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December 19, 2011

TO OUR VALUED CUSTOMERS:

Effective with shipments January 1, 2012 we are adjusting our scrap surcharge due to changes in raw material cost. The scrap surcharge will be reviewed monthly and currently is as follows:

Shipments January 1-31, 2012

<u>Products</u>	<u>Scrap Surcharge</u>	<u>Vanadium Surcharge</u>	<u>Manganese Surcharge</u>	<u>Ferrochrome and Moly Surcharge</u>	<u>Total</u>
Carbon Products					
1045/1050 100,000 PSI Min. Yield ASTM A311 Class B	\$19.84/CWT	0	\$.12/CWT	0	\$19.96/CWT
1045 50,000 PSI Min. Yield Hot Roll Properties	\$19.84/CWT	0	\$.12/CWT	0	\$19.96/CWT
1045 75,000 PSI Min. Yield Vanadium Treated Micro-Alloy (3-1/4" and Under)	\$19.84/CWT	\$1.32/CWT	\$.12/CWT	0	\$21.28/CWT
1045 75,000 PSI Min. Yield Vanadium Treated Micro-Alloy (Over 3-1/4")	\$19.84/CWT	\$1.32/CWT	\$.12/CWT	0	\$21.28/CWT
4140 Quenched and Tempered	\$19.84/CWT	0	\$.12/CWT	\$3.66/CWT	\$23.62/CWT

All other alloys will be on an inquiry basis.

This amount will be applied to all shipments and will be reflected on our invoice.

These surcharges are due to the worldwide demand for scrap. We expect these costs will continue to fluctuate widely in the months ahead.

Please contact your Niagara LaSalle Sales Representative if you have any questions regarding this announcement.

Thank you for your understanding and continued support.

Sincerely,

Dean A. Duncan
General Manager
Fluid Power Operations
LaSalle Steel Company