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TRC EXIT STRATEGY® CONTRACT

THIS Contract made this 11th day of January, 2006, by and between ShieldAlloy Metallurgical Corporation (hereinafter referred to as the "Client"), and TRC Companies, Inc. and TRC Environmental Corporation (collectively hereinafter "TRC"). The foregoing parties to this Contract being hereinafter sometimes referred to collectively as the Parties or singularly as a Party.

WHEREAS, since 1951 the Client has owned and operated a chromium alloy and specialty alloy manufacturing facility in Newfield, Gloucester County, New Jersey (hereinafter the "Site) as more particularly described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, past practices at the Site have caused groundwater contamination at and emanating from the Site as well as impacts to soils and sediments; and

WHEREAS, (i) on September 5, 1984, the New Jersey Department of Environmental Protection ("NJDEP") and Client entered into an Administrative Consent Order ("1984 ACO") calling for, in part, the performance of a remedial investigation ("RI") and feasibility study ("FS") of remedial alternatives to remedy the contamination associated with the Site; (ii) on October 5, 1988, NJDEP and Client entered into an Administrative Consent Order ("1988 ACO") calling for the implementation of interim groundwater remedial measures, the implementation of certain chromium slag storage requirements, investigation and remediation of soil and groundwater contamination, the expansion of the existing groundwater monitoring program; and on June 28, 1991, NJDEP and Client entered into an Administrative Consent Order ("1991 ACO") which required the performance of a treatment optimization study, instream sampling and additional effluent monitoring and compliance with interim effluent limitations; and

WHEREAS, in September of 1993, Client and its parent Metallurg, Inc. and certain direct and indirect subsidiaries of Metallurg filed in the United States Bankruptcy Court for the Southern District of New York voluntary petitions for relief under Chapter 11 of The Bankruptcy Code 11 U.S.C. § 101-1330 in a matter styled In re Metallurg, Inc, and Shieldalloy Metallurgical Corporation Case Nos. 93 B 44468 (JLG) and 93 B 44469 (JLG), (Jointly Administered) (the "Chapter 11 Case") and emerged from the Chapter 11 Case in April, 1997; and

WHEREAS, pursuant to the Chapter 11 Case, Client entered into a Settlement Agreement of Environmental Claims and Issues by and between the Debtors and the United States of America and the State of New Jersey ("Environmental Settlement Agreement") as part of its plan of reorganization which provided for environmental remediation of the Site as well as certain natural resource restoration activities, attached hereto as Exhibit "B"; and

WHEREAS, the Environmental Settlement Agreement established specific requirements relating to financial assurance to be provided by Client for the benefit of the United States of America and the State of New Jersey to assure the performance of remediation and natural resource restoration activities at the Site; and

WHEREAS, on September 24, 1996, the NJDEP issued a Record of Decision documenting the remedy for the groundwater operable unit, which included a modified groundwater extraction system, air stripping, electrochemical treatment and supplemental treatment (as required) and discharge of treated water to the Hudson Branch of the Maurice River; and

WHEREAS, Client and NJDEP developed a Natural Resource Restoration Plan which was conditionally approved by the NJDEP on November 21, 1996; and

WHEREAS, the Site has Pre-existing Pollution Conditions that require Clean-up pursuant to Environmental Laws; and

WHEREAS, pursuant to the terms of this Contract, TRC wishes to assume, and Client wishes to transfer and assign to TRC, Environmental Clean-up Liability (as herein defined) for Pre-existing Pollution Conditions at the Site, backed by an insurance policy issued by the Insurer as provided for under Paragraph 9(a) hereof (the "Policy").

NOW, THEREFORE, the Parties, in consideration of the mutual covenants set forth below, agree as follows:

1. Definitions.

(a) "ACO" means an Administrative Consent Order issued by a Governmental Authority requiring Clean-up of Pollutants.

(b) "Change" means a change to the Remedial Plan as provided for under Paragraph 6(b), hereof.

(c) "Clean-up" means the investigation, study, remediation, removal, transportation, disposal, treatment (including in-situ treatment), management, stabilization, containment or neutralization of Pre-Existing Pollution Conditions necessary to achieve Project Completion, including, but not limited to any monitoring activities that may be required after the completion of such investigation, study, remediation, removal, disposal, treatment, management, stabilization, containment or neutralization.

(d) "Clean-up Costs" means all actual and necessary costs incurred for Clean-up of Pre-Existing Pollution Conditions at, under or migrating from the Site. Clean-up Costs shall include, without limitation, study and investigation costs, planning costs, remediation costs, consultant costs, transportation, removal, treatment and disposal costs, legal fees, permit fees and costs, filing fees, stipulated penalties, monitoring costs, Governmental Authority oversight costs and costs to retain any licensed professionals for review and oversight in lieu of or on behalf of the Governmental Authority pursuant to Environmental Law.

(e) "Ghent's Financial Assurance" means that certain Letter of Credit in the amount of $14.812 million running to the benefit of the NJDEP and USEPA under the Existing ACOs and the Environmental Settlement Agreement.

(f) "Client's Knowledge" shall mean the actual knowledge (and not any imputed or constructive knowledge) of David R. Smith and Joseph T. Diegel.

(g) "Client's Lender" means Wachovia.

(h) "Conditions Precedent to Effective Date" means collectively and individually each of the following: (i) TRC's execution of a document making it a party to the Existing ACOs or a New ACO; (ii) NJDEP and USEPA approval and acceptance in writing of the Policy or TRC's self-guarantee in full satisfaction of Financial Assurance Requirements for those obligations being undertaken by TRC under the Existing ACOs or New ACO without jeopardizing Client's rights under the Policy; (iii) NJDEP and USEPA written approval to either substitute the Policy or accept a self-guarantee from TRC as the financial assurance vehicle under the Environmental Settlement Agreement and execution of any amendments to said agreement authorizing same; (iv) release of Client's Financial Assurance; and (v) Approval of the Policy, self-guarantee and Agreement by Client's Lender.

