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STERLING CHEMICALS INC  
Form SC 13G/A  
March 11, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13G/A  
(RULE 13D-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULES 13D-1(B), (C)  
AND (D) AND AMENDMENTS THERETO FILED PURSUANT TO RULE 13D-2  
(AMENDMENT NO. 2)\*

Sterling Chemicals, Inc.  
(NAME OF ISSUER)

Common Stock  
(TITLE OF CLASS OF SECURITIES)

859166100  
(CUSIP NUMBER)

March 7, 2008  
(DATE OF EVENT WHICH REQUIRES FILING OF THIS STATEMENT)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[ ] Rule 13d-1(b)  
[ x ] Rule 13d-1(c)  
[ ] Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP NO. 85916600

13G

PAGE 1 OF 6 PAGES

1. NAME OF REPORTING PERSONS  
Avenue Capital Management II, L.P.
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) [ ]  
(b) [ X ]
3. SEC USE ONLY
4. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY  
EACH REPORTING PERSON WITH:

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5. SOLE VOTING POWER

None

6. SHARED VOTING POWER

467,589

7. SOLE DISPOSITIVE POWER

None.

8. SHARED DISPOSITIVE POWER

467,589

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

467,589

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:  
[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
16.3%

12. TYPE OF REPORTING PERSON

IA

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1. NAME OF REPORTING PERSONS

Avenue Capital Management II GenPar, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]

(b) [ X ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY  
EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

None

6. SHARED VOTING POWER

467,589

7. SOLE DISPOSITIVE POWER

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None.

8. SHARED DISPOSITIVE POWER

467,589

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

467,589

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:  
[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
16.3%

12. TYPE OF REPORTING PERSON

OO

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1. NAME OF REPORTING PERSONS  
Marc Lasry

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) [ ]  
(b) [ X ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

U.S.

NUMBER OF SHARES BENEFICIALLY OWNED BY  
EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

None

6. SHARED VOTING POWER

467,589

7. SOLE DISPOSITIVE POWER

None.

8. SHARED DISPOSITIVE POWER

467,589

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

467,589

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10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:  
[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
16.3%

12. TYPE OF REPORTING PERSON  
  
IN

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1. NAME OF REPORTING PERSONS  
Avenue Special Situations Fund V, L.P.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a) [ ]  
(b) [ X ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION  
  
Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY  
EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER  
  
None

6. SHARED VOTING POWER  
  
216,618

7. SOLE DISPOSITIVE POWER  
  
None.

8. SHARED DISPOSITIVE POWER  
  
216,618

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
  
216,618

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:  
[ ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
  
7.7%

12. TYPE OF REPORTING PERSON  
  
PN

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1. NAME OF REPORTING PERSONS  
Avenue Capital Partners V, LLC
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP  
(a)  ]  
(b)  X ]
3. SEC USE ONLY
4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY  
EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER  
None
6. SHARED VOTING POWER  
216,618
7. SOLE DISPOSITIVE POWER  
None.
8. SHARED DISPOSITIVE POWER  
216,618
9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
216,618
10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:  
 ]
11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)  
7.7%
12. TYPE OF REPORTING PERSON  
OO

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1. NAME OF REPORTING PERSONS  
GL Partners V, LLC
2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

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(a) [       ]  
(b) [ X    ]

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY  
EACH REPORTING PERSON WITH:

5. SOLE VOTING POWER

None

6. SHARED VOTING POWER

216,618

7. SOLE DISPOSITIVE POWER

None.

8. SHARED DISPOSITIVE POWER

216,618

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216,618

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES:  
[       ]

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

7.7%

12. TYPE OF REPORTING PERSON

OO

ITEM 1.

(A) NAME OF ISSUER: Sterling Chemicals, Inc.

(B) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

333 Clay Street, Suite 3600  
Houston, Texas 77002-4109

ITEM 2.

(A) NAMES OF PERSONS FILING: See Cover Pages, Item 1.

