

March 10, 2004

To Our Valued Customers:

In this period of the improving U.S. and World economy there have been pressures placed upon certain raw material components that make up our raw materials for our wire products as well as our cable and wire rope products.

The items that I am referring to are Nickel, Chromium, Molybdenum and Iron. These elements are key components of all the stainless steel items we manufacture, in varying degrees. The most influential one is Nickel and unfortunately it has been the most volatile through the years as far as price is concerned. All four of these elements are traded on the world market so everybody manufacturing stainless steel products have seen increased costs.

It is with great regret that Loos must begin passing along our increased costs in the form of "Alloy Surcharges". Up to this point we have been absorbing our cost increases with the hope that prices would come back down. Unfortunately just the opposite has occurred. Nickel prices have risen to just over \$7.00 per pound from \$3.10 on January 2, 2003. The graph below reveals the dramatic increase during this period.



Value is expressed in U.S. Dollars per net tonne (2,240 lbs.) London Metals Exchange

Our suppliers base their "Alloy Surcharges" to us on the following. It is based upon \$/LB.

"Surcharges are calculated based upon the average Moly, Nickel, and Chromium prices as published in Platt's Metal Week from the two months prior to the applicable ex-mil month, less the Moly base of \$5.00/ less Nickel base of \$3.00/ less Chromium base of \$0.40". The iron surcharge is based on the monthly



average of the “#1 Heavy Melt Price” for Pittsburg two months prior to the ship date from a base of \$120/GT (\$.0536/lb)

Based upon this formula the April “Alloy Surcharges” look like this:

	BASE COST	FEB. AVERAGE
CHROME	\$.40	\$.5637
NICKEL	\$3.00	\$7.1369
MOLY	\$5.00	\$7.75
IRON	\$.0536	\$.1063

Effective with shipments beginning on February 2, 2004, Loos will be passing along an “Alloy Surcharge” based upon the above formula. Each of the different Stainless Steel alloys we deal with would have a different surcharge based upon the varying alloy content in each one.

The schedule for orders with acknowledged ship dates April 1, 2004 through April 31, 2004 are as follows:

February Averages	7.275	7.0531	.1063	0.5937	TOTAL SRCHRG. (\$/LB)
Stainless Grade	MOLY SRCHRG. (\$/LB)	NICKEL SRCHRG. (\$/LB)	IRON SRCHRG. (\$/LB)	CHROME SRCHRG. (\$/LB)	
Type 302 / 304	0.0000	0.3891	0.0446	0.0418	0.4755
Type 305	0.0000	0.5107	0.0430	0.0395	0.5932
Type 316 / 316L	0.0546	0.4864	0.0427	0.0388	0.6225
Type 321	0.0000	0.4669	0.0443	0.0395	0.5507
Type 430	0.0000	0.0000	0.0518	0.0395	0.0914

Nickel alloys such as Monel and Inconel will be quoted separately.

When selling cable or wire rope, which are both sold by the foot, the surcharge will be converted to a per foot charge. It will appear on your invoice as a separate line item. For assemblies, the charge will be per piece.

Loos and Company regrets the need for this but we must pass these costs along. It is a global situation that all companies manufacturing anything out of stainless steel and carbon steel are facing. Please visit the website of the London Metals Exchange (<http://www.lme.co.uk/>) for detailed pricing information on the various alloys. Loos will place on our website at the beginning of each month the alloy surcharges for the upcoming month. Please visit it at <http://www.loosco.com/> for the updated information.

We sincerely appreciate your business through the years and we hope that these “Alloy Surcharges” will not last very long. It is heartening to see the global economy improving and we sincerely hope that your individual business conditions are improving. Please feel free to contact me directly if you have any questions or any of our experienced Product Managers.

With Kind Regards,

Michael Wallace
 Vice President Sales