(i) "Contemplated Use" means any proposed commercial and/or industrial use of the Site authorized by applicable zoning laws with the understanding that certain changes in the Contemplated Use from that currently proposed as set forth on Exhibit "C" hereto may result in a change pursuant to Section 6 hereof

(j) "Demolition" means the decommissioning and demolition of all above- and below-ground structures, equipment, facilities and other man-made objects existing at, on or under the Site, including, but not limited to, asbestos and lead-paint abatement, slabs, foundations, footings, tanks, utilities and utility pipelines, sidewalks, roads, parking lots and culverts. For purposes of this Contract, Demolition shall also include the removal and/or relocation of any public or private easements, rights-of-way and utilities.

(k) "Effective Date" means the date on which all Conditions Precedent to Effective Date have seen satisfied.

(l) "Environmental Clean-up Liability" means the legal obligation of Client to perform Clean-up of Pre-existing Pollution Conditions at, on under or migrating from or onto the Site as determined by any Governmental Authority under Environmental Laws, including the liability for off-site disposal of Pollutants which are removed and disposed off-Site as part of the Clean-up of Pre-existing Pollution Conditions pursuant to this Contract.

(m) "Environmental Laws" means any federal, state, provincial or local laws (including, but not limited to, statutes, rules, regulations, ordinances, guidance documents, and governmental, judicial or administrative orders and directives) that are applicable to Pollution Conditions.

(n) "Environmental Land Use Restriction" means an engineering or institutional control acceptable to applicable Governmental Authorities pursuant to Environmental Laws which, when imposed upon the Site, will allow a level of environmental clean-up that does not interfere with the Contemplated Use of the Site.

(o) "Environmental Projects" shall have the meaning provided for that term in the Environmental Settlement Agreement, which is incorporated by reference herein.

(p) "Excluded Matters" means those items for which TRC has no responsibility under this Contract as set forth under Paragraph 2(b) hereof

(q) "Existing ACOs" means collectively and individually the 1984 ACO, the 1988 ACO and the 1991 ACO as defined in the Whereas clauses and attached hereto as Exhibit "D".

(r) "Financial Assurance Requirements" means, collectively, a remediation funding source set forth in N.J.A.C. 7:26(c)(7) or other requirement imposed by Environmental Laws to use, establish, or maintain any or some combination of financial mechanisms, (including without limitation tmst funds, lines of credit, letters of credit, surety bonds, insurance and net worth tests) to assure performance of any obligation, or satisfaction of any liability, imposed by Environmental Laws, in connection with Clean-up of Pollutants, including the payment of any funding or other surcharge imposed by a Governmental Authority.

(s) "Governmental Authority" means any federal, state, or local governmental regulatory or administrative agency, commission, department, board, or other governmental subdivision, court, tribmal, arbitral body or other governmental authority or other subdivision, department or branch of any of the foregoing.

(t) "Insurer" means the insurance carrier that issues the Policy under Section 9(a) of this Contract.

(u) "Natural Resource Damages" means: (1) physical injury to or destmction of, including the resulting loss of value of, land, fish, wildlife, biota, water, groundwater, habitat, wetiands or drinking water supplies; (2) physical injury to or destmction of other such resources belonging to, managed by, held in tmst by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Magnuson-Stevens Conservation and Management Act (16 U.S.C. § § 1801 et seq.)), any state or local govemment, any foreign govemment, any Indian tribe, or, if such resources are subject to a tmst restriction on alienation, any member of an Indian tribe; and (3) the cost, charges and expenses for assessment associated with any items identified in (1) and (2) herein.

(v) "Natural Resource Restoration Plan" means the plan to restore natural resources at the Site conditionally approved by the NJDEP on November 21, 1996 attached hereto as Exhibit "E" and any and all modifications, amendments and revisions thereto or such other plans approved or required by the Governmental Authority(ies) with jurisdiction over same in order to satisfy Client's obligations under the Environmental Settlement Agreement.

(w) "New ACO" means any ACO or addenda to the Existing ACOs to which TRC hereafter becomes a party or a replacement ACO incorporating all obligations of the Existing ACOs except those obligations identified in Excluded Matters for Clean-up of the Site. The new ACO is included as Exhibit "F".

(x) "New Pollution Conditions" means Pollution Conditions at, on, under or migrating from or onto the Site which commenced from a Release that occurred on or after the Effective Date hereof.

(y) "Notional Commutation Account" shall have the meaning provided for that term in the Policy.

(z) "Off-site Locations" means the real property which is not a part of the Site that TRC requires access to in order to complete its obligations hereunder.

(aa) "Pollutants" means any solid, liquid, gaseous or thermal, irritant, or contaminant, or waste, including soot, acids, alkalis, or toxic chemicals, medical waste and waste material, and/or by-products or progeny thereof regulated under Environmental Laws. Without lunitation of the foregoing, Pollutants mclude, but are not limited to, all of the following: hazardous wastes or constituents (as defined in Section 1004 of RCRA); hazardous substances (as defined in CERCLA and the New Jersey Spill Compensation and Control Act); oil or petroleum products; chemical liquids or solid, liquid, or gaseous products and poiychiorinated biphenyls ("PCBs"). Pollutants shall not include (i) radioactive material, (ii) asbestos-containing material, microbial matter or lead-based paint in or on facilities, structures or equipment, or (iii) perchlorate.

(bb) "Pollution Conditions" means the discharge, dispersal, release or escape of any Pollutants into or upon land, or any structure on land, the atmosphere or any watercourse or body of water, including groundwater at or emanating from the Site, present in amounts regulated by Environmental Laws.

(cc) "Pre-existing Pollution Condition" means Pollution Conditions at the Site caused by operations or conditions existing prior to the Effective Date hereof, including without limitation, the effects of continuing releases of Pollution Conditions that exist as of the Effective Date hereof.

(dd) "Project Completion" means completing the work necessary to obtain a determination from the cognizant Governmental Authority that no further action is required regarding the Pre-Existing Pollution Conditions at, on under and migrating from or onto the Site, including without limitation the completion of the Environmental Projects other than those expressly excluded in Paragraph 2(b) with the understanding that such determination of no further action may contain certain conditions with respect to post-remediation inspection, monitoring, operation and maintenance, and the implementation of all requirements of the Natural Resources Restoration Plan, satisfaction of all requirements of the Existing ACOs and New ACO.

(ee) "Remedial Plan" means the remedial action plan and all modifications or amendments thereto, approved by the relevant Governmental Authority which describes the Clean-up to be undertaken at the Site in order to achieve Project Completion.

