



NORTH AMERICAN STAINLESS

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August 3, 2007

Proud Inaugural Member of



Leadership Level

To our valued customer,

This letter is in response to your inquiry with regarding the energy efficiency of the North American Stainless (NAS) steel production process. NAS utilizes a state of the art Electric Arc Furnaces (EAF) which became operational in 2002 and 2007. The EAF implores the use of various energy conservation technologies including thermal heat insulating covers, computer controlled exhaust gas damper systems, and foamy slag formation. Since energy is a major cost of the production process in our industry NAS is constantly evaluating and incorporating the latest technology from around the world. The molten material is then transferred to an Argon-Oxygen Decarburization (AOD) unit which uses the energy of the molten material combined with gas inputs to produce a chemical heat during the refining process further reducing energy consumption. Our vessel size is one-third larger than the US norm which further enhances our efficient use of energy. The downstream processes from this standpoint are primarily natural gas sources which all have ultra-low NOx burners as well as SNCR's which greatly reduce NOx emission which is a listed Green House Gas (GHG).

North American Stainless begins our process with a minimum of 80% scrap stainless steel. The fact that NAS starts with such high recovered scrap content, results in a savings of at least 5,450 BTU's of energy over Direct Reduced Iron (DRI) alloy products per pound of stainless steel produced. The operating practices of NAS also reduce the energy consumption by controlling excess oxygen, precise process controls that are computer controlled, and our high level of preventive maintenance further reduces energy loss.

All equipment installed at NAS has been installed since 1992 and therefore subject to Prevention of Significant Deterioration (PSD) review for emission control that meets or exceeds Best Available Control Technology (BACT) by US EPA (and established BACT in many cases).

The entire process, from the melting to the final flat and long product are located on 1,400 acres of land and consolidated on one site. This reduces the energy usage to ship from a mini-mill to a rolling or finishing facility. Our facility is located such that we are able to use barge and rail for raw material receiving and for shipment of products further reducing the energy consumption associated with our products.

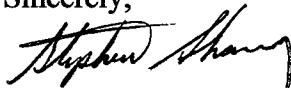
For the reasons outlined above, I feel confident that NAS uses the most efficient stainless steel production methods in the United States and arguably the world.

Another aspect to consider is the life cycle of stainless steel. Stainless steel has a very long life as a structurally and aesthetically appealing material. This is due to the formation of the Chrome Oxide layer that forms on the surface of the steel (approx. 3 molecules thick) that protects the surface of the material from corrosion. The Chrome Oxide layer is a 'self healing' feature in that when scratched new chrome is exposed to the air and the oxygen immediately forms a new chrome oxide layer to protect the material. This results in a material that is longer lasting and more corrosion resistant than carbon steels and other metals.

One closing note is that the life cycle of Stainless Steels is a closed loop in that stainless is 100% recyclable. It is considered a valuable material at the end of the life cycle providing consumer motivation to ensure the material is directed back into the scrap stream to be recycled. This conserves natural resources further reducing energy consumption in the mining and refining process of the valuable elemental components (such as Iron, Nickel, Chrome, etc.).

If you have any questions please do not hesitate to contact me at 502-347-6134 or you NAS Sales Representative at 502-347-6000 or via our website.

Sincerely,



Stephen Shaver, M.E./H.S, C.S.I.H.
Corp. Environmental Manager
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