



January 13, 2010

## February 2010 Scrap Surcharge Announcement

To You, Our Valued Customer:

Effective with shipments January 1, 2007 the scrap surcharge will be calculated monthly using a base of \$115.00/ton. It will be based on the average price for # 1 bundles as published in the AMM on the 10<sup>th</sup> of each month for Chicago, Cleveland, and Pittsburgh.

As of January 11, 2010 the three-city average for No. 1 Bundles was \$386.67/ton. Using our revised method the February 2010 scrap surcharge for SBQ product is \$271.67/ton (\$13.58/cwt). This represents an increase of \$50.00/ton compared to January.

We appreciate your business and continued support.

Sincerely,

Jeff Cordill  
Sales & Marketing Manager



January 13, 2010

## February 2010 Alloy Surcharge Announcement

Effective February 1, 2010, alloy surcharges on Ferromolybdenum, Nickel, LC & HC ferrochrome, HC ferromanganese and Ferrovanadium are outlined as follows. Alloy surcharges will be calculated monthly and charged as a separate line item to each invoice based on the steel grade.

- The base cost or trigger point for Ferromolybdenum is \$4.00/lb, Nickel is \$3.50/lb, Ferrovanadium is \$6.00/lb, HC Ferrochrome is \$0.50/LB, LC ferrochrome is \$0.75/lb, and HC ferromanganese \$0.40/lb.
- The yield factor is 85% on Ferromolybdenum, Nickel, Ferrovanadium, and HC ferromanganese, 70% on Ferrochrome.
- The source of the current market price for Ferromolybdenum, Ferrovanadium, Ferrochrome, and HC Ferromanganese is the mid-point in the range of Ryan's Notes, as published on the 10<sup>th</sup> of the preceding month.
- The source of the market price of nickel is the London Metal Exchange average cash buyer average for the first ten days of the preceding month.
- The alloy surcharges are calculated by using these published prices, less the base cost, divided by the yield factor, then multiplied by the mid-point of the alloy bearing grade range. This cwt surcharge is then converted to a price per ton.
- The HC Ferromanganese surcharge is based on the minimum weight addition for all grades.

	*LC ferrochrome	HC ferrochrome	Ferro molybdenum	Nickel	Ferro vanadium	HC ferromanganese
January 12 <sup>th</sup> Index Value	\$1.92	\$0.92	\$15.75	\$8.49	\$11.13	\$0.71
Base Value	\$0.75	\$0.50	\$4.00	\$3.50	\$6.00	\$0.40
Yield Factor	70%	70%	85%	85%	85%	85%
February 2010 Surcharge/lb.	\$1.67	\$0.60	\$13.82	\$5.87	\$6.04	\$0.17cwt

The calculations shown refer only to standard AISI grades and should be used as a guideline only. Actual surcharges will be based on individual specifications and their respective alloy content.

**To address the volatility and unprecedented costs associated with Ferrochrome, Ferromolybdenum, Nickel, Ferrovanadium and HC ferromanganese, effective July 1, 2007 we will review alloy surcharges on the 10<sup>th</sup> of each month for prompt orders. Prompt orders are defined as orders received and acknowledged after the 10<sup>th</sup> of the month to be produced and shipped in the current month. A deviation greater than 5% from our published index values, for the month, will result in applying the new surcharge value for the balance of the month.**

