



SHIELDALLOY METALLURGICAL CORPORATION

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CERTIFIED MAIL # P 862 042 787  
RETURN RECEIPT REQUESTED

September 7, 1993

Mr. Gary Comfort  
Division of Industrial & Medical Safety  
U. S. Nuclear Regulatory Commission  
One White Flint North  
Rockville, MD 20852

RE: License: SMB-743  
Docket: 40-7102

Dear Mr. Comfort:

This letter is to inform you that Shieldalloy Metallurgical Corporation and its parent, Metallurg, Inc., filed a voluntary petition for protection from its creditors in U.S. Bankruptcy Court for the Southern District of New York under Chapter 11 of the U.S. Bankruptcy code. The attached press release explains the factors that have led to this action.

As you may know, a Chapter 11 filing simply means that Shieldalloy/Metallurg will undergo a court-supervised business reorganization. Metallurg and all its subsidiaries remain in operation.

We will keep you informed of future developments.

Very truly yours,

*Richard D. Way*  
Richard D. Way

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RDW:jbh

Enclosure

cc: Mr. John Kinneman, NRC Region I  
Messrs. C.S. Eves, J.P. Valenti, D.R. Smith  
Shieldalloy Metallurgical Corporation

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**METALLURG, INC. FILES FOR COURT PROTECTION IN ORDER TO  
COMPLETE ITS OPERATIONAL AND FINANCIAL REORGANIZATION**

- Obtains Bank Commitment for \$30 Million  
of Debtor-in-Possession Financing --
- Company's Shieldalloy Unit Included in Filing,  
but No Other Metallurg Subsidiaries --
- All Metallurg Subsidiaries Remain in Operation --

NEW YORK, September 3, 1993 -- Metallurg, Inc. today announced that in order to successfully complete the operational and financial reorganization it launched three years ago, and in light of the continued deterioration of conditions in its business environment, it, including its U.S. trading division Metallurg International Resources, has filed a voluntary petition for protection from its creditors in U.S. Bankruptcy Court for the Southern District of New York under Chapter 11 of the U.S. Bankruptcy Code. Metallurg, based in New York, is a worldwide supplier of specialty metals, alloys, metal-based chemicals and powders. The Company is privately held.

Included in the filing is Metallurg's principal U.S. subsidiary, Shieldalloy Metallurgical Corporation, which is headquartered in New York with manufacturing facilities in Newfield, New Jersey, and Cambridge, Ohio. No other Metallurg subsidiaries have sought court protection, and all Metallurg subsidiaries worldwide, including its principal subsidiaries in the United States, the United Kingdom and Germany, remain in operation.

Michael A. Standen, Metallurg chairman and chief executive officer, said: "For the past three years, with the support and encouragement of our customers and suppliers, the management and employees of Metallurg and its operating subsidiaries worldwide have been striving to overcome the most adverse conditions seen in our business environment in half a century.

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"These conditions have included a recession of unusual length and severity and skyrocketing costs of environmental compliance. In addition, we have experienced a flood of metals and alloys exported by several former Soviet republics into the world market--a market already glutted with product because of industry overcapacity--thus causing an unprecedented decline in prices and margins.

"The adverse impact of these factors has been further compounded by the resulting erosion of support from the industry's traditional lenders, so that many established and historically successful companies--including Metallurg--have experienced growing financial pressure at a time of greatly increasing environmental and other business costs.

"Metallurg, as one of the few major independent, employee-owned producing companies in our industry--a company that, being independent, cannot call on a diversified deep-pocketed corporate parent for financial support to sustain itself through the prolonged recession--has been particularly hard hit by all these factors.

"Metallurg and its subsidiaries have made excellent progress over the past three years under an aggressive operational and financial restructuring program that has included the introduction of extensive quality management programs, the development of new products, and new marketing initiatives, as well as the streamlining of operations, work force reductions, and department closings.

"Under normal circumstances, we believe these measures would have been more than sufficient to achieve the desired results. However, for all the reasons cited above, and after carefully examining all available alternatives, we ultimately determined that we could best achieve the successful completion of our financial and operational reorganization under the protection of Chapter 11, and have therefore made the appropriate court filing.

"Metallurg has obtained a financing commitment of \$30 million as debtor-in-possession from Bank of Boston and in addition has sufficient cash-on-hand to continue operations. Upon court approval of the Bank of Boston financing, which is expected shortly, Metallurg and Shieldalloy will be even better positioned to meet their future business obligations, including new vendor invoices and employee salaries," Mr. Standen said.

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