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United States Nuclear Regulatory Commission
 Nuclear Materials Safety Branch
 475 Allendale Road
 King of Prussia, PA 19406

February 10, 2005

Attn: Ms. Kathy Modes
 Re: Mail Control Number 136208

03036072

Dear Ms. Modes:

AGY Huntingdon, LLC requests that the United States Nuclear Regulatory Commission (USNRC) review the following information in support of amending USNRC Specific License Number 37-30750-01. This correspondence is in response to your letter, which is enclosed, and four questions, dated January 12, 2005. Included with this submittal please find:

- NRC Form 313
- Appendix B to NUREG 1556, Volume 4 (Response to Question#1)
- Non-routine maintenance procedure (attached)
- Correct device and source manufacturer and model (Response to Question#2)
- Bankruptcy/financial situation description (noted and attached, response to Question #3)
- Allen Smith's fax number and email address (Response to Question #4)

AGY's radiological consultant researched the NRC request for verification of device and sealed source information. Discussions with former employees of Berthold Systems, Inc. as well as a discussion with Robert Schrock of Berthold Technologies verified the following:

| Device Manufacturer | Device Model | Source Manufacturer | Source Model |
|-----------------------------|--------------|---------------------|--------------|
| Berthold Technologies, Inc. | LB7440F | AEA | CDC.P4 |

The Sealed Source and Device Registration Number is identified as TN-1031-D-101-B.

The request for non-routine maintenance should remain as described in License Condition 18.A, retaining Allen Smith and deleting John Maitland.

136208

AGY Huntingdon, LLC management is aware of the responsibility to maintain devices containing licensed material in a secure and safe manner. Please find attached the news release regarding AGY's emergence from bankruptcy.

Mr. Smith's contact information is as follows:

| Telephone Number | Facsimile Number | Email Address |
|-------------------------|-------------------------|-----------------------|
| (814)-641-8014 | (814)-641-8271 | allen.p.smith@agy.com |

If there are any questions please forward correspondence to Allen Smith.

Best Regards,



Joseph A. Masciangelo
AGY Huntingdon, LLC
Plant Leader

| | | |
|--|--|---|
| <p>NRC FORM 313 (4-2004) 10 CFR 30.32, 33, 34, 36, 38, 39, and 40</p> | <p>U.S. NUCLEAR REGULATORY COMMISSION</p> | <p>APPROVED BY OMB: NO. 3180-0120 Estimated burden per response to comply with this mandatory collection request: 7 hours. Submit all of the application is necessary to determine that the applicant is qualified and that adequate procedures exist to protect the public health and safety. Send comments regarding burden estimates to the Records and FOIA/Privacy Services Branch (T-5 F82), U.S. Nuclear Regulatory Commission, Washington, DC 20545-0001, or by internet e-mail to infocollections@nrc.gov, and to the Desk Officer, Office of Information and Regulatory Affairs, NEOB-10202, (3180-0120), Office of Management and Budget, Washington, DC 20503. If a means used to impose an information collection does not display a currently valid OMB control number, the NRC may not conduct or sponsor, and a person is not required to respond to, the information collection.</p> |
| <p>APPLICATION FOR MATERIAL LICENSE</p> | | |

INSTRUCTIONS: SEE THE APPROPRIATE LICENSE APPLICATION GUIDE FOR DETAILED INSTRUCTIONS FOR COMPLETING APPLICATION. SEND TWO COPIES OF THE ENTIRE COMPLETED APPLICATION TO THE NRC OFFICE SPECIFIED BELOW.

