to reorganize that all undisputed workers’ compensation claims are paid (up to the applicable coverage limit) on a timely basis. The risk that eligible claimants will not receive payments with respect to job-related injuries may have a devastating effect on the financial well-being and morale of the Debtors’ employees. Departures by employees at this critical time may result in a severe disruption of the Debtors’ businesses to the detriment of all parties in interest.

32. The Debtors currently intend to pay all obligations arising under or related to the Insurance Policies subsequent to the Petition Date in the ordinary course of business and in accordance with the terms of these programs, including premiums for such policies to be renewed post petition, and policies.

33. The Debtors believe that there are no prepetition premiums outstanding relating to the Insurance Policies. Nevertheless, due to the nature of the Insurance Policies, following the Petition Date, SIRs, deductibles and other amounts likely will come due under the policies. Such amounts, when compared with the size of the Debtors' estates as well as the potential liability exposure of the Debtors absent insurance coverage, argue strongly in favor of the relief requested. Based upon the foregoing, the relief requested herein is amply justified and, in the case of the workers' compensation policies, may be mandated by state law.

34. To the extent that any Insurance Policy or any other agreement, policy or contract described herein is deemed an executory contract within the meaning of section 365 of the Bankruptcy Code, the Debtors do not at this time intend to assume it. The Debtors submit that court authorization of payments should not be deemed to constitute postpetition assumption or adoption of any Insurance Policy or any other agreement, policy or contract described herein as an executory contract pursuant to section 365 of the Bankruptcy Code. The Debtors will review the Insurance Policies and other agreements, policies or contracts described herein at a later date, and hereby reserve all of their rights under the Bankruptcy Code with respect thereto.

35. The Debtors further submit that because the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors for the reasons set forth herein, Bankruptcy Rule 6003 has been satisfied.

36. The Debtors further seek a waiver of any stay of the effectiveness of the order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after entry of the order, unless the court orders otherwise.” For the reasons set forth above, the relief requested in this Motion is essential to prevent damage to the Debtors’ value. Accordingly, the Debtors submit that ample cause exists to justify a waiver of the ten-day stay imposed by Bankruptcy Rule 6004(h), to the extent that it applies.

37. In addition, the Debtors respectfully seek a waiver of the notice requirements under Bankruptcy Rule 6004(a).

38. Numerous courts in this jurisdiction have granted relief similar to that requested herein in other chapter 11 cases. See, e.g., In re AbitibiBowater Inc., 09-11296 (KJC) (Bankr. D. Del. Apr. 17, 2009); In re BT Tires Group Holding, LLC, No. 09-11173 (CSS) (Bankr. D. Del. Apr. 3, 2009); In re G.I. Joe’s Holding Corp., No. 09-10713 (KG) (Bankr. D. Del. Mar. 6, 2009); In re Foamex International, Inc., 09-10560 (KJC) (Bankr. D. Del. Feb. 20, 2009); In re Tribune Co., 08-13141 (KJC) (Bankr. D. Del. Dec. 10, 2008); In re GWLS Holdings, Inc., No. 08-12430 (PJW) (Bankr. D. Del. Oct. 20, 2008); In re Sharper Image Corp., No. 08-10322 (KG) (Bankr. D. Del. Feb. 19, 2008), In re Am. LaFrance, LLC, No. 08-10178 (BLS) (Bankr. D. Del. Jan. 29, 2008).

NOTICE

39. Notice of this Motion will be given to: (a) the United States Trustee for the District of Delaware; (b) counsel to the agent for the Debtors’ prepetition first lien secured lenders; (c) the indenture trustee under the 11.25% senior notes due 2014 issued by RathGibson, Inc. (the “Senior Notes”); (d) the agent for RGCH Holdings Corp.’s prepetition unsecured

lenders; (e) counsel to the agent for the Debtors' postpetition secured lenders and the ad hoc committee of certain holders of the Senior Notes; and (f) each of the Debtors' twenty (20) largest unsecured creditors. The Debtors submit that, under the circumstances, no other or further notice is required.

40. No previous motion for the relief sought herein has been made to this or any other Court.

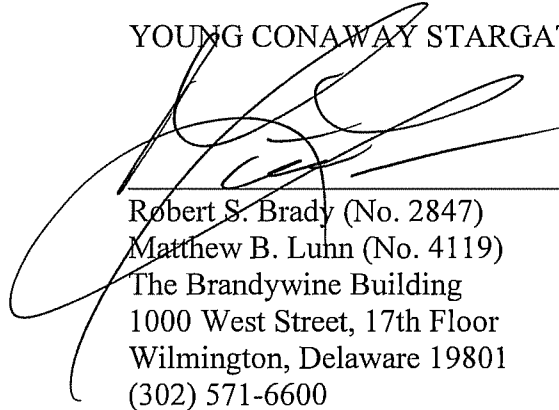
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CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form annexed hereto as Exhibit B, granting the relief requested in the Motion and such other and further relief as may be just and proper.