**\*LC ferrochrome is specified for certain Melt Grades and will be priced accordingly.**

## Alloy Surcharge Rates as of 02/01/2010

Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
1033V	Ferrovandium	.125	\$0.76	<b>\$0.76</b>
10V45	Ferrovandium	.100	\$0.60	<b>\$0.60</b>
10V45 RES10172	Ferrovandium	.150	\$0.91	<b>\$0.91</b>
11V41	Ferrovandium	.100	\$0.60	<b>\$0.60</b>
13%Cr/420 Mod	Ferrovandium LC	13.250	\$22.13	<b>\$22.13</b>
1518-7	Ferrovandium	.075	\$0.45	<b>\$0.45</b>
1590 UHC	Ferrovandium HC	.280	\$0.17	<b>\$0.17</b>
15B29 Mod	Ferromolybdenum	.150	\$2.07	<b>\$2.07</b>
15V16	Ferrovandium	.085	\$0.51	<b>\$0.51</b>
15V16 LF6	Ferrovandium	.085	\$0.51	<b>\$0.51</b>
15V24	Ferrovandium	.075	\$0.45	<b>\$0.45</b>
15V27M	Ferrovandium	.075	\$0.45	<b>\$0.45</b>
15V30	Ferrovandium	.135	\$0.82	<b>\$0.82</b>
15V38M	Ferrovandium	.090	\$0.54	<b>\$0.54</b>
16MnCrS5	Ferrovandium HC	1.050	\$0.63	<b>\$0.63</b>
17MnV7	Ferrovandium	.120	\$0.72	<b>\$0.72</b>
1E1371	Ferromolybdenum Ferrovandium Ferrovandium HC	.350 .095 1.800	\$4.84 \$0.57 \$1.08	<b>\$6.49</b>
20MNCR5	Ferrovandium HC	1.200	\$0.72	<b>\$0.72</b>
25MoCr4	Ferromolybdenum Ferrovandium HC	.440 .900	\$6.08 \$0.54	<b>\$6.62</b>
25MoCr4 Ver 50	Ferromolybdenum Ferrovandium HC	.425 .870	\$5.87 \$0.52	<b>\$6.39</b>
30MnVS6	Ferrovandium	.115	\$0.69	<b>\$0.69</b>
35MnVS4	Ferrovandium Ferrovandium HC	.200 .150	\$1.21 \$0.09	<b>\$1.30</b>
38MnSiVS5	Ferrovandium	.110	\$0.66	<b>\$0.66</b>

## Alloy Surcharge Rates as of 02/01/2010

Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
38MnVS6	Ferrovandium	.110	\$0.66	<b>\$0.66</b>
4027	Ferromolybdenum	.260	\$3.59	<b>\$3.59</b>
40BV40 Mod	Ferromolybdenum	.355	\$4.91	<b>\$5.51</b>
	Ferrovandium	.100	\$0.60	
4118	Ferromolybdenum	.115	\$1.59	<b>\$1.89</b>
	Ferrochromium HC	.500	\$0.30	
4120	Ferromolybdenum	.170	\$2.35	<b>\$2.66</b>
	Ferrochromium HC	.520	\$0.31	
4120RH QL4	Ferromolybdenum	.170	\$2.35	<b>\$2.66</b>
	Ferrochromium HC	.520	\$0.31	
4122M 1E0778	Ferromolybdenum	.275	\$3.80	<b>\$4.24</b>
	Ferrochromium HC	.725	\$0.44	
4122M 1E1054	Ferromolybdenum	.325	\$4.49	<b>\$5.05</b>
	Ferrochromium HC	.925	\$0.56	
4124 M	Ferromolybdenum	.400	\$5.53	<b>\$7.35</b>
	Nickel	.205	\$1.20	
	Ferrochromium HC	1.025	\$0.62	
4124M	Ferromolybdenum	.170	\$2.35	<b>\$2.74</b>
	Ferrochromium HC	.650	\$0.39	
4124M B222	Ferromolybdenum	.170	\$2.35	<b>\$2.74</b>
	Ferrochromium HC	.650	\$0.39	
4129M	Ferromolybdenum	.300	\$4.15	<b>\$4.87</b>
	Ferrochromium HC	1.200	\$0.72	
4130	Ferromolybdenum	.200	\$2.76	<b>\$3.33</b>
	Ferrochromium HC	.950	\$0.57	
4130 Mod	Ferromolybdenum	.650	\$8.98	<b>\$9.58</b>
	Ferrochromium HC	1.000	\$0.60	
4130 TW051592	Ferromolybdenum	.220	\$3.04	<b>\$3.64</b>
	Ferrochromium HC	1.000	\$0.60	
4130-9/4130M	Ferromolybdenum	.225	\$3.11	<b>\$4.88</b>
	Nickel	.200	\$1.17	
	Ferrochromium HC	1.000	\$0.60	
4130M TW032808	Ferromolybdenum	.220	\$3.04	<b>\$4.03</b>
	Ferrovandium	.060	\$0.36	
	Ferrochromium HC	1.050	\$0.63	
4130M TW061206	Ferromolybdenum	.275	\$3.80	
	Ferrovandium	.040	\$0.24	

