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Terrence L. Hartford
Senior Vice President Commercial

March 31, 2006

RE: Price Increase and Surcharge Change

To Our Valued Customers:

Effective with shipments beginning on Monday, May 1, 2006, ATI Allegheny Ludlum is increasing the prices of many of our products and changing the molybdenum component of our surcharge as follows:

- Increasing prices of most hot rolled and cold rolled stainless sheet and strip and hot rolled and cold rolled tubular quality sheet and strip by approximately 6%. This is being achieved by reducing the functional discount by 2 percentage points.
- Increasing prices of continuous mill plate by approximately 9%. This is being achieved by reducing the functional discount by 3 percentage points.
- Changing Width Extras for hot rolled and cold rolled tubular quality sheet and strip. The revised price schedule is attached.
- Increasing prices of AL2205™ and AL2003™ duplex alloys in all product forms by approximately 6%.
- Changing the published benchmark price used for calculating the molybdenum component of the surcharge. Our current surcharge formula references Platt's Metals Week Monthly Report for Molybdenum MW Dealer Oxide. Effective with shipments May 1, 2006, the new benchmark price for calculating the molybdenum surcharge is Platt's Metals Week Monthly Report for Molybdenum MW Mean price. We believe the MW Mean price better represents the prices we pay for molybdenum. As an example of the impact of this change, with the February 28, 2006 MW Dealer Oxide price of \$22.75, and the MW Mean price of \$23.50, the change in the applicable benchmark price would increase the molybdenum component of the surcharge on T-316L (a common molybdenum-bearing grade) by \$.018 per pound.

The price increases are necessary to offset rising costs and to support continued capital investments and growth.

Surcharges remain in effect as described on our website www.alleghenyludlum.com.

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

Sincerely yours,

A handwritten signature in black ink, appearing to read "T. Hartford", written in a cursive style.

Terrence L. Hartford

Attachment

Revised Price Schedule

Width Extras for Hot Rolled & Cold Rolled Tubular Quality Sheet & Strip

Widths	\$ / per lb.
36" to < 42"	\$.05
24" to <36"	\$.08
5" to <24"	\$.03
0.9" to <5"	\$.08
0.5" to <0.9"	\$.12