(ff) "Release" means the discharging, dumping, emitting, disposal, pouring, pumping, spilling, emptying, escaping, leaching or leaking of Pollutants.

(gg) "Site" refers to the property specifically defined in Exhibit "A", attached hereto and made a part hereof.

2. Transfer and Assignment of Liability.

(a) As of the Effective Date, Client shall transfer and assign to TRC, which transfer and assignment TRC shall accept, subject to the terms and conditions of this Contract, any and all Environmental Clean-up Liability. The foregoing transfer, assignment and obligation to hold harmless shall not apply to Excluded Matters as set forth below.

(b) The following matters are Excluded Matters hereunder, liability for which will not be assumed by TRC and which will be retained by Client:

(i) any past costs incurred by Client or any other party, including oversight costs incurred by or owed to any Governmental Authority, prior to the Effective Date hereof;

(ii) capital improvements to, and Demolition or decommissioning, repair, maintenance, or replacement of, structures, facilities and equipment other than modifications, improvements, alterations, Demolition, decommissioning, repairs and/or maintenance to the groundwater treatment system, the equipment and other remediation equipment utilized by TRC;

(iii) New Pollution Conditions as determined pursuant to Paragraph 7 or 8 hereof;

(iv) liability for personal injury, property damage claims or claims for Natural Resource Damages except to the extent such claims result from the acts or omissions of TRC, its contractors or agents pursuant to TRC's activities under this Contract, and except that TRC shall implement, operate and maintain the Natural Resource Restoration Plan at the Site;

(v) liability to the extent arising from intentional, willful or deliberate noncompliance by Client or any operator at the Site (other than TRC) with any statute, regulation, ordinance, administrative complaint, notice of violation, notice letter, executive order or instruction of any Governmental Authority after the Effective Date hereof;

(vi) liability for Pollutants or other material transported from the Site prior to the Effective Date hereof; and

(vii) liability related to substances which are excluded from the definition of Pollutants herein.

(c) To the extent a Governmental Authority determines that TRC has responsibility for an Excluded Matter, this shall be treated as a Change and resolved pursuant to the requirements of Paragraph 6(b) hereof.

3. Contract Price.

(a) Client shall pay to TRC the sum of $16,900,000 (the "Contract Price"), for the assumption by TRC of the obligations set forth herein. The Contract Price covers the cost of TRC's services pursuant to this Contract and the purchase of the Policy, but does not include the payment of surplus lines taxes and fees. The Contract Price shall be paid in four installments as foliows: (i) $12.8 million to AIG; (ii) $2,000,000 to TRC on the Effective Date; and (iii) two payments of $1,050,000 to AIG or a financing arm on the first and second anniversaries of the Effective Date.

(b) Notwithstanding anything to the contrary contained herein, TRC shall have no rights in and to the Contract Price and the Notional Commutation Account and amounts contained therein unless and until it is entitled to receive funds from the Notional Commutation Account under and in accordance with this Agreement and the Policy. Except as otherwise provided with respect to distribution of funds from the Notional Commutation Account in accordance with this Agreement, the Contract Price paid to AIG (or a financing arm) shall not be property of TRC and shall not be deemed fully eamed until completion of all of TRC's obligations hereunder.

4. TRC's Obligations.

TRC agrees:

(a) To diligently pursue and achieve Project Completion and, without limitation thereof, to assume the sole responsibility for, and complete performance of, the Clean-up of Pre-Existing Pollution Conditions pursuant to the terms hereof, including, but not limited to, investigation and studies; regulatory agency negotiations, notifications, filings, reports and interactions; engineering design and permitting; remedial actions and remedial operations, operations and maintenance ("O&M"); and monitoring activities necessary to achieve Project Completion;

(b) To use its best efforts, inunediately upon execution of this Contract and notwithstanding the Effective Date, to satisfy the Conditions Precedent to the Effective Date except Condition (v) which shall be Client's obligation, and subject to Client's obligation to cooperate and assist TRC in satisfying the remaining Conditions, within one hundred twenty (120) days of the execution of this Contract by both parties ("Execution Date"). In the event all of the Conditions Precedent to the Effective Date have not been satisfied within 120 days of the Execution Date, Client may in its sole discretion terminate the Agreement or extend said 120-day period for an additional period of time so long as such extension is acceptable to TRC.

(c) To warrant and agree that the Clean-up shall satisfy all the requirements of Governmental Authorities and shall: (a) be free from fault and defects, latent or otherwise; (b) be free of liens, security interests and encumbrances caused or created by TRC or any agents or subcontractors working for or on behalf of TRC; and (c) comply with, and be completed by means and methods complying with Environmental Laws and the Policy;

(d) To obtain the Policy set forth in Paragraph 9(a) and satisfy its obligations under the terms and conditions of the Policy to maintain such Policy in full force and effect during the Policy period, including, without limitation, prompt delivery of all information or documents, to the extent required under the Policy or this Contract to the Insurer, any Governmental Authority and Client;

(e) To coordinate and cooperate fully with Client in the planning and execution of the Clean-up to avoid and minimize interference with operations, (Client understands that a certain level of interference may be inherent in the Clean-up but such interference shall not be material);

(f) To provide Client with copies, as soon as reasonably practicable upon issuance or receipt, of reports, correspondence and other material documents submitted to and received from Governmental Authorities with respect to the Site, which identify the work completed to date;

(g) To ensure the timely reporting, or proper notification, to Governmental Authorities upon the discovery of Pollution Conditions requiring such report/notification under Environmental Law, in accordance with the terms set forth in this Contract, and subject to prior consultation with and reasonable approval by Client;

(h) To identify, diligently obtain and execute all necessary authorizations, approvals, permits, permit modifications or amendments, and manifests necessary for the Clean-up;

(i) To cooperate with Client in assessing the terms of this Contract so as to maximize potential benefits that Client could realize pursuant to the applicable provisions of the Internal Revenue Code (26 U.S.C. §§ **1** *et seq.*). To the extent that an alteration to the terms or provisions of the Contract could maximize any tax benefit to Client, TRC will agree to make such alterations so long as such alterations do not increase its obligations under this Contract;

(j) To cooperate with Client in Client's efforts to provide access to the Site for the performance of the Clean-up;

(k) To obtain access to Offsite Locations for the performance of the Clean-up;

(l) To provide periodic written progress reports to Client, including detailed statements of work performed and other information Client might reasonably request, in accordance with an agreed upon communications plan;

(m) Pursuant to the terms of the Policy, to provide timely invoices evidencing work performed and other reasonably requested information to AISLIC, with copies, or summaries in the case of invoices, to Client. TRC will allow Client to review copies of invoices at reasonable times for purposes of monitoring project progress.