## Alloy Surcharge Rates as of 02/01/2010

Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
4130M TW061206	Ferrochromium HC	1.100	\$0.66	<b>\$4.70</b>
4130U	Ferromolybdenum	.225	\$3.11	<b>\$3.68</b>
	Ferrochromium HC	.950	\$0.57	
4132 MS362	Ferromolybdenum	.650	\$8.98	<b>\$9.73</b>
	Ferrochromium HC	1.250	\$0.75	
4135	Ferromolybdenum	.315	\$4.35	<b>\$5.01</b>
	Ferrochromium HC	1.100	\$0.66	
4135 B73	Ferromolybdenum	.200	\$2.76	<b>\$3.36</b>
	Ferrochromium HC	1.000	\$0.60	
4135H Mod	Ferromolybdenum	.315	\$4.35	<b>\$5.01</b>
	Ferrochromium HC	1.100	\$0.66	
4137	Ferromolybdenum	.200	\$2.76	<b>\$3.33</b>
	Ferrochromium HC	.950	\$0.57	
4137 M	Ferromolybdenum	.275	\$3.80	<b>\$4.46</b>
	Ferrochromium HC	1.100	\$0.66	
4137 MS303	Ferromolybdenum	.300	\$4.15	<b>\$4.81</b>
	Ferrochromium HC	1.100	\$0.66	
4137 Mod	Ferromolybdenum	.325	\$4.49	<b>\$5.17</b>
	Ferrochromium HC	1.125	\$0.68	
4137M 341	Ferromolybdenum	.300	\$4.15	<b>\$4.78</b>
	Ferrochromium HC	1.050	\$0.63	
4137M MS364	Ferromolybdenum	.300	\$4.15	<b>\$4.81</b>
	Ferrochromium HC	1.100	\$0.66	
4140	Ferromolybdenum	.200	\$2.76	<b>\$3.33</b>
	Ferrochromium HC	.950	\$0.57	
4140 A1	Ferromolybdenum	.200	\$2.76	<b>\$3.33</b>
	Ferrochromium HC	.950	\$0.57	
4140 M	Ferromolybdenum	.200	\$2.76	<b>\$5.14</b>
	Nickel	.350	\$2.05	
	Ferrochromium HC	.550	\$0.33	
4140/4142	Ferromolybdenum	.200	\$2.76	<b>\$3.33</b>
	Ferrochromium HC	.950	\$0.57	
4145M 346	Ferromolybdenum	.310	\$4.28	<b>\$4.94</b>
	Ferrochromium HC	1.100	\$0.66	
4150	Ferromolybdenum	.200	\$2.76	<b>\$3.33</b>
	Ferrochromium HC	.950	\$0.57	
4161/4161H	Ferromolybdenum	.300	\$4.15	

## Alloy Surcharge Rates as of 02/01/2010

Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
4161/4161H	Ferrochromium HC	.800	\$0.48	<b>\$4.63</b>
4164M	Ferromolybdenum	.080	\$1.11	
	Ferrovandium	.065	\$0.39	
	Ferrochromium HC	.950	\$0.57	<b>\$2.07</b>
41B30M	Ferromolybdenum	.160	\$2.21	
	Ferrochromium HC	.550	\$0.33	<b>\$2.54</b>
41B30M 1E0997	Ferromolybdenum	.170	\$2.35	
	Ferrochromium HC	.525	\$0.32	<b>\$2.67</b>
41B30M 1E1671	Ferromolybdenum	.170	\$2.35	
	Ferrochromium HC	.525	\$0.32	<b>\$2.67</b>
41B33M 1E4415	Ferromolybdenum	.165	\$2.28	
	Ferrochromium HC	.525	\$0.32	<b>\$2.60</b>
41B35M 1E1013	Ferromolybdenum	.075	\$1.04	
	Ferrochromium HC	.500	\$0.30	<b>\$1.34</b>
42CrMo4	Ferromolybdenum	.200	\$2.76	
	Ferrochromium HC	1.100	\$0.66	<b>\$3.42</b>
42CrMo4 Ver10	Ferromolybdenum	.175	\$2.42	
	Ferrochromium HC	1.100	\$0.66	<b>\$3.08</b>
42CrMoS4	Ferromolybdenum	.200	\$2.76	
	Ferrochromium HC	1.050	\$0.63	<b>\$3.39</b>
4317M2	Ferromolybdenum	.725	\$10.02	
	Nickel	1.725	\$10.13	
	Ferrochromium HC	.525	\$0.32	<b>\$20.47</b>
4320	Ferromolybdenum	.250	\$3.46	
	Nickel	1.825	\$10.71	
	Ferrochromium HC	.500	\$0.30	<b>\$14.47</b>
4320 QL3	Ferromolybdenum	.250	\$3.46	
	Nickel	1.825	\$10.71	
	Ferrochromium HC	.500	\$0.30	<b>\$14.47</b>
4330V	Ferromolybdenum	.430	\$5.94	
	Nickel	1.825	\$10.71	
	Ferrovandium	.075	\$0.45	
	Ferrochromium HC	.870	\$0.52	<b>\$17.62</b>
4340	Ferromolybdenum	.250	\$3.46	
	Nickel	1.825	\$10.71	
	Ferrochromium HC	.800	\$0.48	<b>\$14.65</b>
43V30 Mod	Ferromolybdenum	.470	\$6.50	
	Nickel	2.350	\$13.79	
	Ferrovandium	.090	\$0.54	
	Ferrochromium HC	.950	\$0.57	<b>\$21.40</b>