| | |
|--|---|
| <p>APPLICATION FOR DISTRIBUTION OF EXEMPT PRODUCTS FILE APPLICATIONS WITH:</p> <p>DIVISION OF INDUSTRIAL AND MEDICAL NUCLEAR SAFETY OFFICE OF NUCLEAR MATERIALS SAFETY AND SAFEGUARDS U.S. NUCLEAR REGULATORY COMMISSION WASHINGTON, DC 20545-0001</p> <p>ALL OTHER PERSONS FILE APPLICATIONS AS FOLLOWS:</p> <p>IF YOU ARE LOCATED IN:</p> <p>ALABAMA, CONNECTICUT, DELAWARE, DISTRICT OF COLUMBIA, FLORIDA, GEORGIA, KENTUCKY, MARYLAND, MASSACHUSETTS, MISSISSIPPI, NEW HAMPSHIRE, NEW JERSEY, NEW YORK, NORTH CAROLINA, PENNSYLVANIA, PUERTO RICO, RHODE ISLAND, SOUTH CAROLINA, TENNESSEE, VERMONT, VIRGINIA, VIRGIN ISLANDS, OR WEST VIRGINIA, SEND APPLICATIONS TO:</p> <p>LICENSING ASSISTANCE TEAM DIVISION OF NUCLEAR MATERIALS SAFETY U.S. NUCLEAR REGULATORY COMMISSION, REGION I 475 ALLENDALE ROAD RING OF PRUSSIA, PA 19408-1418</p> | <p>IF YOU ARE LOCATED IN:</p> <p>ILLINOIS, INDIANA, IOWA, KANSAS, MINNESOTA, MISSOURI, OHIO, OR WISCONSIN. SEND APPLICATIONS TO:</p> <p>MATERIALS LICENSING BRANCH U.S. NUCLEAR REGULATORY COMMISSION, REGION II 2445 WARENSVILLE ROAD, SUITE 210 Lisle, IL 60532-4382</p> <p>ALASKA, ARIZONA, ARKANSAS, CALIFORNIA, COLORADO, HAWAII, IDAHO, KANSAS, LOUISIANA, MONTANA, NEBRASKA, NEVADA, NEW MEXICO, NORTH DAKOTA, OKLAHOMA, OREGON, PACIFIC TRUST TERRITORIES, SOUTH DAKOTA, TEXAS, UTAH, WASHINGTON, OR WYOMING, SEND APPLICATIONS TO:</p> <p>NUCLEAR MATERIALS LICENSING BRANCH U.S. NUCLEAR REGULATORY COMMISSION, REGION IV 811 RYAN PLAZA DRIVE, SUITE 400 ARLINGTON, TX 76011-4006</p> |
| <p>PERSONS LOCATED IN AGREEMENT STATES SEND APPLICATIONS TO THE U.S. NUCLEAR REGULATORY COMMISSION ONLY IF THEY WISH TO POSSESS AND USE LICENSED MATERIAL IN STATES SUBJECT TO U.S. NUCLEAR REGULATORY COMMISSION JURISDICTION.</p> | |

| | |
|--|--|
| <p>1. THIS IS AN APPLICATION FOR (Check appropriate item)</p> <p><input type="checkbox"/> A. NEW LICENSE</p> <p><input checked="" type="checkbox"/> B. AMENDMENT TO LICENSE NUMBER <u>37-30750-01</u></p> <p><input type="checkbox"/> C. RENEWAL OF LICENSE NUMBER _____</p> | <p>2. NAME AND MAILING ADDRESS OF APPLICANT (include ZIP code)</p> <p>AGY Huntingdon, LLC 1200 Susquehanna Avenue Huntingdon, PA 16852</p> |
| <p>3. ADDRESS WHERE LICENSED MATERIAL WILL BE USED OR POSSESSED</p> <p>SAME</p> | <p>4. NAME OF PERSON TO BE CONTACTED ABOUT THIS APPLICATION</p> <p>Allen Smith</p> <p>TELEPHONE NUMBER</p> <p>(814) 841-8014</p> |

SUBMIT ITEMS 5 THROUGH 11 ON 8-1/2 X 11" PAPER. THE TYPE AND SCOPE OF INFORMATION TO BE PROVIDED IS DESCRIBED IN THE LICENSE APPLICATION GUIDE.