(B) ADDRESS OR PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE:

c/o Avenue Capital Management II, L.P.  
535 Madison Avenue, 15th Floor

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New York, NY 10022

- (C) CITIZENSHIP: See Cover Pages, Item 4
- (D) TITLE OF CLASS OF SECURITIES: Common Stock (including securities which represent a right to acquire Common Stock pursuant to Rule 13d-3(d)(1), if any)
- (E) CUSIP NO.: 859166100

ITEM 3. STATEMENT FILED PURSUANT TO RULES 13D-1(B), OR 13D-2(B) OR (C):

Not applicable

ITEM 4. OWNERSHIP

See Cover Pages, Items 5 through 11.

The approximate percentages of shares of Common Stock reported as beneficially owned by the Reporting Persons (as defined below) are based upon 2,828,460 shares of Common Stock outstanding, as reported by the Issuer in its Quarterly Report on Form 10-Q for the quarter ended September 30, 2007.

Collectively, the securities reported in this Schedule 13G are held by Avenue Investments, L.P., a Delaware limited partnership, Avenue Special Situations Fund V, L.P., a Delaware limited partnership, Avenue Special Situations Fund IV, L.P., a Delaware limited partnership, Avenue Special Situations Fund II, L.P., a Delaware limited partnership, Avenue-CDP Global Opportunities Fund, L.P. a Cayman Islands exempted limited partnership, and Avenue International Master, L.P., a Cayman Islands exempted limited partnership (collectively, the "Avenue Entities"). Avenue Special Situations Fund V, L.P. is the only one of the Avenue Entities that holds more than 5% of the Common Stock. Avenue Capital Partners V, LLC is the General Partner of Avenue Special Situations Fund V, L.P. GL Partners V, LLC is the Managing Member of Avenue Capital Partners V, LLC and Marc Lasry is the Managing Member of GL Partners V, LLC. Avenue Capital Management II, L.P. is an investment adviser to each of the Avenue Entities. Avenue Capital Management II GenPar, LLC is the General Partner of Avenue Capital Management II, L.P. and Marc Lasry is the Managing Member of Avenue Capital Management II GenPar, LLC. Avenue Capital Management II, L.P., Avenue Capital Management II GenPar, LLC, Avenue Special Situations Fund V, L.P. and Marc Lasry are collectively referred to as the "Reporting Persons" in this Schedule 13G.

ITEM 5. OWNERSHIP OF FIVE PERCENT (5%) OR LESS OF A CLASS.

Not applicable.

ITEM 6. OWNERSHIP OF MORE THAN FIVE PERCENT (5%) ON BEHALF OF ANOTHER PERSON.

The Avenue Entities have the right to receive dividends in connection with their ownership of, and the proceeds of the sale of, the subject securities of Issuer as owned by such entities. None of the Avenue Entities beneficially owns more than five percent (5%) of the class except Avenue Special Situations Fund V, L.P.

ITEM 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY OR CONTROL PERSON.

See Exhibit 99 attached hereto.

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ITEM 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.

Not applicable.

ITEM 9. NOTICE OF DISSOLUTION OF GROUP.

Not applicable.

ITEM 10. CERTIFICATIONS.

By signing below, each of the undersigned certifies that, to the best of his or its individual knowledge and belief, the securities referred to above were acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of the knowledge and belief of the undersigned, each of the undersigned certifies that the information set forth in this statement with respect to such entity or individual is true, complete and correct.

Dated: March 11, 2008

AVENUE CAPITAL MANAGEMENT II, L.P.

By: Avenue Capital Management II  
GenPar,  
LLC, its General Partner

/s/ Marc Lasry  
By: Marc Lasry  
Its: Managing Member

AVENUE CAPITAL MANAGEMENT II GENPAR,  
LLC

/s/ Marc Lasry  
By: Marc Lasry  
Its: Managing Member

s/ Marc Lasry  
Name: Marc Lasry  
Capacity: Individually



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AVENUE SPECIAL SITUATIONS FUND V,  
L.P.

