



State of Utah

DEPARTMENT OF COMMERCE DIVISION OF SECURITIES

Protecting Investors; Promoting Commerce

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December 9, 2002

Mary L. Badiak
Akin Gump Strauss Hauer & Feld
590 Madison Avenue
New York, NY 10022

Re: Republic Engineered Products LLC
No-Action Letter
File # B00354627

Dear Ms. Badiak:

In response to your October 23, 2002 letter, the Utah Division of Securities ("Division") has reviewed your request for a no-action letter pursuant to the authority granted by § 61-1-25 (5) of the Utah Uniform Securities Act ("Act") and § R164-25-5 of the Utah Administrative Code ("UAC"). In your request, you describe the issuance of new notes to persons who are beneficial owners of notes previously issued by Republic Engineered Products, LLC. This reissuance is part of a reorganization ordered by the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division. A Form S-1 Registration statement has been filed with the United States Securities and Exchange Commission to register the securities under the Securities Act of 1933. Your letter requests confirmation of the Division's no-action position on licensing and filing requirements for this reorganization.

Based upon the facts presented in your request, the Division will not recommend any enforcement or administrative action should the transaction proceed as outlined in your request. To avoid unnecessary restatement or summarization of the facts set forth in your request, the Division's response is attached to a photocopy of your request.

This response does not purport to express any legal conclusions regarding the applicability of statutory or regulatory provisions of federal or state securities laws to the questions presented. It merely expresses the opinion of the Division on enforcement or administrative actions.

As this recommendation is based upon the representations made to the Division, any different facts or conditions of a material nature might require a different conclusion. Furthermore, this No-Action Letter relates only to the transaction described above and will have no value for future

Ms. Mary L. Badiak
December 2, 2002
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similar transactions and does not absolve any party involved from complying with the anti-fraud provisions contained in § 61-1-1 of the Act.

Respectfully,

A handwritten signature in cursive script that reads "Paula W. Faerber". The signature is written in black ink and is positioned above the printed name.

Paula W. Faerber

Enclosure

AKIN GUMP
STRAUSS HAUER & FELD LLP

Attorneys at Law

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October 23, 2002

VIA FEDERAL EXPRESS

State of Utah
Department of Commerce
Securities Division
160 East 300 South, 2nd Floor
Salt Lake City, UT 84111

Re: Republic Engineered Products LLC
Request for No-Action

Dear Sir or Madam:

We are writing on behalf of Republic Engineered Products LLC (the "Purchaser"), a Delaware limited liability company, in connection with the proposed distribution of \$80,000,000 aggregate principal amount of the 10% Senior Secured Notes due 2009 of the Purchaser (the "New Notes") to persons who are beneficial owners (the "Bondholders") of the 13 ¾% Senior Secured Notes due 2009 (the "Old Notes") of Republic Technologies International, LLC ("Republic" and, together with its subsidiaries, the "Sellers"). The Purchaser issued the New Notes to Republic for the benefit of the Bondholders as partial consideration for the purchase of a substantial portion of the assets of the Sellers under Section 363 of chapter 11 of title 11, United States Code, as amended (the "Bankruptcy Code"). In exchange for the release of the Bondholders' liens secured under the Old Notes, the New Notes were deposited into a liquidating trust for the benefit of the Bondholders and will be distributed from the liquidating trust to the Bondholders in accordance with and pursuant to the order of the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division (the "Bankruptcy Court"). The Purchaser has filed with the U.S. Securities and Exchange Commission a Registration Statement on Form S-1 to register the distribution of the New Notes under the Securities Act of 1933, as amended (the "Securities Act"). For the reasons set forth below, we are asking the Utah Securities Commission (the "Commission") not to object if the New Notes are distributed to the Bondholders without registration, in the manner described in this letter, under the Utah Uniform Securities Commission (the "Act") in reliance of Section 61-1-13(22)(d)(vi) thereof, on the grounds that the issuance would not constitute a "sale."

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Background

The Purchaser entered into an Asset Purchase Agreement (the "Agreement") with the Sellers on June 7, 2002. In accordance with the bankruptcy procedures and the bidding procedures order of the Bankruptcy Court entered on May 31, 2002, an auction was held through which other parties were invited to submit higher or better bids to acquire the assets of Republic. No other party submitted a bid that qualified as a competing bid under the bidding procedures order. A sale hearing was held before the Bankruptcy Court on July 9, 2002 and July 11, 2002, at which all interested parties had the right to appear and be heard and the Bankruptcy Court heard testimony on the fairness of the terms and conditions of the sale of the assets, including the issuance of the New Notes as partial payment for the assets. The Bank of New York, as trustee under the indenture governing the Old Notes, and the holders of a majority of the aggregate principal amount of the Old Notes objected to the sale. The Bondholders asserted that they had the right to acquire the assets of Republic that secured the Old Notes.