| | |
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| <p>5. RADIOACTIVE MATERIAL</p> <p>a. Element and mass number; b. chemical and/or physical form; and c. maximum amount which will be possessed at any one time.</p> | <p>6. PURPOSE(S) FOR WHICH LICENSED MATERIAL WILL BE USED.</p> |
| <p>7. INDIVIDUAL(S) RESPONSIBLE FOR RADIATION SAFETY PROGRAM AND THEIR TRAINING EXPERIENCE.</p> | <p>8. TRAINING FOR INDIVIDUALS WORKING IN OR FREQUENTING RESTRICTED AREAS.</p> |
| <p>9. FACILITIES AND EQUIPMENT.</p> | <p>10. RADIATION SAFETY PROGRAM.</p> |
| <p>11. WASTE MANAGEMENT.</p> | <p>12. LICENSE FEES (See 10 CFR 170 and Section 170.51)</p> <p>FEE CATEGORY _____ AMOUNT ENCLOSED <input checked="" type="checkbox"/></p> |

13. CERTIFICATION. (Must be completed by applicant) THE APPLICANT UNDERSTANDS THAT ALL STATEMENTS AND REPRESENTATIONS MADE IN THIS APPLICATION ARE BINDING UPON THE APPLICANT.

THE APPLICANT AND ANY OFFICIAL EXECUTING THIS CERTIFICATION ON BEHALF OF THE APPLICANT, NAMED IN ITEM 3, CERTIFY THAT THIS APPLICATION IS PREPARED IN CONFORMITY WITH TITLE 10, CODE OF FEDERAL REGULATIONS, PARTS 30, 32, 33, 34, 35, 36, 38, AND 40, AND THAT ALL INFORMATION CONTAINED HEREIN IS TRUE AND CORRECT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF.

WARNING: 18 U.S.C. SECTION 1001 ACT OF JUNE 25, 1948 62 STAT. 749 MAKES IT A CRIMINAL OFFENSE TO MAKE A WILLFULLY FALSE STATEMENT OR REPRESENTATION TO ANY DEPARTMENT OR AGENCY OF THE UNITED STATES AS TO ANY MATTER WITHIN ITS JURISDICTION.

| | | |
|---|--|----------------------------|
| <p>CERTIFYING OFFICER - TYPED/PRINTED NAME AND TITLE</p> <p>Joseph A. Masciangelo, Plant Leader</p> | <p>SIGNATURE</p> <p><i>Joseph A. Masciangelo</i></p> | <p>DATE</p> <p>2-14-05</p> |
|---|--|----------------------------|

FOR NRC USE ONLY

| TYPE OF FEE | FEE LOG | FEE CATEGORY | AMOUNT RECEIVED | CHECK NUMBER | COMMENTS |
|-------------|---------|--------------|-----------------|--------------|----------|
| | | | | | |

APPROVED BY _____ DATE _____

Suggested Format for Providing Information Requested in Items 5 Through 11 of NRC Form 313

