



Technical & Commercial Center  
100 River Road  
Brackenridge, PA 15014 USA  
Tel: 724-226-6259  
[www.alleghenyludlum.com](http://www.alleghenyludlum.com)  
[www.ATImetals.com](http://www.ATImetals.com)

**Terry L. Dunlap**  
President, ATI Allegheny Ludlum

July 26, 2011

Dear Valued Customer:

**Subject: New Effective Date - Stainless Steel Surcharge Change**

The effective date for ATI Allegheny Ludlum's previously announced surcharge change has been moved from September 4, 2011 to October 2, 2011. Accordingly, effective with shipments beginning October 2, 2011, ATI Allegheny Ludlum is changing the raw material reference period used to calculate the surcharge. This change applies to stainless steels, including but not limited to austenitic, duplex, ferritic, martensitic, precipitation hardening, and super ferritic stainless steels in cold-rolled and hot-rolled sheet and strip, tubular quality sheet and strip, continuous-mill-plate, plate-mill-plate and Precision Rolled Strip® product forms. The reference period for each surcharge component is shown below. This change is being made to better align raw material costs with the surcharge and to bring added stability to an increasingly volatile market.

The surcharge for shipments in each monthly period will be based on the following:

1. The LME nickel average price calculated on the daily official cash settlement price from the 21<sup>st</sup> day of month #1 through the 20<sup>th</sup> day of month #2 will determine the nickel component of the surcharge for shipments in month #3.
2. For raw materials where *Platts Metals Week* and *Ryan's Notes* are used as references to calculate the surcharge, the average of the four most recent weekly prices, published on or before the 23<sup>rd</sup> day of every month, will be the basis for the surcharge for shipments in the following monthly period.
3. The iron component of the surcharge for shipments in each monthly period will be based on the previous month's price as published in the *American Metal Market*.
4. The natural gas component of the surcharge for shipments in each monthly period will be based on the previous month's final settlement price for NYMEX Henry Hub Natural Gas.

Finally, the surcharge applied will continue to be based on the month of the acknowledged promise date but will now also apply to orders where ATI Allegheny Ludlum is not able to ship until the first week of the following month.

We thank you for your continued business and support. If you have any questions, please contact your ATI Allegheny Ludlum sales representative.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry L. Dunlap", is written over a horizontal line.

Terry L. Dunlap  
President, ATI Allegheny Ludlum