(n) To meet any Financial Assurance Requirements imposed by Governmental Authorities in addition to the Policy or those set forth in the Environmental Settlement with respect to Clean-up of Pre-Existing Pollutions Conditions at the Site necessary to achieve Project Completion;

(o) To conduct the Clean-up diligently in accordance with schedules and requirements of Environmental Laws and the schedule agreed between the Parties as set forth in Exhibit "G" attached hereto.

(p) To ensure that its representations and warranties set forth herein remain true and correct throughout the term of this agreement.

5. Client's Obligations.

Client agrees:

(a) To reasonably cooperate with TRC in the planning and execution of the Clean-up, so that TRC may comply with its obligations hereunder at no additional charge to Client;

(b) To provide TRC with reasonable access to the Site and to utilize reasonable best efforts to cooperate with TRC in obtaining access to any other Off-site Locations to the extent required by TRC to conduct the Clean-up at no additional charge to Client;

(c) To allow TRC to utilize the existing utilities at the Site at TRC's expense and so long as such use does not materially interfere with Client's or other occupant's operations on Site; TRC shall be solely responsible for the cost of any extensions of the utilities, additional or modified permits, and other utility related capital improvements needed by TRC to conduct the Clean-up;

(d) To allow TRC, at TRC's sole cost and expense, to obtain permits (or, subject to the prior approval of Client, to amend Client's existing permits) as necessary to implement the Clean-up;

(e) To transfer to TRC the equipment and material which is currently being used by Client for the Clean-up;

(f) To assign to TRC, which TRC shall assume in full, any consulting or remediation contracts it has currentiy issued for the Clean-up of the Site (other than contracts with TRC) and to the extent such consulting and remediation contracts authorize assignment, provided that TRC agrees to abide by the terms and conditions of such contracts, and to ttansfer to TRC all material data, reports, and information that Client has, to Client's Knowledge, in its possession concerning the Pollution Conditions at the Site;

(g) To ensure that Client and all holders or users of easements, licenses, leaseholds or other rights or interests in the Site ("Interest Holders") consent and subordinate to

appropriate Environmental Land Use Restrictions or other reasonable restrictions or controls that do not materially interfere with the Contemplated Use;

(h) To provide TRC, upon TRC's request, information concerning Pollution Conditions and other conditions at the Site related to the Clean-up including the identity and location of utilities that Client has, to Client's Knowledge, in its possession;

(i) To operate its facility in a manner to reasonably avoid or minimize the occurrence of Releases or aggravation of Pre-Existing Pollution Conditions so as to prevent an increase in Clean-up Costs necessary to achieve Project Completion; and

(j) To take all steps reasonably necessary to assure that an Excluded Matter does not materially interfere with TRC's ability to achieve Project Completion hereunder.

(k) To be responsible for the payment of all surplus lines taxes and related fees related to the issuance of the Policy not to exceed $150,000.

6. Remedial Action Plan; Changes.

(a) The Clean-up of the Pre-existing Pollution Conditions and the Contract Price is based upon the Contemplated Use as of the Effective Date hereof To the extent that Client changes the Contemplated Use or the current physical configuration of the Site and such change has a direct impact on the cost of, or the need for, Clean-up of the Pre-existing Pollution Conditions or on TRC's legal obligations, this shall constitute a Change subject to Paragraph 6(b) below. The current physical configuration of the Site is set forth on Exhibit "A" hereto and those physical features of the Site which TRC currently anticipates to have a material impact on the Clean-up, and whose removal or alteration by Client, would have a direct impact on the cost of or need for the Clean-up of the Pre-existing Pollution Conditions.

(b) In the event of a Change, the following procedures of this Section 6(b) shall apply. TRC, Client and the Insurer will discuss the Change and agree on the scope of, schedule, and cost (including the cost for additional insurance) for the implementation of the Change. To the extent that TRC, Client and Insurer (if required) agree on the scope of, implementation schedule and cost for the Change, TRC shall continue to be fully responsible for the Clean-up of Pre-Existing Pollution Conditions. In the event that TRC, Client and Insurer cannot agree, TRC shall prepare a detailed report documenting the effect the Change has on the Clean-up of Pre-Existing Pollution Conditions, including a cost estimate of the direct impact of the Change (including the cost for additional insurance). Client and Insurer (if required) may accept TRC's report, in which event Client shall pay to TRC the estimated increase in cost the Change has on the cost of the Clean-up of Pre-existing Pollution Conditions. In the event Client and Insurer do not accept TRC's report, Client and Insurer may (i) propose and negotiate an altemate cost with TRC, or (ii) submit the issue to technical arbitration as provided under Paragraph 8 hereof;

(c) If the performance of all or any part of the Clean-up is suspended or materially delayed by an act of Client or their agents or by their failure to act, any increase or

decrease in cost of performance of this Contract necessarily directly caused by such suspension or delay shall be treated as a Change pursuant to Paragraph 6(b) above.

(d) TRC is responsible and liable for Clean-up of Pre-existing Pollution Conditions at the Site necessary to achieve Project Completion, regardless of the remedial options ultimately required by any Governmental Authority. Due to uncertainty in the amount and extent of contamination, the remedy selection process and the types of remedial activities actually implemented at the Site, the location and extent of activities may change from those initially proposed. These types of changes do not constitute Changes hereunder and only matters as provided under Sections 6(a), 6(c), 7(d) and 2(c) hereunder shall constitute Changes.

7. Determination of New Pollution Conditions.

(a) In the event a Pollution Condition is discovered at the Site which was not previously identified as a Pre-existing Pollution Condition, TRC shall determine at its own cost (i) the nature and extent of the Pollution Condition, (ii) the need for Clean-up, if any, and (iii) if Clean-up is needed, the source or likely source of the Pollution Condition. TRC shall also document its determination of whether the Pollution Condition existed prior to the Effective Date hereof.

(b) If TRC determines that the Pollution Condition represents a Pre-existing Pollution Condition, TRC shall be fully responsible for the Clean-up of such Pollution Condition.

