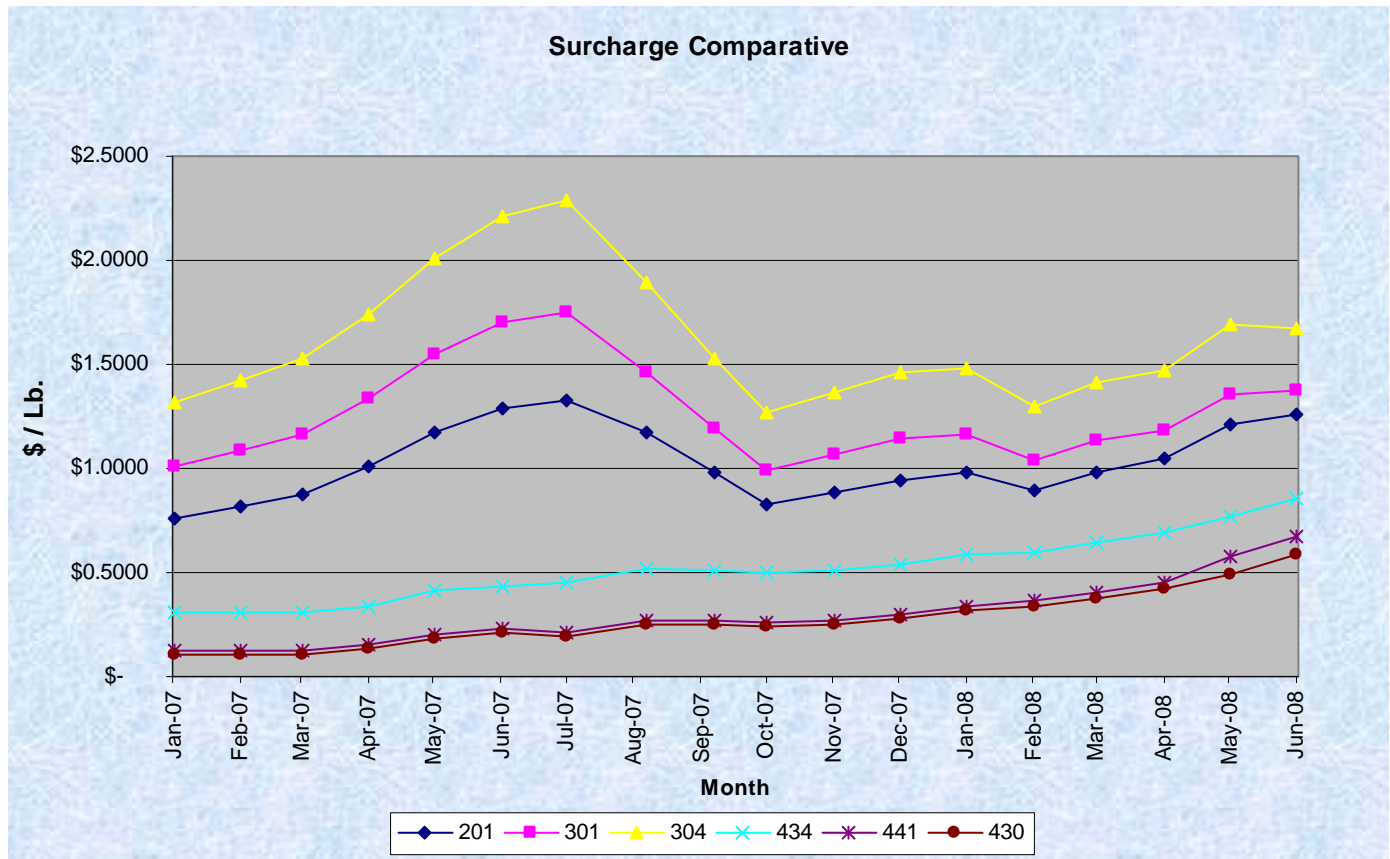


Metals Update May 2008

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Stainless



Market News:

The surcharge graph is based on Allegheny Ludlum's published monthly numbers.