The Purchaser agreed to a stipulated settlement with The Bank of New York and the Bondholders. In exchange for the release of all liens on the assets that secured the Old Notes pursuant to the Agreement, the Purchaser agreed to issue, pursuant to applicable law, the New Notes for the benefit of the Bondholders. In addition, the Purchaser agreed to file a Registration Statement under the Securities Act in order to effect the distribution of the New Notes such that they will be freely tradeable in the secondary market. The Bankruptcy Court included this stipulated settlement as part of its order authorizing the sale of Republic's assets to the Purchaser pursuant to the terms of the Agreement. The Bankruptcy Court order was entered on July 11, 2002 and amended on July 23, 2002. The Bankruptcy Court has specifically retained jurisdiction to ensure that the New Notes are freely tradeable by the Bondholders.

The Purchaser will not receive any proceeds from any sale of the New Notes by broker-dealers. Any New Notes received by broker-dealers for their own account pursuant to the distribution may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Notes or a combination of such methods of resale, at market prices prevailing at the time of the resale, at prices related to such prevailing market prices or at negotiated prices. Any resale of the New Notes in your state will be made in compliance with exemptions for non-issuer, secondary sales.

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Analysis

Under Section 61-1-13(22)(d)(vi) of the Act, a “sale” does not include “any act incident to a judicially approved reorganization in which a security is issued in exchange for one or more outstanding securities, claims, or property interests, or partly in such exchange and partly for cash.” The Act does not define “reorganization.” Under chapter 11 of the Bankruptcy Code, a “reorganization” generally refers to a judicially approved plan by which a debtor-in-possession or its successor may emerge from bankruptcy and continue its operations as a going concern. Section 1145 of the Bankruptcy Code exempts from the registration requirements of both federal and state securities laws the issuance of securities in connection with a plan of reorganization. In the instant case, a plan of reorganization was not possible because Republic was administratively insolvent and would not survive the confirmation process. Notwithstanding the foregoing, we believe that the judicially approved exchange of the New Notes for outstanding claims or property interests in connection with the sale of assets under Section 363 of the Bankruptcy Code constitutes as a judicially approved reorganization. In order to preserve the business of a chapter 11 debtor-in-possession and the jobs of its employees, it is not always possible to confirm a chapter 11 plan of reorganization, especially as the duration of the debtor’s chapter 11 case lengthens and administrative expenses build. It has become common to effect a Section 363 transaction under the Bankruptcy Code that resolves the secured claims against a debtor’s estate when a chapter 11 plan of reorganization is not possible. Moreover, secured creditors sometimes will compromise a portion of their claims in a Section 363 sale that contemplates the sale of their collateral for the sake of receiving some of the consideration in the sale, rather than coming out of pocket to pay the administrative expenses of the debtor solely for the purpose of confirming a chapter 11 plan of reorganization.

Further, we believe that the distribution of the New Notes in accordance with and pursuant to the order by the Bankruptcy Court is appropriate in the public interest and consistent with the purposes and provisions of the Act. We further believe that the Bondholders and the market will be protected through the disclosure of public information regarding the Purchaser, including financial statements that will be provided through the Purchaser’s filings under the relevant provisions of Securities and Exchange Act of 1934, as amended.

For the reasons set forth above, on behalf of the Purchaser, we respectfully request that the Commission concur in our view:

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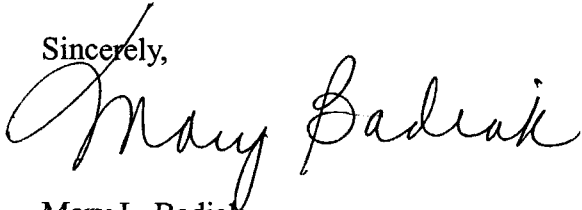
(a) that the distribution of the New Notes to the Bondholders will not constitute a "sale" by the Purchaser as defined under Section 61-1-13(22)(d)(vi) of the Act; and

(b) that the Purchaser, or any of its officers or employees that will assist with the distribution of the New Notes, will not be deemed a broker or dealer, or agents thereof, and will not be required to register as such under the Act.

Enclosed for your information is a copy of the order issued by the Bankruptcy Court and our check in the amount of \$120 to cover the statutory filing fee. In addition, for a detailed description of the Settlement and Plan of Distribution, reference is hereby made to the Registration Statement on Form S-1, which was filed electronically by the Purchaser with the Securities and Exchange Commission on October 16, 2002. Please feel free to contact us if you would prefer to receive a hard copy of the Registration Statement on Form S-1.

Kindly acknowledge receipt by date stamping the copy of this letter and returning same in the self-addressed, stamped envelope enclosed herein. Thank you for your consideration to this request.

Sincerely,



Mary L. Badiak

Enclosures