(c) If TRC determines that the Pollution Condition occurred after the Effective Date hereof , TRC shall document its findings and provide supporting data in a report that it will submit to Client which will indicate whether TRC contributed to or caused, in whole or in part, the New Pollution Condition.

(d) If Client agrees with TRC's determination that the Pollution Condition is a New Pollution Condition, at Client's request, TRC will submit a proposal to Client for Clean-up of the Pollution Condition and Client may negotiate with TRC a Change pursuant to Section 6 (b) hereof, in which event TRC shall assume full responsibility and liability for the Clean-up of such New Pollution Condition under the same terms and conditions contained herein for the Clean-up of Pre-existing Pollution Conditions.

(e) If Client does not accept TRC's determination that the Pollution Condition is a New Pollution Condition or was not caused in whole or in part by TRC, the matter shall be submitted to technical arbitration as provided under Paragraph 8(a) below.

(f) To the extent that a Pollution Condition is determined to be a New Pollution Condition which was not caused in whole or in part by TRC and TRC has not assumed the responsibility and liability for its Clean-up, Client shall take all steps reasonably necessary to assure that such New Pollution Condition does not interfere with TRC's ability to achieve Project Completion hereunder.

(g) In the event a Governmental Authority requires response with respect to a Pollution Condition (i) which has not previously been identified as a Pre-existing Pollution Condition and (ii) with respect to which a determination, as set forth above, as to whether it is a Pre-existing Pollution Condition has not been made prior to the required response, TRC shall provide such response pending such determination. In the event such Pollution Condition is determined pursuant to this Paragraph 7 to be a New Pollution Condition, Client shall compensate TRC for all of its costs of such response at its standard rates.

(h) To the extent a New Pollution Condition is caused in whole or in part by TRC, TRC shall be responsible for the proportionate cost of Clean-up to the extent such Pollution Condition is caused by TRC which shall be determined by Technical Arbitration in the event the parties are unable to agree on such proportionate cost.

8. Technical Arbitration.

(a) In the event the TRC and Client are unable to agree on (i) the cost or other impact of a Change pursuant to Section 6 hereof, (ii) the determination of whether a newly discovered Pollution Condition constitutes a Pre-existing Pollution Condition under Sections 7(d) and 2(c) or whether Client may terminate the Contract pursuant to Section 15 hereof, then TRC and Client shall submit the matter to technical arbitration for determination as set forth below.

(b) TRC and Client shall mutually select a qualified, independent third party technical consultant who shall make the determination. If TRC and Client cannot agree on the selection of a single consultant, they shall each appoint a consultant and those two consultants shall select a third consultant, and those three consultants shall be the arbitrators hereunder. If the two arbitrators appointed by TRC and Client shall be unable to agree upon the appointment of the third arbitrator within 5 calendar days after the appointment of the second arbitrator, both shall give written notice of such failure to agree to TRC and Client, and, if the TRC and Client fail to agree upon the selection of such third arbitrator within 5 calendar days after the arbitrators appointed by the parties give such notice, then either of the parties upon written notice to the other may require such appointment from the American Arbitration Association pursuant to their Commercial Arbitration Rules. TRC and Client shall initially split the cost of the single consultant, or pay the cost of their respective consultant and split the cost of the third consultant, as the case may be.

(c) TRC and Client and the consultant(s) shall review the information provided by TRC and Client. In the event the consultant(s) require(s) more information, TRC shall be responsible for providing the information. Notwithstanding the foregoing, Client reserves the right to provide any information that it considers relevant to the arbitrators hereunder.

(d) Within thirty (30) days after selection of the consultant(s) and submission of all necessary information to the consultant(s) is completed, the consultant(s) shall make a determination as the case may be as follows:

(i) whether the newly discovered Pollution Condition is a New Pollution Condition and the extent to which, if any, it was caused by TRC;

(ii) the appropriateness of the cost or other impact of a Change pursuant to Sections 6, 7(d) and 2(c), or

(iii) whether Client may terminate the Contract pursuant to Section 15.

This determination shall be final and conclusive as to matters submitted to arbitration, and may be enforced in any court of competent jurisdiction.

9. Insurance.

(a) TRC shall obtain the Policy from the Insurer, a copy of which is attached to this Contract as Exhibit "H". The Contract shall not be effective until Client shall have received confirmation of such coverage. The Policy shall provide the following coverage:

Coverage A – Clean-Up Cost Known and Unknown Pollution Conditions shall have the following terms:

(i) Limit of Coverage:	$28 million
(ii) Term:	15 years
(iii) Attachment Point	$0
(iv) Named Insured:	TRC Companies, Inc./ TRC Environmental Corporation
(v) Additional Named Insureds:	ShieldAlloy Metallurgical Corporation Client's Mortgagee(s)
(vi) Contingent Insureds	New Jersey Department of Environmental Protection United States Environmental Protection Agency

(b) TRC shall also maintain, at its sole cost and expense, the following insurance coverages [Note these provisions and policies must be reviewed by Client's insurance agent/broker]:

(i) Commercial General Liability insurance alone or in combination with Commercial Umbrella insurance with a limit of not less than ten million ($10,000,000.00) dollars each occurrence covering liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).

(ii) Business Automobile Liability insurance alone or in combination with Commercial Umbrella insurance covering any auto or vehicle (including owned, hired, and non-owned autos or vehicles), with a limit of not less than one million ($1,000,000.00) dollars each accident.

(iii) Professional Liability and Contractor's Pollution Liability insurance with a minimum limit of not less than ten million ($10,000,000) dollars.

(iv) Workers' compensation insurance with statutory limits and Employers' Liability limits of not less than one million ($1,000,000.00) dollars each accident for bodily injury by accident or one million ($1,000,000.00) dollars for each employee for bodily injury by disease.

(v) TRC shall submit to Client a certificate or certificates for each required insurance referenced above certifying that such insurance is in full force and effect and setting forth the information required below. Additionally, TRC shall furnish to Client within thirty (30) days before the expiration date of the coverage of each required insurance set forth above, a certif.cate or certificates containing the information required below and certifying that such insurance has been renewed and remains in full force and effect.