- ATI Allegheny Ludlum announced May 7, 2008 they will be increasing base prices by 4 to 10% for most nickel-based alloy sheet, strip, Precision Rolled Strip® products, and specialty plate product forms, including tubular quality sheet and strip, and continuous mill plate products.
- On April 12, 2008 The Specialty Steel Industry of North America (SSINA) released their statistical data on imports, U.S. consumption, and import penetration for February 2008.
 - * Stainless Steel Sheet/Strip: Imports YTD February 2008 were 83,824 tons, a 14.3% increase compared to YTD February 2007; U.S. consumption was 351,045 tons, a 31.5% increase; two month import penetration was 23.9%, a 3.6 percentage point decrease from 2007.
 - * Stainless Steel Plate: Imports YTD February 2008 were 15,846 tons, a 31.3% decrease compared to YTD February 2007; U.S. consumption was 44,294 tons, a 34.1% decrease; two month import penetration was 35.8%, a 1.5 percentage point increase from 2007.
 - * Stainless Steel Bar: Imports YTD February 2008 were 19,370 tons, an 8.8% decrease compared to YTD February 2007; U.S. consumption was 42,100 tons, a 2.4% decrease; two month import penetration was 46.0%, a 3.2 percentage

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point decrease from 2007.

* Stainless Steel Rod:

Imports YTD February 2008 were 4,480 tons, a 21.1% decrease compared to YTD February 2007; U.S. consumption was 10,189 tons, a 21.7% decrease;

two month import penetration was 44.0%, a 0.3 percentage point increase from 2007.

* Stainless Steel Wire:

Imports YTD February 2008 were 6,738 tons, an 8.4% decrease compared to YTD February 2007; U.S. consumption was 8,777 tons, a 37.0% decrease; two month import penetration was 76.8%, a 24.0 percentage point increase from 2007.

• EPA Recognizes Copper's Antimicrobial Properties

The U.S. Environmental Protection Agency has approved the antimicrobial properties of copper alloys, acknowledging that copper, brass and bronze are capable of killing harmful, potentially deadly bacteria. Copper is the first solid surface material to receive this type of EPA registration, which opens the door to potential new applications for red metals. Potential uses include door and furniture hardware, bed rails, intravenous stands, dispensers,

faucets, sinks and work stations, which can help reduce the amount of disease-causing bacteria in hospitals.

- China's Taiyuan Steel has reported successful development of super-ferritic stainless steel 466, which claims to be the first in China. The grade will be used to produce corrosion-resistant pipes. The stainless steel pipes will soon substitute titanium alloy and copper alloy stainless pipes in the cooling systems of Chinese power stations; the company is also developing its product range in the 400-series
- Allegheny Technologies (ATI) is considering a hot strip mill for its Brackenridge operation which will cost about \$300m and the producer is now working out details. A company spokesman says due diligence is now underway to determine whether or not to add the mill to the facility. No timetable has been established for the project, which has been kicked around since 2005.

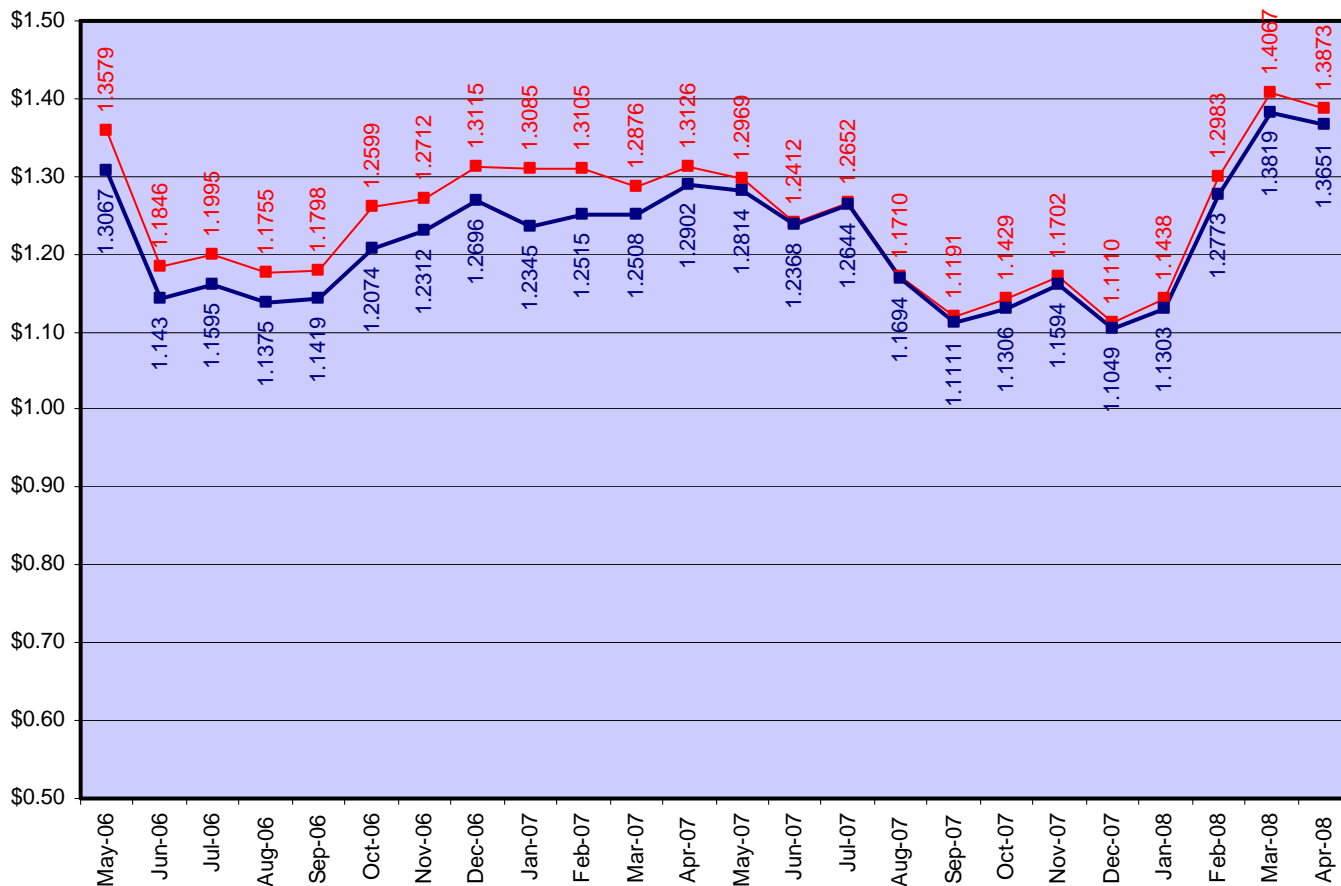
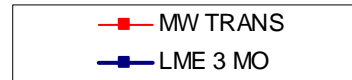
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Mill lead-times a/o 5/14/08 This chart reflects the current flat rolled lead-times subject to mill confirmations & available allocation.