## Alloy Surcharge Rates as of 02/01/2010

Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
4625 IR458	Ferromolybdenum	.400	\$5.53	
	Nickel	1.825	\$10.71	
	Ferrochromium HC	.300	\$0.18	<b>\$16.42</b>
4715	Ferromolybdenum	.520	\$7.19	
	Nickel	.850	\$4.99	
	Ferrochromium HC	.550	\$0.33	<b>\$12.51</b>
4815H	Ferromolybdenum	.250	\$3.46	
	Nickel	3.450	\$20.25	<b>\$23.71</b>
4817RH	Ferromolybdenum	.250	\$3.46	
	Nickel	3.500	\$20.55	<b>\$24.01</b>
50B35 1E1201	Ferrochromium HC	.450	\$0.27	<b>\$0.27</b>
5120	Ferrochromium HC	.800	\$0.48	<b>\$0.48</b>
5125RH	Ferrochromium HC	1.100	\$0.66	<b>\$0.66</b>
5130-4	Ferrochromium HC	.950	\$0.57	<b>\$0.57</b>
5130/5130H	Ferrochromium HC	.950	\$0.57	<b>\$0.57</b>
5140	Ferrochromium HC	.800	\$0.48	<b>\$0.48</b>
5160	Ferrochromium HC	.875	\$0.53	<b>\$0.53</b>
5160H	Ferrochromium HC	.875	\$0.53	<b>\$0.53</b>
5160H Mod	Ferrochromium HC	.950	\$0.57	<b>\$0.57</b>
52100	Ferrochromium HC	1.450	\$0.87	<b>\$0.87</b>
58CrMoV4	Ferromolybdenum	.175	\$2.42	
	Ferrovandium	.125	\$0.76	
	Ferrochromium HC	.970	\$0.58	<b>\$3.76</b>
8617	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.29</b>
8620	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.29</b>
8620 1E2743	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.29</b>
8620M B81	Ferromolybdenum	.220	\$3.04	
	Nickel	.630	\$3.70	
	Ferrochromium HC	.550	\$0.33	<b>\$7.07</b>