(vi) All policies for each insurance required hereunder shall: (a) name Client and its mortgagees as an additional insured (this requirement shall not apply to workers' compensation insurance, employers' liability insurance, or professional liability insurance); (b) provide for not less than thirty (30) days' prior written notice to Client and its mortgagees by registered or certified mail of any cancellation, restrictive amendment, non-renewal or change in coverage; (c) hold Client free and harmless from all subrogation rights of the Insurer; and (d) provide that such required insurance hereunder is the primary insurance and that any other similar insurance that Client may have shall be deemed in excess of such primary insurance.

10. Indemnity.

(a) TRC agrees to indenmify, defend and hold harmless Client, their subsidiaries, successors, assigns, directors, officers, agents and employees, and each of them, from any and all claims, costs, damages, expenses, judgments, liabilities, fines, penalties and losses of any nature or kind whatsoever, including, but not limited to, legal costs and expenses, by reason of injury or death or damage to persons or property to the extent caused by the negligent acts or omissions or misconduct of TRC, its officers, agents, employees, and subcontractors. This indemnity shall include the cost, including legal costs and expenses, of enforcing the indemnity and shall survive the termination of this agreement.

(b) TRC further agrees to indemnify, defend and hold harmless Client, their subsidiaries, successors, assigns, lessees, directors, officers, agents and each of them, from any and ali claims, costs, damages, expenses, judgments, liabilities, fines, penalties and losses of any nature or kind whatsoever, including, but not limited to, legal costs and expenses, by reason of violations, alleged or otherwise, of, or non-compliance with Environmental Laws due to (i) a breach by TRC of the terms of this Contract, (ii) any failure or undue delay on the part of TRC to perform the Clean-up of the Pre-Existing Pollution Conditions, or (iii) those matters caused

by the acts, omissions or misconduct of TRC, its officers, agents, employees, and subcontractors. This indemnity shall include the cost, including legal costs and expenses, of enforcing the indemnity and shall survive the termination of this agreement.

(c) TRC shall indemnify, defend, and hold the Client harmless from any claims, demands, or liens of any subcontractor engaged by TRC. Without limitation to the foregoing, TRC agrees not to permit any liens arising from or related to the Clean-up to stand against the Site or any Off-Site Locations, and TRC shall pay, cause to be paid or bonded all such liens, claims, or demands within thirty (30) days of the filing of such lien, claim or demand. TRC shall furnish evidence of payment or bonding simultaneously to the Client. In the event TRC fails or refuses to release any such lien as required herein, the Client may release such lien, and TRC shall be responsible for reimbursing the Client for all costs, including attorneys' fees, incurred in connection therewith. This indemnity shall include the cost, including legal costs and expenses, of enforcing the indemnity and shall survive the termination of this agreement and shall survive the termination of this agreement.

(d) In the event the indemnities set forth herein are found to be unenforceable, the parties agree to negotiate, in good faith, a substitute indemnity provision that embodies the intent of the original indemnity without the objectionable provisions which made it unenforceable. It is the intent of the parties that the indemnity provisions contained herein shall survive the period of the Contract or any earlier termination thereof pursuant to Paragraph 15 herein.

(e) TRC shall have no obligation, responsibility or liability, including any obligation of indemnity or defense, for fines and penalties, Natural Resource Damages claims, bodily injury or property damage claims relating to the Site or off-site property, regardless of when or how the condition which forms the basis of such a claim is alleged to have occurred, except for fines and penalties, Natural Resources Damage claims, bodily injury or property damage claims, to the extent caused by the performance or nonperformance of TRC's obligations and responsibilities under this Contract by TRC, its officers, agents, employees, or subcontractors.

11. Representations and Warranties of TRC

(a) TRC acknowledges that it has satisfied itself as to the nature and location of the Site and Off-Site Locations and as to the general and local conditions, particularly those bearing upon (i) Pollution Conditions, (ii) Clean-up requirements, (iii) remediation and disposal requirements, (iv) Contemplated Use, (v) handling and storage of materials, (vi) availability of labor, (vii) security requirements, (viii) water, (ix) electric power, (x) roads, (xi) the conformation and condition of the ground, (xii) the character, quality and quantity of surface and subsurface materials to be encountered, (xiii) equipment and facilities needed preliminary to and during the prosecution of the work, and (xiv) uncertainties of weather.

(b) TRC represents and warrants that it has the financial resources and staffing to execute the Clean-up of the Pre-Existing Pollution Condition with diligence to Project Completion.

(c) TRC represents and warrants that it is qualified and holds all necessary licenses to perform the Clean-up consistent with this Contract and that it has sufficient expertise and experience to accomplish same. TRC further represents and warrants that it shall perform the Clean-up in compliance with this Contract and Environmental Laws, and the standards of care and diligence normally practiced by nationally recognized firms performing services of a similar nature.

(d) TRC represents and warrants that it is familiar with the geologic and Pollution Conditions at the Site and Off-Site Locations and assumes the risk of all conditions specified in this Contract after review of information provided to TRC by Client and will, regardless of the exact nature of such condhions, or the expense or difficulty of performing the Clean-up with respect to same, fully complete the Clean-up of the Pre-existing Pollution Conditions pursuant to the terms of this Contract.

(e) TRC represents and warrants that it has provided all of the material information in its possession concerning the Pre-existing Pollution Conditions at the Site and Off-Site Locations to Insurer prior to the issuance of the Policy.

12. Representations and Warranties of Client.

(a) Client represents and warrants that it has the authority to provide reasonable and necessary access to the Site in order for TRC to implement and complete the Clean-up and to perform its obligations hereunder.

(b) Client represents and warrants that it has provided TRC with copies of all material documents, reports, data, field notes, and other information concerning Pollution Conditions and other conditions (including the location of utilities at the Site) that Client, to Client's Knowledge, has in its possession or to which it has had access or control.

13. Independent Contractor.

TRC is an independent contractor, and the methods and techniques of its performance and the control thereof shall vest in its discretion. It is understood and agreed that neither TRC nor Client, by this Contract, intends that TRC or TRC's employees, representatives, and agents shall be considered, or deemed to be, or acting as employees of Client, but rather as an independent contractor retained by Client to take responsibility for and perform the Clean-up. TRC shall not take any action or omit to take any action that is inconsistent with its status as an independent contractor. TRC shall be solely responsible for all of its practices, procedures, means, methods, and protocols used in carrying out the Clean-up, for all governmental fees imposed upon its performance of the Cleah-up and for payment of all compensation, benefits, contributions, and taxes, if any, due its employees, agents, contractors, and subcontractors. TRC agrees that any and all persons whom it may employ or whose services it may retain in order to perform its obligations under this Contract shall remain TRC's employees or consultants exclusively.

