In connection with the issuance of the debentures, the Company incurred $5.1 million of issuance costs, which primarily consisted of investment banking fees, legal and other professional fees. These costs are classified within *Other noncurrent assets* and are being amortized as interest expense using the effective interest method over the term from issuance through the first date that the holders can require repurchase of the debentures, which is March 15, 2013. Amortization expense related to the issuance costs of the debentures was $0.8 million for the year 2008, and the interest expense on the debentures was $2.7 million for the year 2008. The Company made cash payments of $1.7 million for interest on the debentures during 2008.

The Company used a portion of the proceeds of the debenture offering to retire $98.3 million of term debt and terminate a $40 million revolving credit line under its previous credit facility. Interest expense for 2008 includes approximately $0.2 million of amortization expense and $2.2 million for the non-cash write-off of unamortized issuance costs on the prior facility. In conjunction with terminating the revolving credit line, the Company posted $20.7 million of restricted cash during 2008 to collateralize stand-by letters of credit previously supported by that facility.

PGM SALES AND HEDGING ACTIVITIES

Mine Production

Palladium, platinum, rhodium, gold and silver are sold to a number of consumers and dealers with whom the Company has established trading relationships. Refined platinum group metals (PGMs) of 99.95% purity (rhodium of 99.9%) in sponge-form are transferred upon sale from the Company's account at third-party refineries to the account of the purchaser. By-product metals are normally sold at market prices to customers, brokers or outside refiners. Copper and nickel by-products, however, are produced at less than commercial grade, so prices for these metals typically reflect a quality discount. By-product sales, previously reflected as a reduction to costs of metals sold, are now included in revenues from mine production. During 2008, 2007 and 2006, total by-product (copper, nickel, gold, silver and mined rhodium) sales were $36.8 million, $53.8 million and $42.6 million, respectively.

The Company has entered into long-term sales contracts with Ford Motor Company and General Motors Corporation, covering production from the mines, that contain guaranteed floor and, in some cases, ceiling prices for metal delivered. Metal sales under these contracts, when not affected by the guaranteed floor or ceiling prices, are priced at a slight discount to market. Under these sales contracts, the Company currently has committed 100% of its palladium production and 70% of its platinum production from mining through 2010. After 2010, 20% of the Company's total mine production of palladium, along with additional palladium ounces to be procured from other sources at the Company's discretion, are committed for sale in 2011 and 2012 under these contracts. None of the Company's platinum production after 2010 is committed for sale under these contracts.

The following table summarizes the floor and ceiling price structures for the long-term sales contracts with Ford Motor Company and General Motors Corporation related to mine production. The first two columns for each commodity represent the percent of total mine production that is subject to floor prices and the weighted average floor price per ounce. The second two columns for each commodity represent the percent of total mine production that is subject to ceiling prices and the weighted average ceiling price per ounce.

	PALLADIUM				PLATINUM			
	Subject to Floor Prices		Subject to Ceiling Prices		Subject to Floor Prices		Subject to Ceiling Prices	
Year	% of Mine Production	Avg. Floor Price	% of Mine Production	Avg. Ceiling Price	% of Mine Production	Avg. Floor Price	% of Mine Production	Avg. Ceiling Price
2009	100%	$ 364	20%	$ 975	70%	$ 425	14%	$ 850
2010	100%	$ 360	20%	$ 975	70%	$ 425	14%	$ 850
2011	20%	$ 300	-	-	-	-	-	-
2012	20%	$ 300	-	-	-	-	-	-

In view of the very difficult economic climate and the challenges faced by the auto industry worldwide, the Company is monitoring closely the financial condition of its customers. Both Ford Motor Company and General Motors Corporation have seen their credit ratings downgraded significantly over the past several years. There can be no assurance that one or both of these customers will not file for bankruptcy protection in the future, which could result in the cancellation of the respective PGM sales agreements. Federal financial assistance to automotive manufacturers cannot be