



Bagdad Plant
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Leechburg, PA 15656
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Thomas J. Nese
Marketing and Technical Services Manager
Electrical Steels

October 9, 2006

To Our Valued Customers:

Subject: Silicon Electrical Steel Surcharge

Effective with shipments beginning Wednesday, November 1, 2006, a surcharge of \$320 per ton (\$16.00/cwt) is being added to silicon electrical steel invoices. This surcharge is subject to monthly adjustment.

For further information, contact your ATI Allegheny Ludlum sales representative or visit our web site at www.alleghenyludlum.com.

Sincerely,

A handwritten signature in cursive script, appearing to read "Thomas J. Nese".

Thomas J. Nese
Marketing and Technical Services Manager
Electrical Steels