14. Notices. Notices required hereunder shall be deemed given if sent by first-class mail or recognized overnight courier to the following duly authorized representatives:

For Client: Joseph T. Diegel
Vice President
Shieldalloy Metallurgical Corporation
545 Beckett Road, Suite 201
Swedesboro, NJ 08085

For TRC: Michael C. Salmon
Senior Vice President
TRC Companies, Inc.
21 Technology Drive
Irvine, CA 92618

With copy to: Martin Dodd, Esquire
General Counsel
TRC Companies, Inc.
21 Griffin Road North
Windsor, CT 06095

The Parties may change their duly authorized representatives at any time by providing written notice with proof of delivery to the other party.

15. Termination.

(a) Without prejudice and subject to Client's right to terminate this Contract for failure to satisfy Conditions Precedent to the Effective Date as provided in Paragraph 4.(b), none of the Parties shall have the right to terminate this Contract without cause.

(b) Client may, at their option, terminate this Contract for cause for the following reasons:

(i) The Clean-up is not performed in material compliance with the provisions of this Contract;

(ii) TRC fails to comply with Environmental Laws in executing the Clean-up; or

(iii) TRC declares bankruptcy or becomes insolvent.

(iv) TRC fails to comply with a final and binding award of the technical arbitrators pursuant to Section 8 of this Contract.

(v) A substantial likelihood that TRC will fail to achieve Project Completion pursuant to the terms of this Contract.

(vi) TRC unreasonably delays in its implementation of any aspects of the Clean-up or Remedial Plan which have a material financial or liability impact on Client or which materially impact TRC's ability to achieve Project Completion;

(c) TRC may terminate this Contract for cause for the following reason:

(i) Client materially fails to perform its obligations hereunder and the failure materially impacts TRC's ability to perform hereunder.

(ii) Client fails to comply with a final and binding award of the arbitrators or technical arbitrators pursuant to section 8 of this Contract.

(d) In order to terminate this Contract for cause, the party seeking to terminate the Contract must provide the other party with written notice of its intent to terminate and its reason therefor. The other party shall have sixty (60) days in which to cure the alleged default or to undertake activities necessary to correct the default if the same cannot be completed within the sixty (60) day period. So long as the other party is diligently pursuing a cure, the party seeking to terminate shall not be permitted to do so. The Contract may be terminated upon the failure of the other party to (i) cure the default, or (ii) diligently pursue the cure of the default within the sixty (60) day period. Once termination by either party for cause is effective under this section, TRC agrees that it waives its right to any funds then held in the Notional Commutation Account (less amounts due TRC) and that all right, title and interest in said account shall be transferred to Client.Upon such termination, any proceeds remaining in the Notional Commutation Account shall be distributed pursuant to the terms of the Policy.

16. Bankruptcy of TRC.

(a) Automatic Stay. In the event that TRC becomes a debtor in a case under the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), TRC agrees:

(i) to waive, to the fullest extent permissible by law, the provisions of the automatic stay pursuant to Bankruptcy Code Section 362;

(ii) not to oppose or interpose an objection to any motion by any or all of the Key Parties to lift the automatic stay, pursuant to Bankruptcy Code Section 362(d); and

(iii) that cause exists to lift the automatic stay pursuant to Bankruptcy Code Section 362(d), including, without limitation, that the Key Parties and the public interest will not be adequately protected in the event that TRC does not perform its obligations under the Contract in a prompt and timely fashion (or did not do so prior to the commencement of the case).

(b) Assumption or Rejection of Contract. In the event that TRC becomes a debtor in a case under the Bankruptcy Code, TRC agrees:

(i) that cause will exist for it to be required to determine whether to assume or reject the Contract pursuant to Bankruptcy Code Section 365 oh or before the 10th calendar day following the commencement of the case, because time is of the essence under the Contract, and the Key Parties and the public interest will be substantially prejudiced and irreparably harmed by any delay in the prompt and timely performance of TRC's obligations under the Contract:

(ii) to use its best efforts, consistent with its fiduciary duties as debtor-in-possession under Bankruptcy Code Section 1107, if applicable, upon the direction of ShieldAlloy, to assume and assign the Contract to ShieldAlloy or its designee pursuant to Bankruptcy Code Section 365, or to reject the Contract pursuant to the direction of ShieldAlloy.

(c) No Current Intention To Invoke Bankruptcy Protection. TRC and its officers and directors represent and warrant that they have no present intention:

(i) to cause TRC to seek protection under the Bankruptcy Code, or any other similar statute relating to insolvency;

(ii) to cooperate with any other person or entity seeking to comruence an involuntary case under the Bankruptcy Code against TRC; or

(iii) to do otherwise than actively object to and seek dismissal of any involuntary case under the Bankruptcy Code against TRC.

(d) Proceeds of Notional Commutation Account Not Property of Bankruptcy Estate. In the event that TRC becomes a debtor in a case under the Bankruptcy Code, TRC agrees and waives any rights it has to the contrary that:

(i) it has no property interest in the proceeds of the Notional Commutation Account, and that such proceeds are not property of TRC's bankruptcy estate pursuant to Bankruptcy Code Section 361, except to the limited extent, if any, that disbursement to TRC is required from such account for Remediation that has been performed pursuant to the terms of this Contract.

(ii) that the automatic stay pursuant to Bankruptcy Code Section 362 does not apply to the proceeds of the Notional Commutation Account, except to the limited extent, if any, that disbursement is required to TRC from such account for Remediation that has been performed pursuant to the terms of this Contract.

17. Governing Law.

This Contract shall be governed by and construed and enforced in accordance with the laws of the State of New Jersey and except as provided in paragraph 8, any action or proceeding relating to, arising out of or effecting wither party's rights and obligations under this agreement shall be brought in the federal or state courts located in New Jersey.

18. Entire Agreement.

This Contract constitutes the entire agreement of the Parties with respect to the Clean-up activities and obligations contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements concerning the subject matter hereof are merged herein.

