



2020 Ashcraft Avenue, P. O. Box 5030, Monroe NC 28110
phone: 704-289-4511 fax: 704-289-6133
e-mail: wade.leach@allvac.com

Wade Leach
VP Sales, Marketing, and Product Management

March 25, 2008

Dear Customer:

ATI Allvac announces the following changes to our standard monthly raw material index / surcharge calculations. These changes are effective for shipments beginning April 1, 2008.

I – Quarterly Publication of Raw Material Indices / Surcharges

ATI Allvac will publish indices / surcharges once a quarter on the last working day of each calendar quarter. Quarterly indices / surcharges will be based on the prior quarter's average raw material input price values. This change allows us to provide pricing for a time period longer than one month and reduces the administrative burden of changing prices on a monthly basis.

Time Frame & Schedule of the Quarterly Index / Surcharge is as Follows:

- 2nd Qtr. 2008 indices / surcharges will be published March 31, 2008. 2nd Qtr. indices will be based on average published raw material prices for January, February, and March 2008.
- 3rd Qtr. 2008 indices / surcharges will be published June 30, 2008. 3rd Qtr. indices will be based on average published raw material prices for April, May, and June 2008.
- Subsequent quarterly indices / surcharges will follow the above time frame and schedule.
- Pricing for shipments within a calendar quarter will be known at the beginning of each calendar quarter due to known indices / surcharges.

II – Addition of Chromium & Niobium Index

The volatility in the current chromium and niobium markets is such that input raw material prices are changing frequently with little indication that historical prices or stability will return. Due to the magnitude of the price increases we are experiencing, we will add these elements to our list of indexed elements with shipments beginning 2nd Qtr. 2008.

Specific Details of Chromium and Niobium Indices Include:

- Chromium is purchased in a variety of forms (ferrochrome, aluminothermic chromium, electrolytic chromium, etc.). ATI Allvac will use our average chromium price to develop a rate of change in chromium price from quarter to quarter.
- There is no published price for niobium to use as reference values for index purposes. ATI Allvac will use the change in our average niobium price as a basis for calculating quarterly indices. It should be noted that only a few nickel base superalloys contain niobium (i.e. mainly Allvac 718, Nic 625, Allvac I-706, and Allvac 909).

Very truly yours,

A handwritten signature in black ink that reads "Wade Leach". The signature is written in a cursive, flowing style.

Wade Leach
VP Sales, Marketing, and Product Management