Table B.1 Items 5 & 6: Materials To Be Possessed and Proposed Uses

| Yes | No | Radioisotope | Manufacturer or Distributor Model No. | Quantity | Use As Listed on SSD Certificate | Specify Other Uses Not Listed on SSD Certificate |
|-----|----|--------------|---|---|--|---|
| | X | Cobalt-60 | Sealed source manufacturer or distributor and model number: Device manufacturer or distributor and model number: | Not to exceed either the maximum activity per source or maximum activity per device as specified in Sealed Source and Device Registration Certificate | Yes [] Specific description of the gauge use: _____ _____ _____ | [] Not applicable _____ [] Uses are: _____ (Submit safety analysis supporting safe use) |
| | X | Krypton-85 | Sealed source manufacturer or distributor and model number: Device manufacturer or distributor and model number: | Not to exceed either the maximum activity per source or maximum activity per device as specified in Sealed Source and Device Registration Certificate | Yes [] Specific description of the gauge use: _____ _____ _____ | [] Not applicable _____ [] Uses are: _____ (Submit safety analysis supporting safe use) |
| | X | Strontium-90 | Sealed source manufacturer or distributor and model number: Device manufacturer or distributor and model number: | Not to exceed either the maximum activity per source or maximum activity per device as specified in Sealed Source and Device Registration Certificate | Yes [] Specific description of the gauge use: _____ _____ _____ | [] Not applicable _____ [] Uses are: _____ (Submit safety analysis supporting safe use) |
| X | | Cesium-137 | Sealed source manufacturer or distributor and model number: Device manufacturer or distributor and model number: | Not to exceed either the maximum activity per source or maximum activity per device as specified in Sealed Source and Device Registration Certificate | Yes [] Specific description of the gauge use: _____ _____ _____ | [] Not applicable _____ [] Uses are: _____ (Submit safety analysis supporting safe use) |

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| Yes | No | Radioisotope | Manufacturer or Distributor Model No. | Quantity | Use As Listed on SSD Certificate | Specify Other Uses Not Listed on SSD Certificate |
|-----|----|--|---|---|---|--|
| | X | Americium-241 | Sealed source manufacturer or distributor and model number: Device manufacturer or distributor and model number: | Not to exceed either the maximum activity per source or maximum activity per device as specified in Sealed Source and Device Registration Certificate | Yes [] Specific description of the gauge use: _____ _____ _____ _____ | [] Not applicable [] Uses are: _____ (Submit safety analysis supporting safe use) |
| | X | Other Isotope (Specify): | Sealed source manufacturer or distributor and model number: Device manufacturer or distributor and model number: | Not to exceed either the maximum activity per source or maximum activity per device as specified in Sealed Source and Device Registration Certificate | Yes [] Specific description of the gauge use: _____ _____ _____ _____ | [] Not applicable [] Uses are: _____ (Submit safety analysis supporting safe use) |
| | X | <i>Financial Assurance Required and Evidence of Financial Assurance Provided</i> | | | | |

Table B.2 Items 7 Through 11: Training and Experience, Facilities and Equipment, Radiation Safety Program, and Waste Disposal

| Item No. and Title | Suggested Response | Yes | Alternative Procedures Attached |
|---|--|---|---------------------------------|
| <p>7. Individual(s) Responsible For Radiation Safety Program And Their Training And Experience</p> <p>7.1 Radiation Safety Officer</p> <p>Name: <u>Allen Smith</u></p> | <p>Before obtaining licensed materials, the proposed RSO will have successfully completed the training described in Criteria in the section entitled "Individual(s) Responsible for Radiation Safety Program and Their Training and Experience - Radiation Safety Officer" in NUREG-1556, Vol. 4, dated October 1998.</p> <p style="text-align: center;">AND</p> <p>Before being named as the RSO, future RSOs will have successfully completed the training described in Criteria in the section entitled "Individual(s) Responsible for Radiation Safety Program and Their Training and Experience - Radiation Safety Officer" in NUREG-1556, Vol. 4, dated October 1998. Within 30 days of naming a new RSO, we will submit the new RSO's name to NRC to include in our license.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>7. Individual(s) Responsible For Radiation Safety Program And Their Training And Experience</p> <p>7.2 Authorized Users</p> | <p>PROPOSED AUTHORIZED USERS:</p> <p>Before using licensed materials, authorized users will have successfully completed the training described in Criteria in the section entitled, "Authorized Users" in NUREG-1556, Vol. 4, dated October 1998.</p> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| <p>8. Training for Individuals Who in the Course of Employment are Likely to Receive Occupational Doses of Radiation in Excess of 1 mSv (100 mrem) in a Year (Occupationally Exposed Workers) and Ancillary Personnel</p> | <p>The applicant is <i>not</i> required to, and should not, submit is training program, for individuals who in the course of employment are likely to receive occupational doses of radiation in excess of 1 mSv (100 mrem) in a year (occupationally exposed workers) and ancillary personnel, to the NRC for review during the licensing phase.</p> | <p>Need Not Be Submitted with Application</p> | |