## Alloy Surcharge Rates as of 02/01/2010

Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
8622RH	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.550	\$0.33	<b>\$6.32</b>
8630	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.29</b>
8637	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.29</b>
8637RC	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.29</b>
8640	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.29</b>
86B20H	Ferromolybdenum	.200	\$2.76	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.525	\$0.32	<b>\$6.31</b>
8720	Ferromolybdenum	.250	\$3.46	
	Nickel	.550	\$3.23	
	Ferrochromium HC	.500	\$0.30	<b>\$6.99</b>
8822H	Ferromolybdenum	.350	\$4.84	
	Nickel	.500	\$2.94	
	Ferrochromium HC	.500	\$0.30	<b>\$8.08</b>
8822H B79-1	Ferromolybdenum	.350	\$4.84	
	Nickel	.500	\$2.94	
	Ferrochromium HC	.530	\$0.32	<b>\$8.10</b>
9315H	Ferromolybdenum	.115	\$1.59	
	Nickel	3.325	\$19.52	
	Ferrochromium LC	1.275	\$2.13	<b>\$23.24</b>
9350	Ferromolybdenum	.115	\$1.59	
	Nickel	3.250	\$19.08	
	Ferrovandium	.045	\$0.27	
	Ferrochromium HC	1.250	\$0.75	<b>\$21.69</b>
A572 58Y	Ferrovandium	.085	\$0.51	<b>\$0.51</b>
A572M Gr 60	Ferrovandium	.090	\$0.54	<b>\$0.54</b>
A992 6V10	Ferrovandium	.015	\$0.09	<b>\$0.09</b>
A992 7V10	Ferrovandium	.015	\$0.09	<b>\$0.09</b>
A992 8V10	Ferrovandium	.015	\$0.09	<b>\$0.09</b>

## Alloy Surcharge Rates as of 02/01/2010

Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
A992 9V10	Ferrovandium	.015	\$0.09	<b>\$0.09</b>
A992 P1	Ferrovandium	.015	\$0.09	<b>\$0.09</b>
A992 P2	Ferrovandium	.015	\$0.09	<b>\$0.09</b>
A992 P3	Ferrovandium	.015	\$0.09	<b>\$0.09</b>
ETN-22	Ferromolybdenum Ferrochromium HC	.150 .500	\$2.07 \$0.30	<b>\$2.37</b>
EX15 QL3	Ferromolybdenum Ferrochromium HC	.170 .500	\$2.35 \$0.30	<b>\$2.65</b>
EX16	Ferromolybdenum Ferrochromium HC	.170 .500	\$2.35 \$0.30	<b>\$2.65</b>
EX55H	Ferromolybdenum Nickel Ferrochromium HC	.740 1.830 .680	\$10.23 \$10.74 \$0.41	<b>\$21.38</b>
F91	Ferromolybdenum Ferrovandium Ferrochromium LC	.950 .215 8.800	\$13.13 \$1.30 \$14.70	<b>\$29.13</b>
Grade 620	Ferrovandium	.085	\$0.51	<b>\$0.51</b>
PS16RH	Ferromolybdenum Ferrochromium HC	.170 .500	\$2.35 \$0.30	<b>\$2.65</b>
PS17	Ferromolybdenum Ferrochromium HC	.170 .500	\$2.35 \$0.30	<b>\$2.65</b>
PS17 RH	Ferromolybdenum Ferrochromium HC	.170 .500	\$2.35 \$0.30	<b>\$2.65</b>
PS18RH	Ferromolybdenum Ferrochromium HC	.170 .525	\$2.35 \$0.32	<b>\$2.67</b>
SCM420H	Ferromolybdenum Ferrochromium HC	.200 1.120	\$2.76 \$0.67	<b>\$3.43</b>
T11 A213	Ferromolybdenum Ferrochromium LC	.550 1.250	\$7.60 \$2.09	<b>\$9.69</b>
T12 A213	Ferromolybdenum Ferrochromium LC	.550 1.030	\$7.60 \$1.72	<b>\$9.32</b>
T1A	Ferromolybdenum	.550	\$7.60	<b>\$7.60</b>
T2	Ferromolybdenum Ferrochromium HC	.560 .650	\$7.74 \$0.39	<b>\$8.13</b>
T22 A213	Ferromolybdenum	1.000	\$13.82	

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Grade	Alloy	Nominal Value	Surcharge CWT	Total CWT
<b>T22 A213</b>	Ferrochromium LC	2.250	\$3.76	<b>\$17.58</b>
<b>T5 A213</b>	Ferromolybdenum	.545	\$7.53	<b>\$15.88</b>
	Ferrochromium LC	5.000	\$8.35	
<b>T9 A213</b>	Ferromolybdenum	1.000	\$13.82	<b>\$28.85</b>
	Ferrochromium LC	9.000	\$15.03	
<b>T91 A213</b>	Ferromolybdenum	.950	\$13.13	<b>\$29.13</b>
	Ferrovandium	.215	\$1.30	
	Ferrochromium LC	8.800	\$14.70	