By: Avenue Capital Partners V, LLC,  
its General Partner

By: GL Partners V, LLC,  
its Managing Member

/s/Marc Lasry  
By: Marc Lasry  
Its: Managing Member

AVENUE CAPITAL PARTNERS V, LLC

By: GL Partners V, LLC,  
its Managing Member

/s/Marc Lasry  
By: Marc Lasry  
Its: Managing Member

GL PARTNERS V, LLC

/s/Marc Lasry  
By: Marc Lasry  
Its: Managing Member

INDEX TO EXHIBITS

EXHIBIT A Agreement of Reporting Persons

EXHIBIT 99 Identification and Classification of Subsidiary

EXHIBIT A

AGREEMENT OF REPORTING PERSONS

Avenue Capital Management II, L.P., a Delaware limited partnership, Avenue Capital Management II GenPar, LLC, a Delaware limited liability company, Avenue

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Special Situations Fund V, L.P., a Delaware limited partnership, Avenue Capital Partners V, LLC, a Delaware limited liability company, GL Partners V, LLC, a Delaware limited liability company and Marc Lasry, an individual, hereby agree to file jointly the statement on Schedule 13G/A to which this Agreement is attached and any amendments thereto which may be deemed necessary, pursuant to Regulation 13D-G under the Securities Exchange Act of 1934.

It is understood and agreed that each of the parties hereto is responsible for the timely filing of such statement and any amendments thereto, and for the completeness and accuracy of the information concerning such party contained therein, but such party is not responsible for the completeness and accuracy of information concerning any other party unless such party knows or has reason to believe such information is inaccurate.

It is understood and agreed that a copy of this Agreement shall be attached as an exhibit to the statement on Schedule 13G/A, and any amendments thereto, filed on behalf of each of the parties hereto.

Dated: March 11, 2008

AVENUE CAPITAL MANAGEMENT II, L.P.

By: Avenue Capital Management II  
GenPar,  
LLC, its General Partner

/s/ Marc Lasry  
By: Marc Lasry  
Its: Managing Member

AVENUE CAPITAL MANAGEMENT II GENPAR,  
LLC

/s/ Marc Lasry  
By: Marc Lasry  
Its: Managing Member

s/ Marc Lasry  
Name: Marc Lasry  
Capacity: Individually

AVENUE SPECIAL SITUATIONS FUND V, L.P.

By: Avenue Capital Partners V, LLC,  
its General Partner

By: GL Partners V, LLC,  
its Managing Member

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/s/Marc Lasry  
By: Marc Lasry  
Its: Managing Member

AVENUE CAPITAL PARTNERS V, LLC

By: GL Partners V, LLC,  
its Managing Member

/s/Marc Lasry  
By: Marc Lasry  
Its: Managing Member

GL PARTNERS V, LLC

/s/Marc Lasry  
By: Marc Lasry  
Its: Managing Member

EXHIBIT 99

Identification and Classification of Subsidiary

Collectively, the securities reported in this Schedule 13G are held by Avenue Investments, L.P., a Delaware limited partnership, Avenue Special Situations Fund V, L.P., a Delaware limited partnership, Avenue Special Situations Fund IV, L.P., a Delaware limited partnership, Avenue Special Situations Fund II, L.P., a Delaware limited partnership, Avenue-CDP Global Opportunities Fund, L.P. a Cayman Islands exempted limited partnership, and Avenue International Master, L.P., a Cayman Islands exempted limited partnership (collectively, the "Avenue Entities"). Avenue Capital Partners V, LLC is the General Partner of Avenue Special Situations Fund V, L.P. GL Partners V, LLC is the Managing Member of Avenue Capital Partners V, LLC and Marc Lasry is the Managing Member of GL Partners V, LLC. Avenue Capital Management II, L.P. is an investment adviser to each of the Avenue Entities. Avenue Capital Management II GenPar, LLC is the General Partner of Avenue Capital Management II, L.P. and Marc Lasry is the Managing Member of Avenue Capital Management II GenPar, LLC.