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| Item No. and Title | Suggested Response | Yes | Alternative Procedures Attached |
|--|---|--|---------------------------------|
| 9. Facilities and Equipment | We will ensure that the location of each fixed gauge meets the Criteria in the section entitled "Facilities and Equipment" in NUREG-1556, Vol. 4, dated October 1998. | <input checked="" type="checkbox"/> | [] |
| 10. Radiation Safety Program - Audit Program | The applicant is <i>not</i> required to, and should not, submit its audit program to the NRC for review during the licensing phase. | Need Not Be Submitted with Application | |
| 10. Radiation Safety Program - Survey Instruments | <p>Surveys pursuant to 10 CFR 20.1501 will be performed by a person specifically authorized by the NRC or an Agreement State to perform these surveys.</p> <p style="text-align: center;">OR</p> <p>We will use instruments that meet the Criteria in the section entitled "Radiation Safety Program - Instruments," in NUREG-1556, Vol. 4, dated August 1998, and <i>one</i> of the following:</p> <p style="padding-left: 40px;">Each survey meter will be calibrated by the manufacturer or other person authorized by the NRC or an Agreement State to perform survey meter calibrations.</p> <p style="text-align: center;">OR</p> <p>We will implement the model survey instrument calibration program in Appendix I to NUREG-1556, Vol. 4, dated October 1998.</p> | <input checked="" type="checkbox"/> | [] |
| 10. Radiation Safety Program - Material Receipt and Accountability | Physical inventories will be conducted at intervals not to exceed 6 months or at other intervals approved by the NRC, to account for all sealed sources and devices received and possessed under the license. | <input checked="" type="checkbox"/> | [] |
| 10. Radiation Safety Program - Occupational Dosimetry | We will perform a prospective evaluation demonstrating that unmonitored individuals are not likely to receive, in one year, a radiation dose in excess of 10% of the allowable limits in 10 CFR Part 20 or we will provide dosimetry that meets the Criteria in the section entitled "Radiation Safety Program - Occupational Dosimetry," in NUREG-1556, Vol. 4, dated October 1998. | <input checked="" type="checkbox"/> | [] |

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| Item No. and Title | Suggested Response | Yes | Alternative Procedures Attached |
|---|---|--|--|
| 10. Radiation Safety Program - Maintenance | <p><u>ROUTINE MAINTENANCE</u> We will implement and maintain procedures for routine maintenance of our fixed gauges according to each manufacturer's or distributor's written recommendations and instructions.</p> <p><u>NON-ROUTINE MAINTENANCE OPERATIONS</u> The gauge manufacturer, distributor or other person authorized by NRC or an Agreement State will perform non-routine operations such as installation, initial radiation survey, repair, and maintenance of components related to the radiological safety of the gauge, gauge relocation, replacement, and disposal of sealed sources, alignment, or removal of a gauge from service.</p> | <p>[X]</p> | <p>[]</p> <p>[] The information listed in Appendix N supporting a request to perform non-routing operations in-house is attached</p> |
| 10. Radiation Safety Program - Transportation | The applicant is <i>not</i> required to submit its response to transportation during the licensing process; this issue will be reviewed during inspection. However, the licensee should develop, implement, and maintain transportation procedures according to NRC and DOT regulations. | Need Not Be Submitted with Application | |
| 10. Radiation Safety Program - Fixed Gauges Used at Temporary Job Sites | <p>This is not applicable to our program. We will not use fixed gauges at temporary job sites.</p> <p style="text-align: center;">OR</p> <p>We will develop, implement, maintain and distribute procedures that meet the Criteria in the section entitled "Radiation Safety Program - Fixed Gauges Used at Temporary Job Sites" in NUREG-1556, Vol. 4, dated October 1998.</p> | <p>[X] Not Applicable</p> <p>[]</p> | <p>[]</p> |
| 10. Radiation Safety Program - Minimization of Contamination | The applicant is not required to submit a response to minimization of contamination if the applicant's responses meet the criteria for the following sections: Radioactive Material - Sealed Sources and Devices, Facilities and Equipment, Radiation Safety Program - Operating and Emergency Procedures, Radiation Safety Program - Leak Testing, and Waste Management - Gauge Transfer and Disposal. | Need Not Be Submitted with Application | |