Mill	Product	Ship Week
AK Steel	300 Series 2B 10ga-20ga 48"	Late July
	300 Series 20 ga 60" - 24 ga	Early August
	300 Series Polished 10-20Ga 48	Mid August
	300 Series Polished 20-24 Ga 60"	
	409/439	Late July
	18SR & 18CrCb	Late July
Allegheny	304/316L DRAP	Mid June
	201/300 series <.059 & >.059 2B & 2D	Mid June
	201/300 series<.059 & >.059 Polished	Late June
	430 BA/KL	Inquire
	409/439	Late June
Mexinox	300 series	Early August
	316 L	Early August
	430	Early August
SKS Ex-mill TKN Ex-mill	304/430 BA	Late July
	CMP	Early August
North American	300 Series	Late June
	430	Late June
	409	Mid-July
	CMP	Late June
	Discrete Plate	Late June

Aluminum

ALUMINUM INGOT



Market News:

- Effective with all new orders placed on and after May 12, 2008 and all shipments on and after June 2, 2008, Service Center Metals will be increasing pricing by \$.02 per pound; this is due to the continued increases in operating expenses, including energy and transportation.
- According to a published report from MSCI in April 2008; March shipments of

aluminum products from U.S. service centers dropped 17.7% from the same month a year ago, to 90,500 tons. First-quarter aluminum shipments of 283,100 tons were down 9.1% from the year-ago quarter. U.S. aluminum inventories at the end of March of 286,600 tons were down 21.4% from the 2007 quarter and represented a 3.2-month supply.

- Canadian shipments of alu-

Current lead times:

