

**THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF RATHGIBSON, INC.,  
ET AL.**

April 7, 2010

TO: ALL HOLDERS OF RATH GENERAL UNSECURED CLAIMS, GREENVILLE  
GENERAL UNSECURED CLAIMS, RGCH PIK NOTES CLAIMS, RGCH  
GENERAL UNSECURED CLAIMS, AND RG TUBE GENERAL UNSECURED  
CLAIMS AGAINST RATHGIBSON, INC., ET AL. (Holders of Claims in the  
Following Classes: 3(b), 4(a), 5(a), 5(b), and 6(a))

FROM: THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF  
RATHGIBSON, INC., ET AL.

We are writing to you on behalf of the Official Committee of Unsecured Creditors (the "Committee") of RathGibson, Inc., et al. (the "Debtors") in connection with the solicitation of your vote with respect to the enclosed Debtors' Third Amended Joint Chapter 11 Plan (the "Plan").<sup>1</sup> The Committee supports the Plan.

**FOR THE REASONS SET FORTH BELOW, THE COMMITTEE RECOMMENDS THAT YOU ACCEPT THE PLAN AND RETURN YOUR BALLOT INDICATING YOUR ACCEPTANCE IN ACCORDANCE WITH THE VOTING INSTRUCTIONS SET FORTH ON THE BALLOT.**

The Plan effectuates a restructuring through a going concern sale of substantially all of the Debtors' assets to the Purchaser, which will either be the Stalking Horse Bidder (RathGibson Acquisition Co, LLC, which is comprised of several of the current DIP Lenders and certain holders of the Senior Notes) or such other Person that submits the highest or otherwise best bid for substantially all of the Debtors' assets at the Auction in accordance with the Bid Procedures. Following the Effective Date of the Plan, the Debtors will be managed and administered by the Plan Administrator (to be selected by the Debtors), who will be appointed the sole officer of each of the Debtors and will have the full authority to administer the provisions of the Plan, including the wind down of the Debtors' estates.

The Plan effectuates a global settlement of: (1) various potential Intercompany Claims; (2) the Debtors' dispute with the Ad Hoc RGCH PIK Noteholders Committee; and (3) potential disputes with the Committee regarding various matters.

The Plan provides<sup>2</sup> that each holder of an Allowed Rath General Unsecured Claim (Class 3(b)) will receive as a distribution its pro rata share of the aggregate amount of cash or other funds of the Debtors available for payment after: (1) payment in full of Allowed DIP Claims, Allowed Administrative Expense Claims, Allowed Fee Claims, U.S. Trustee Fees, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims and Allowed Other Secured Claims; (2) funding of the

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<sup>1</sup> All capitalized terms not defined in this letter shall have the meaning defined in the Plan.

<sup>2</sup> All creditors are urged to carefully review and analyze the Plan and the Disclosure Statement for the Plan (the "Disclosure Statement"). This letter merely provides a brief description of certain aspects of the Plan as it affects general unsecured creditors, but is qualified in its entirety by the Plan and the Disclosure Statement.

Wind Down Account;<sup>3</sup> and (3) allocation of the remainder of the Purchase Price attributable to RathGibson after payment of the amounts required to satisfy (1) and (2). The Debtors currently estimate that the approximate recovery on Allowed Rath General Unsecured Claims is 1.2%.

The Plan provides that each holder of an Allowed Greenville General Unsecured Claim (Class 4(a)) will receive as a distribution its pro rata share of the aggregate amount of cash or other funds of the Debtors available for payment after: (1) payment in full of Allowed DIP Claims, Allowed Administrative Expense Claims, Allowed Fee Claims, U.S. Trustee Fees, Allowed Priority Tax Claims, Allowed Priority Non-Tax Claims and Allowed Other Secured Claims; (2) funding of the Wind Down Account; and (3) allocation of the remainder of the Purchase Price attributable to Greenville after payment of the amounts required to satisfy (1) and (2). The Debtors currently estimate that the approximate recovery on Allowed Greenville General Unsecured Claims is 0.2%.

The Plan provides that each holder of an Allowed RGCH PIK Notes Claim (Class 5(a)) will receive as a distribution its pro rata share of \$300,000, to the extent that Class 5(a) votes in favor of the Plan, for an estimated recovery of 0.2%. The Debtors do not believe there are any Allowed RGCH General Unsecured Claims (Class 5(b)). To the extent there are such claims, each holder of an Allowed RGCH General Unsecured Claim will receive as a distribution its pro rata share of the cash held by RG Tube for distribution to Class 5(b). Recoveries for Class 5(b) will depend upon whether there are any Allowed RGCH General Unsecured Claims and the amounts of such claims, but shall be no greater than 0.2% of such Allowed RGCH General Unsecured Claims.