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| Item No. and Title | Suggested Response | Yes | Alternative Procedures Attached |
|--|--|--|---------------------------------|
| 11. Waste Management - Gauge Disposal & Transfer | The applicant is not required to submit a response to waste management during the licensing process. However, the licensee should develop, implement, and maintain gauge transfer and disposal procedures in its radiation protection program. | Need Not Be Submitted with Application | |

UNBOLTING AND BOLTING OF NUCLEAR GAUGING DEVICES

Purpose

This procedure provides instruction for the removal from service, relocation, alignment and the reinstallation of nuclear gauging devices covered under the AGY Huntingdon, LLC specific license.

Scope

This procedure is applicable only for the approved Non-Routine Maintenance activities to include:

- Installation of devices
- Removal or relocation of devices
- Alignment of Devices
- Relocation of Devices
- Initial Surveys

Prerequisites

Authorized Users performing the removal, alignment, relocation or installation of licensed devices must possess the following training qualifications and demonstrate proficiency in the assigned tasks:

1. Successful completion of a Radiation Safety Officer Training course, or equivalent.
2. Successful completion of specific training as prescribed in NUREG 1556, Volume 4, Appendix N.
3. Prior to removal of a nuclear gauging device, a specified location must be identified to securely store the device. The chosen storage location will meet the following requirements:
 - a. The storage location will be located in an area of the facility with low traffic patterns.
 - b. The access door to the cabinet or room shall be locked and will be labeled with a "Caution, Radioactive Materials" sign with contact phone numbers for the Radiation Safety Officer or designee.
 - c. Only the Radiation Safety Officer or designee will maintain the key(s).

Precautions and Limitations

AGY Huntingdon, LLC personnel will not perform maintenance on the device other than shutter operational checks, leak tests, radiation exposure surveys, removal, relocation, alignment, installation and initial surveys.

Maintenance activities involving mechanical shutter repair, sealed source or shielding removal ARE NOT AUTHORIZED under this procedure. Contact the RSO or device manufacturer.

Nuclear gauging devices may be removed from service under the following conditions:

- An AGY Huntingdon, LLC Authorized User or an individual specifically licensed to perform this service is present
- Shutter mechanism shall be in the closed position and secured prior to removal from mounting
- Devices shall have a gross weight of not more than 700 lbs
- Devices must have a valid leak test performed prior to removal

Nuclear gauging devices will be removed from storage and re-installed under the following conditions:

- An AGY Huntingdon, LLC Authorized User or an individual specifically licensed to perform this service is present
- Devices are operational and possess a valid leak test
- Shutter mechanism shall be in the closed position and secured prior to installation
- **The shutter shall remain closed until a vessel (bushing) is in place.**

Survey Equipment

Surveys performed prior to removal, relocation, alignment and following installation shall be performed with a calibrated survey instrument and the results documented as per the RSO's instructions. Radiation surveys performed following installation shall include the levels in all areas surrounding the device with the shutter in the open position.

Survey records shall be retained for inspection as required.