19. Severability.

If any term, covenant, condition, or provision of this Contract is found by a court of competent jurisdiction to be invalid, void, or unenforceable, the remainder of this Contract shall remain in full force and effect, and shall in no way be affected, impaired or invalidated thereby.

20. Waiver.

No waiver of any provision of this Contract shall be effective unless such waiver is in writing and signed by the party against whom enforcement of the same is sought. Failure to enforce any provision of this Contract or to require at any time performance of any provision hereof shall not be construed to be a waiver of such provision, or to affect the validity of this Contract or the right of any party to enforce each and every provision in accordance with the terms hereof. No waiver of any provision of this Contract shall affect the right of Client or TRC thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default involving such provision or any other provision. Making payment or performing pursuant to this Contract during the existence of a dispute shall not be deemed to be and shall not constitute a waiver of any claims or defenses of the party so paying or performing.

21. Assignment.

(a) This Contract is personal to the Parties hereto and is not intended for the benefit of any third party. Except as set forth below, this Contract shall not be assignable to any other party without the prior, written authorization of the other Party hereto. Such authorization may be denied by the other Party in its sole discretion.

(b) Client shall have the right to assign the benefits and obligations of this Contract to a buyer of the real property underlying the Site or to Client's lenders, so long as the such buyer or lender accepts and is able to perform the obligations of Client hereunder. Client shall be entitled to collaterally assign this agreement to a lender without the lender assuming Client's obligations hereunder unless and until such lender becomes the owner and operator of the Site.

22. Confidentiality.

The terms and conditions of this Contract are strictly confidential and shall not be disclosed to any third party except as is required (i) for the performance of this Contract and then shall be disclosed to such persons only under corresponding conditions of confidentiality; (ii) by law or any court, administrative agency or other Governmental Authority with jurisdiction over the activities contemplated by this Contract; (iii) to obtain financing in which the Site will secure the indebtedness or (iv) as Client determines is necessary in connection with any proposed sale or lease of all or any portion of the Site and then shall be disclosed to such persons only under corresponding conditions of confidentiality.

23. Future Development.

Nothing herein shall prevent Client from further developing (including without limitation subdividing, mortgaging, leasing; hypothecating or conveying) the Site or any portion thereof provided that Client otherwise satisfies the conditions hereof.

24. Jury Waiver

The parties waive the right to trial by jury in any litigation arising out of or related to this Agreement or the duties or obligations of the parties arising therefrom.

25. Prevailing Parties.

The prevailing party to any action or proceeding between Client and TRC with respect to the interpretation of or breach of this agreement or the transactions contemplated hereunder shall be entitled to have and recover all reasonable costs, expenses, attorney's fees, expert witness fees and other costs incurred in connection therewith.

26. Counterparts.

This Contract may be executed in multiple counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, this Contract is effective as of the as of the date first above written.

CLIENT

_____ _____ 1/11/06
Date

TRC COMPANIES, INC.

_____ _____ 1/11/06
Date

TRC ENVIRONMENTAL CORPORATION

Robert C. Smith _____ _____ 1/11/06
Date

List of Exhibits (This List will need updating)

Exhibit "A" – SITE MAP
Exhibit "B" – ENVIRONMENTAL SETTLEMENT AGREEMENT
Exhibit "C" – CONTEMPLATED USE
Exhibit "D" – EXISTING ACO's
Exhibit "E" - NATURAL RESOURCE RESTORATION PLAN
Exhibit "F" - NEW ACO
Exhibit "G" - SCHEDULE
Exhibit "H" - INSURANCE POLICY

CERTIFICATE OF AUTHORITY

I, Martin H. Dodd, the undersigned, do hereby certify that I am
(Name of Certifying Officer)

the Secretary of TRC Environmental Corporation, a
(Title of Certifying Officer) (Name of Corporation)

Connecticut corporation, and that the following resolution
(State of Incorporation)

was duly adopted on November 18, 2004, at a duly called and held meeting
(Date of Adoption of Resolution or Annual Meeting Date)

of the Board of Directors of said corporation:

Resolved, that Robert C. Smith, in his capacity as
(Name of Signer of Contract or Amendment to Contract) his/her

Vice President of TRC Environmental Corporation,
(Title of Signer of Contract or Amendment to Contract) (Name of Corporation)

21 Griffin Road North, Windsor, Connecticut 06095, is hereby authorized to sign any and all
(Company Address)

contracts, amendments to contracts, affidavits, agreements or obligations on behalf of the corporation.

I do further certify that the above resolution has not been amended or revoked and is now

in full force and effect.

Dated this 4th day of January, 2006.

Martin H. Dodd
Secretary

(Affix Corporate Seal)

CORPORATION CERTIFIED RESOLUTION

I, Martin H. Dodd, Secretary of TRC Environmental Corporation, a corporation organized and existing under the laws of the State of Connecticut (the "Company"), do hereby certify that the following is a true and correct copy of a resolution duly adopted at a meeting of the Board of Directors of the Company duly held and convened on November 18, 2004, at which meeting a duly constituted quorum of the Board of Directors was present and acting throughout, and that such resolution has not been modified, rescinded or revoked, and is at present in full force and effect:

> **RESOLVED:** That Robert C. Smith, Vice President, of TRC Environmental Corporation is empowered and authorized to execute and deliver on behalf of the Company any and all Contracts, Amendments tp Contracts, Affidavits, Agreements, or Obligations.

IN WITNESS WHEREOF, the undersigned has affixed his signature and the corporate seal of the Company this 4th day of January, 2006.

Martin H. Dodd, Secretary

(Corporate Seal)

NOTARIAL CERTIFICATE

State of Connecticut
ss. Windsor
County of Hartford

On this the 4th day of January, 2006, before me, Patricia A. Hampson, the undersigned officer, personally appeared, Martin H. Dodd who acknowledged himself to be the Secretary, of TRC Environmental Corporation, a corporation, and acknowledged to me that such corporation executed the within instrument pursuant to its by-laws or a resolution of its Board of Directors and that he as such Secretary, being duly authorized to do so, executed the foregoing instrument for the purposes therein, by signing the name of the corporation by himself as Secretary.

In witness whereof, I hereunto set my hand.

Patricia A. Hampson

Patricia A. Hampson

PATRICIA A. HAMPSON
NOTARY PUBLIC
MY COMMISSION EXPIRES JUNE 30, 2007