



SHIELDALLOY METALLURGICAL CORPORATION

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July 31, 2007

10 C.F.R. § 40.5

Kenneth L. Kalman
Decommissioning Branch
Division of Waste Management
Office of Nuclear Materials Safety and Safeguards
U. S. Nuclear Regulatory Commission
Washington, D.C. 20555

Re: Notification Update on Financial Market Transaction (License SMB-743)

Dear Mr. Kalman:

On May 18, 2007, I advised you of a potential transaction to offer for public sale stock representing a partial ownership interest in AMG Advanced Metallurgical Group N.V. ("AMG"), a Netherlands corporation that is the penultimate parent of Shieldalloy Metallurgical Corporation ("SMC"), the licensee for NRC source material license SMB-743. The purpose of this letter is to update your office on the status of the referenced transaction. As explained below, the transaction has now been completed. It involved no transfer of control of license SMB-743, either directly or indirectly, and did not impact SMC's ability to dedicate resources for radiation safety purposes or to meet its other obligations under the license.

SMC is a wholly-owned subsidiary of Metallurg, Inc., which is a wholly-owned subsidiary of Metallurg Holdings, Inc., which in turn is a wholly-owned subsidiary of Metallurg Delaware Holding Company. All of these corporations are controlled by Safeguard International Fund, L.P. ("Safeguard"), a privately held limited partnership established under the laws of Delaware. See attached organization chart.

As also described in my May 18, 2007 letter, Safeguard incorporated AMG, a new wholly owned subsidiary, in November 2006. In March 2007, Safeguard transferred SMC and several other holdings to AMG via transfer of Metallurg Delaware Holding Company to AMG. Safeguard remained the ultimate parent of SMC.

On July 16, 2007, the proposed transaction was implemented and Safeguard sold stock representing part of its ownership in AMG through an Initial Public Offering ("IPO").

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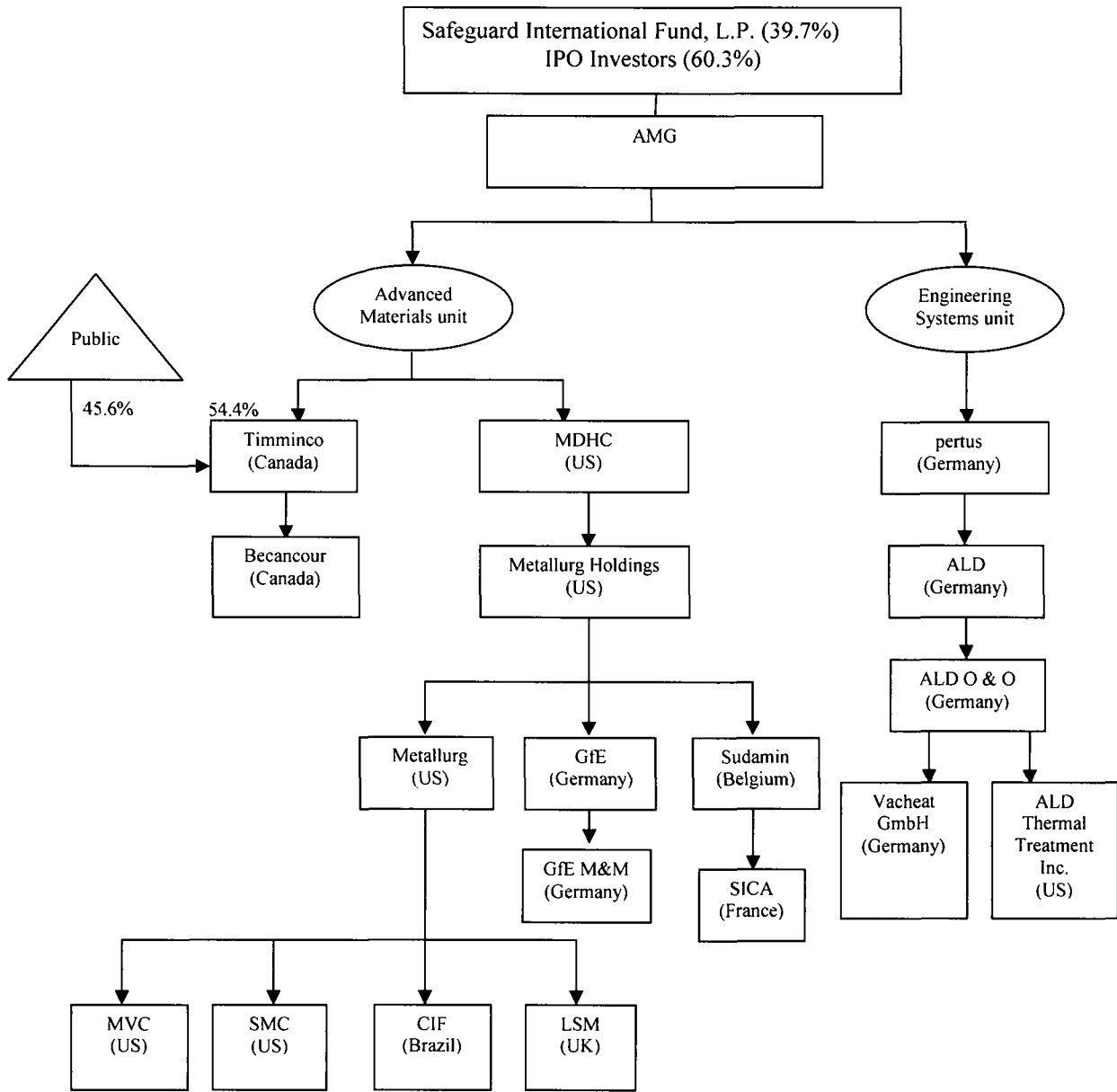
Following the IPO, Safeguard holds a 39.7% interest in AMG, and, as a result of the distribution of the remaining stock, retains effective control over AMG and its subsidiaries after the IPO. I continue to serve as SMC's senior corporate individual with the authority to dedicate resources for radiation safety purposes, and the SMC radiation safety organization has not changed, nor has SMC's ability to comply with the terms and conditions of its NRC license. Because there was no change in control of SMC, no indirect transfer of control of SMB-743 resulted from the IPO.

If you have any questions or comments concerning this matter, please feel free to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Eric E. Jackson".

Eric E. Jackson
President



Post-AMG IPO Corporate Structure of SMC and Parent Companies