FOR IMMEDIATE RELEASE

For Further Information:

Danielle Rumore

danieller@blisspr.com

Bliss, Gouverneur & Associates

212-840-1661

AGY EMERGES FROM BANKRUPTCY AFTER 15 MONTHS

AGY and Carl Marks Consulting Group LLC Complete Restructuring Effort

NEW YORK, April 5, 2004 – AGY Holding Corp., formerly Advanced Glassfiber Yarns, LLC, headquartered in Aiken, South Carolina, one of the largest global suppliers of glassfiber yarns used for electronic, industrial, construction and specialty applications, announced today that it has emerged from Chapter 11 bankruptcy protection.

High debt levels, the economic recession, falling product prices and demand, and the shift of its core electronics business to Asia caused AGY to file for voluntary reorganization under Chapter 11 in December 2002. AGY retained Carl Marks Consulting Group LLC (CMCG), one of the country's leading corporate revitalization firms, to lead its turnaround and restructuring efforts and fill the interim roles of Chief Restructuring Officer (CRO) and Chief Operating Officer (COO).

AGY management worked closely with CMCG to develop and implement a successful operating and financial reorganization strategy. The reorganization plan, confirmed by the bankruptcy court on March 8, 2004, includes a \$120 million rollover term loan with Wachovia Bank as agent and a \$30 million working capital facility with CIT. During the pendency of the bankruptcy, AGY generated over \$8 million of surplus cash. Half of the surplus will be used to pay down the emergence rollover debt and the other half will be paid to the pre-petition lenders.

AGY's corporate structure has been converted from an LLC into a "C" Corporation, primarily owned by its pre-petition senior secured lending group, and its senior unsecured notes have been cancelled, along with all equity interests of the former owners. Doug Mattscheck was appointed the new CEO, effective April 5, 2004.

“We are very excited with the progress and achievements during the last 15 months,” said Marc Pfefferle, Chief Restructuring Officer of AGY and Managing Director of CMCG. “AGY management and CMCG successfully worked together to allow AGY to emerge on solid financial footing and put the company in the position to achieve profitable and sustainable growth. During the Chapter 11 period, the Company retained 100% of its customer base and made significant progress in new product and process developments.”

An in-depth evaluation of the Company’s product mix was performed to refocus the business on profitable niche and specialty markets and rationalize its production capacity. A number of difficult actions were implemented during the reorganization period to improve the Company’s long-term cost position and support future profitable growth. These actions included a 16% reduction in salaried staffing levels, converting fixed-based pension contributions to a performance-based approach and utilizing Section 1113 provisions in the Bankruptcy Code and extensive negotiations to modify existing collective bargaining agreements at the Company’s primary manufacturing facilities which was achieved without a work stoppage and which reduced labor and benefit costs by approximately \$6.1 million annually.

Benefits under AGY’s post-retirement medical plan exceeded those of comparable companies. After a thorough analysis, benefit levels were amended through Section 1114 provisions of the Code, resulting in a reduction of approximately \$2 million in annual expense and approximately \$22 million in related balance sheet liability. In consideration of these enormous savings and sacrifices, the Company implemented a performance bonus program that will enable all employees to participate in AGY’s future success.

Additionally, the Company renegotiated numerous executory contracts and leases under provisions of the Code to further improve its cost and cash flow position, along with renegotiating various contracts affiliated with its former owners into arms-length agreements. These and other actions generated another \$2 million-plus in annual savings.

“While AGY’s reorganization has been a great success by any yardstick, such success would not have been possible without strong customer, vendor and constituent support, the enormous effort and painful sacrifices made by AGY’s 900-plus employees and the efforts by AGY’s labor unions to save jobs,” Pfefferle said. “While much work remains, we are pleased with AGY’s progress thus far and the Company is well positioned to meet its future goals.”

About Carl Marks Consulting Group, LLC

The Carl Marks Consulting Group, LLC is one of the country's leading turnaround and corporate revitalization firms. Carl Marks Consulting Group is an affiliate of Carl Marks & Co., a leading merchant bank founded in 1925 in New York. For more information, please visit the company's Web site at www.carlmarks.com.

Certain statements contained herein constitute "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results to be different from those contemplated. We assume no obligation to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting such statements.

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