The Plan provides that each holder of an Allowed RG Tube General Unsecured Claim (Class 6(a)) will receive as a distribution its pro rata share of \$310,000, for an estimated recovery that is not yet known.<sup>4</sup>

Although the proposed distributions to general unsecured creditors are small, the Committee supports the Plan for several reasons, including the following. First, it is contemplated that substantially all general unsecured trade and service claims will be assumed by the Purchaser.<sup>5</sup> Second, the most likely alternative to the Plan is a Chapter 7 liquidation, which the Debtors' liquidation analysis indicates will yield an estimated recovery of 0% to all general unsecured creditors. Third, in the event of a liquidation, vendors and service providers would lose a customer, many entities would lose their valuable supplier, and hundreds of people would become unemployed. Lastly, the Plan is the product of intense efforts by and negotiations among the Committee, the Debtors, the Ad Hoc Senior Noteholders Committee, the Stalking Horse Bidder, and various other parties. The distributions provided for in the Plan reflect the efforts of the parties to resolve and compromise fairly the issues created by these Chapter 11 cases and provide the best opportunity for the continuity of the business of the Debtors. The Committee believes that the Plan is in the best interests of the Debtors, their estates and creditors.

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<sup>3</sup> The Wind Down Account is an account to be established by the Debtors on or before the Effective Date to be used to effect the Wind Down, to be funded in an amount determined by the Plan Administrator.

<sup>4</sup> The Debtors do not believe there will be any Allowed RG Tube General Unsecured Claims, and thus believe that \$310,000 will be sufficient to satisfy all Allowed RG Tube General Unsecured Claims in full.

<sup>5</sup> However, except as set forth specifically in the Stalking Horse Agreement, it is contemplated that the Purchaser will not assume the following categories of general unsecured claims: claims related to (1) compensation programs; (2) contracts to advance credit; or (3) contracts relating to the issuance, sale or acquisition of stock. To the extent the \$310,000 is not utilized by holders of RG Tube General Unsecured Creditors, such funds shall be distributed to holders of Allowed Rath General Unsecured Creditors.

The distributions to holders of Allowed Rath General Unsecured Claims and Allowed Greenville General Unsecured Claims will be made on the later of five (5) business days after the Prepetition Ordinary Course of Business Trade Claims Bar Date and the next Interim Distribution Date immediately following the date that such claim becomes an Allowed claim, or as soon as practicable thereafter. The distributions to holders of Allowed RGCH General Unsecured Claims and Allowed RG Tube General Unsecured Claims will be made on the later of the Effective Date and the next Interim Distribution Date immediately following the date on which such claim becomes an Allowed claim, or as soon as practicable thereafter.

All executory contracts and unexpired leases of the Debtors are being assumed under the Plan, except as set forth in the Schedule of Rejected Contracts and Leases, which will be filed within three (3) calendar days before the Voting Deadline, or as set forth in a separate order of the Court. Other common and standard Plan related documents (the Plan supplements) that must be executed on the Effective Date may also be filed. We do not anticipate that there will be any obstacles or issues that might delay the Debtors' emergence from Chapter 11.

For the purpose of voting on the Plan, the Debtors have provided you with a ballot (or have caused a ballot to be provided to you), which should be completed by you for either accepting or rejecting the Plan and mailed in accordance with the procedures set forth on the ballot and in the Disclosure Statement.

**THE COMMITTEE ENDORSES THE PLAN AND RECOMMENDS THAT ALL HOLDERS OF RATH GENERAL UNSECURED CLAIMS, GREENVILLE GENERAL UNSECURED CLAIMS, RGCH PIK NOTES CLAIMS, RGCH GENERAL UNSECURED CLAIMS, AND RG TUBE GENERAL UNSECURED CLAIMS VOTE TO ACCEPT THE PLAN. NOTWITHSTANDING OUR RECOMMENDATION, EACH CREDITOR (INCLUDING INDIVIDUAL COMMITTEE MEMBERS) MUST MAKE THEIR OWN INDEPENDENT DETERMINATION AS TO WHETHER THE PLAN IS ACCEPTABLE TO THAT CREDITOR AND SHOULD CONSULT THEIR OWN LEGAL AND/OR FINANCIAL ADVISOR(S).**

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