Dated: Wilmington, Delaware
July 13, 2009

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Proposed Co-Counsel for Debtors and
Debtors in Possession

EXHIBIT A**Insurance Policies**

<u>Type</u>	<u>Insurer</u>	<u>Term</u>	<u>Policy Number(s)</u>	<u>Total Approximate Annual Premium¹</u>
Workers' Compensation/ Employer Liability	Sparta Insurance	04/01/2009 to 04/01/2010	#004WK00035	\$832,596.00
General Liability	Federal Insurance Company	04/01/2009 to 04/01/2010	#3590-77-51	\$88,799.00
Automobile Liability	Federal Insurance Company	04/01/2009 to 04/01/2010	#7355-67-29	\$7,851.96
Exporters Package Portfolio	Great Northern Insurance Co.	04/01/2009 to 04/01/2010	#9947-33-67	\$18,500.00
Umbrella Liability	National Union Fire Insurance Company of Pittsburgh, Pennsylvania	04/01/2009 to 04/01/2010	#43091230	\$56,637.00
Property Liability	AXIS Insurance Company	04/01/2009 to 04/01/2010	#MNB738597-09	\$114,896.12
Cargo Insurance	Starr Marine	04/01/2009 to 04/01/2010	#CNY00165USA7	\$73,680.00
Directors & Officers Liability	Twin City Fire Insurance Company	06/15/2009 to 06/15/2010	#00 KB 0243607 08	\$64,994.00
Excess Directors & Officers	Federal Insurance Company	06/15/2009 to 06/15/2010	#8208-6242	\$22,990.00

¹ Includes applicable surcharges and premiums for terrorism risk coverage.

<u>Type</u>	<u>Insurer</u>	<u>Term</u>	<u>Policy Number(s)</u>	<u>Total Approximate Annual Premium¹</u>
Liability				
Directors & Officers Liability Run-Off	Twin City Fire Insurance Company	06/15/2007 to 06/15/2013	#00 KB 0228427-07	\$42,460.00
Directors & Officers Liability Run-Off (2009 Policy) (Triggered by Change In Control)	Twin City Fire Insurance Company and Federal Insurance Company	Six years from inception of coverage	N/A	\$86,769.33
Kidnap & Ransom	Illinois National Insurance Company	06/15/2007 to 06/15/2011	#647-3967	\$2,857.00

EXHIBIT B

Proposed Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

-----X		
In re	:	Chapter 11
	:	
RathGibson, Inc., <u>et al.</u> , ¹	:	Case No. 09-12452 ()
	:	
Debtors.	:	Jointly Administered
	:	
-----X		Ref. Docket No. _____

**ORDER PURSUANT TO SECTIONS 363(b) AND 105(a) OF THE
BANKRUPTCY CODE AND BANKRUPTCY RULE 6003: (I) AUTHORIZING
DEBTORS (A) TO CONTINUE INSURANCE POLICIES AND AGREEMENTS
RELATING THERETO, AND (B) TO HONOR CERTAIN PREPETITION
OBLIGATIONS IN RESPECT THEREOF; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”) of the debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”) for an order, pursuant to sections 363(b) and 105(a) of title 11 of the United States Code (the “Bankruptcy Code”), as supplemented by Rule 6003 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”): (i) authorizing the Debtors (a) to continue insurance policies and agreements relating thereto, and (b) to honor certain prepetition obligations in respect thereof; and (ii) granting related relief; and upon the Declaration of Jon M. Smith in Support of Chapter 11 Petitions and First Day Pleadings; and notice having been given as set forth in the Motion; and it appearing that no other or further notice is required; and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED that:

1. The Motion is granted.

¹ The last four digits of the taxpayer identification numbers of the debtors follow in parentheses: (i) Greenville Tube Company (2689); (ii) RathGibson, Inc. (3283); (iii) RG Tube Holdings LLC (4080); and (iv) RGCH Holdings Corp. (9683). The debtors’ executive headquarters’ address is 475 Half Day Road, Suite 210, Lincolnshire, Illinois 60069.

2. Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Motion.

3. The Debtors are authorized, but not directed, to maintain and continue to make all payments (including prepetition brokerage and advisory fees, premiums, deductibles and SIRs) with respect to the Insurance Policies without interruption and on the same basis and in accordance with the same practices and procedures in effect prior to the date hereof.

4. This Order shall not create any obligation on the part of the Debtors or their officers, directors, attorneys or agents to pay any of the obligations discussed herein or in the Motion, and none of the foregoing persons shall have any liability on account of any decision by the Debtors not to pay such obligations, and nothing in this order shall be deemed to increase, reclassify, elevate to an administrative expense status or otherwise affect such obligations to the extent they are not paid.

5. The Debtors' banks are authorized to process, honor and pay, to the extent of funds on deposit, any and all prepetition wire transfer requests or checks issued by the Debtors in respect of any prepetition obligations with respect to the Insurance Policies.

6. To the extent that the Insurance Policies or any related contract or agreement are deemed executory contracts under section 365 of the Bankruptcy Code, the relief granted hereby shall not be deemed an assumption or rejection of any such contract pursuant to section 365 of the Bankruptcy Code.

7. Nothing in this Order or the Motion is intended or shall be construed to constitute relief from the automatic stay extant pursuant to section 362 of the Bankruptcy Code; provided, however, holders of valid workers' compensation claims may proceed with their

claims notwithstanding the automatic stay solely to the extent such claims seek payment solely from the proceeds of the workers' compensation policy.

8. The relief requested in the Motion is necessary to avoid irreparable harm to the Debtors, and timely entry of this Order is not prohibited by Bankruptcy Rule 6003(b).

9. The notice requirements of Bankruptcy Rule 6004(a) are hereby deemed waived.

10. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be effective and enforceable immediately upon entry hereof.

11. The Court shall retain jurisdiction over any matters arising from or related to the implementation or interpretation of this Order.

Dated: Wilmington, Delaware
_____, 2009

UNITED STATES BANKRUPTCY JUDGE