1100/3003/5052 series alloys
= 5/7 weeks

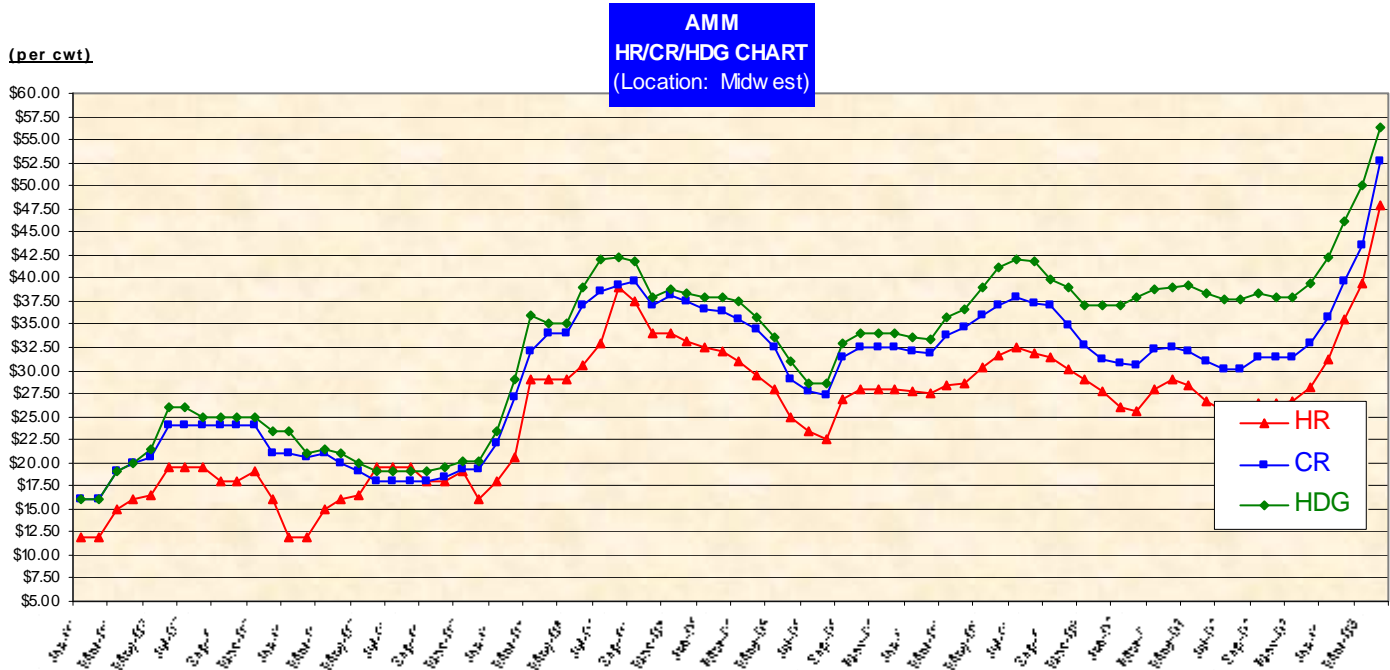
3003 Aluminum Tread Bright
= 7/9 weeks

6061 T6 Heat Treat sheet =
10/12 weeks

Aluminum

- minum products fell 2.7% in March, to 10,400 tons, while first-quarter shipments of 30,600 tons were up 0.2% from the year-ago quarter. Inventories at the end of March of 28,100 tons were down 4.6% and, at current sales rates, represented a 2.7-month supply.
- European market remains steady through April. CRU reports that there has been high levels of metal turnover suggesting that much of the recent orders have reached end users. Demand across most end users remains firm, although the transportation sector is now starting to slow. Aerospace and can stock sectors have continually shown an increase in demand along with steady activity in the engineering and machine building sectors for sheet and plate.
 - India continues with firm economic conditions supporting demand. Continued increase in construction activity has driven demand for flat rolled products; transportation remains strong and the packaging sector is very strong in the end uses that include aerosols and medicines.
 - Japanese total shipments continue to decrease in March according to analysts, “continued strength in exports failing to offset domestic weakness.” Shipments to the automobile sector rose by 4.1% and are up 5.7% year to date. However shipments of flat rolled products fell by 1.4% year-on-year in March and total production decreases by 2%.; domestic shipments have decreased 4.5% during this time period.
 - LME 3M price decreased slightly in April, losing 1.6% month on month to US \$2,940/ton after a 4.3% fall in March; a combination of fund buying, a weak US dollar, high oil prices and supply disruptions driving aluminum prices above the US \$3,000/ton level. Supply concerns lessened in April after production losses in China and South Africa. The LME 3M price fell back to US \$2,929/ton on May 6th. Analysts have stated that consumers are “waiting on the sidelines” for lower LME prices before purchasing any metal due to sufficient supply in the market.

Carbon



Prime Update May/June Outlook

Our industry has been experiencing only one consistency since the beginning of 2008 and that is price escalation. The reasoning behind it has not changed much at all during the first 5 months. Between the weak dollar, high input costs, mill capacity around 95% and very little to no sign of imports entering the US.

Recent numbers on export business for US mills is around 20-25% of production, depending on the product. As many of us know, the US would not be able to survive with a full speed economy with only US mill support. Now in these slower times our mills are running at higher capacity and can move the globally low cost, material off-shore to Europe, Asia and others.

The biggest announcements from recent weeks has been the \$250/ton "surcharge" added to existing contracts which was originally announced by Mittal. This has recently been followed by the other integrated mills. The other announcement was the \$135/ton increase on the #1 Busheling in Chicago. Some reports have May scrap selling around \$710/ton. Another issue is the possible energy shortage that has been mentioned. Our usage is growing at 2% yet there is not additional supply being supplemented.

Moving forward we can expect prices to continue the upward trend at least until August and most predict longer. There is some rumbling that there may be a global slow down in the 2nd half, but nothing is guaranteed anymore.