DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND GOVERNMENT ENTITIES DIVISION

AUG 2 3 2007

T:EP:RA:UK

Number: **200746018**
Release Date: 11/16/2007

Re:

Company =

Plant 1 =

Plant 2 =

Plant 3 =

Plant 4 =

Union =

Dear :

This letter constitutes notice that your request for a waiver of the minimum funding standard for the Plan for the plan year ending December 31, , has been granted subject to the following conditions:

(1) by the later of (a) 60 days from the date of the ruling letter or (b) the earlier of (i) the date the Pension Benefit Guaranty Corporation ("PBGC") notifies the Service in writing that this condition has not been met or (ii) 360 days from the date of the ruling letter, collateral be provided to the Plan in a form acceptable to the PBGC;

(2) within 30 days of the date of the ruling letter, the Company make a contribution to the Plan in an amount equal to the missed required quarterly payment due April 15, 2007, for the plan year ending December 31, (adjusted with applicable interest to the actual date of the contribution);

(3) starting with the quarterly contribution due on October 15, 2007, the Company will make the required quarterly contributions to the Plan in a timely fashion while the Plan is subject to a waiver of the minimum funding standard;

(4) the Company makes contributions to the Plan in amounts sufficient to meet the minimum funding requirements for the Plan for the plan years ending December 31, , through , by September 15, through , respectively (without applying for a waiver of the minimum funding standard); and

(5) the Company provides to the PBGC a copy of any ruling requests it makes under section 412(f)(1) of the Code.

Your authorized representative agreed to these conditions in a letter dated August 15, 2007. If any one of the conditions is not met, the conditional waiver for the plan year ending December 31, , is retroactively null and void.

This conditional waiver has been granted in accordance with section 412(d) of the Internal Revenue Code ("Code") and section 303 of the Employee Retirement Income Security Act of 1974 ("ERISA"). The amount for which this conditional waiver has been granted is equal to the contributions that would otherwise be required to reduce the balance in the funding standard account to zero as of December 31, .

The Company is an producer of primary and a leading supplier of products in the U.S. Distressed by low metal prices, weak demand, high energy costs, and rising medical benefit costs, the Company and its affiliates filed for Chapter 11 bankruptcy protection on January 30, . On April 1, , the Company and its affiliates emerged from Chapter 11 protection.

The Company emerged from Chapter 11 under new ownership and a new management team. The Company's Plan of Reorganization entailed reconfiguring certain operations and selling selected assets. In December , the Company sold selected equipment from Plant 1, along with the assets of Plants 3 and 4.

While in bankruptcy, the Company filed a motion seeking to replace or amend its labor contract in conjunction with its Plan of Reorganization. The bankruptcy court approved the motion in early November , causing dissenting local members of the Union, who were employed at both Plants 1 and 2, to commence a two-year long strike. In conjunction with the strike, the Company temporarily closed Plant 2 as overhead expenses escalated with the high cost of electricity.

In the summer of , the Company completed successful negotiations with the Union, thereby ending the strike. In October , the Company secured its electricity supply by entering into a long-term contract providing electric power at favorable rates, thus allowing the Company to resume operations at Plant 2. The facility is expected to begin full operations by August or September of . The Company has also taken the following steps to improve its financial position:

(1) The Company announced its plans to seek financing to restart operations at Plant 2.

(2) The Company issued a Private Stock Rights Offering consisting of shares of restricted stock to existing stockholders. Net proceeds of $ will pay, in part, the restart costs related to capital expenditure and a portion of working capital.

(3) The Company announced that open market trading of Company common stock will begin effective November 1, , preceded by a filing of a registration statement with the SEC.

(4) The Company and its subsidiaries obtained an asset-based revolving credit agreement, providing up to $ in revolving credit and a $ term loan to pay down the Company's previous credit facility, secure existing letters of credit, pay transaction fees associated with the new financing, and finance the restart of Plant 2.

(5) The Company raised approximately $ in additional equity to enhance its liquidity.

It is clear from our analysis of the information submitted with the requests that the Company has suffered a substantial business hardship. The Company emerged from Chapter 11 bankruptcy protection on April 1, , and has suffered losses of $ and $ for the fiscal years ending December 31, , and respectively. However, these losses were caused in no small part as a result of the two-year strike by the Union at Plants 1 and 2.

There do appear to be prospects for recovery:

(1) The Company has secured financing to restart operations at Plant 2. Product sales from its facility have been moved overseas.

(2) The Company has secured a revolving line of credit and addition equity to improve its liquidity.

(3) The market for the Company's main product, is projected to increase substantially over the next few years.

Furthermore, the PBGC has produced a cash flow analysis that shows that the Company can meet the minimum funding requirements for the Plan for the duration of the amortization period of the funding waiver, if granted. This analysis shows evidence of a turnaround in the Company's financial situation using conservative estimates. Additionally, the Company made the required quarterly payment due on July 15, , for the plan year ending December 31, .

While it is not clear that the projected financial turnaround will take place, it is clear that the Company will not be able to meet the minimum funding standard for the plan year ending December 31, , without compromising its ability to maintain ongoing operations. Because the Company's financial recovery is not certain, and because the plan is only 69.13% funded on a current liability basis, the request for a waiver of the minimum funding standard for the Plan for the plan year ending December 31, , has been granted subject to the conditions described above.

Your attention is called to section 412(f) of the Code and section 304(b) of ERISA which describe the consequences that would result in the event the Plan is amended to increase benefits, change the rate in the accrual of benefits or to change the rate of vesting, while any portion of the waived funding deficiency remains unamortized. Please note that any amendment to a profit sharing plan or any other retirement plans (covering employees covered by the Plan) maintained by the Company, to increase the liabilities of those plans would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA. Similarly, the establishment of a new profit sharing plan or any other retirement plan by the Company (covering employees covered by the Plan) would be considered an amendment for purposes of section 412(f) of the Code and section 304(b) of ERISA.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

When filing Form 5500 for the plan year ending December 31, , the date of this letter should be entered on Schedule B (Actuarial Information). For this reason, we suggest that you furnish a copy of this letter to the enrolled actuary who is responsible for the completion of the Schedule B.

We have sent a copy of this letter to the Manager, to the Manager, and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact

Sincerely yours,

Joseph H. Grant, Director
Employee Plans