June 20, 2006

SUBJECT: ACS RAW MATERIAL SURCHARGE POLICY

To Our Valued Customer:

The world wide metals markets have seen dramatic price increases over the last few years. These raw material prices continue to be volatile and unpredictable. Fuel costs have also increased the cost of production and transport of raw materials.

Given these market changes, ACS Industries, Inc has revised its raw material surcharge policy for all copper, carbon and stainless steel products effective July 1st, 2006.

The following outlines ACS' surcharge policy.

1. **Nickel** – The per pound surcharge trigger for nickel will be at $2.00/lb as traded on the London Metal Exchange (LME) using the average price 2 months prior to surcharge month*.

2. **Chrome** – The per pound surcharge trigger for chrome will be at $.35/lb as traded on the London Metal Exchange (LME) using the average price 2 months prior to surcharge month*.

3. **Molybdenum** – The per pound surcharge trigger for molybdenum will be at $3.00/lb as traded on the London Metal Exchange (LME) using the average price 2 months prior to surcharge month*.

4. **Iron** – The iron surcharge will be based on the Pittsburgh Average Consumer Bushelings buying price for #1 Heavy Melt (#1HM).The trigger level for the iron surcharge is $140 per gross ton as published in the American Metal Market using the average price 2 months prior to surcharge month*.

5. **Copper** – The per pound copper surcharge trigger will be at $0.75/lb as traded on the New York Mercantile Exchange (NYMEX) using the average price 2 months prior to surcharge month*.

*The average LME/NYMEX price used for surcharge calculation is the average monthly price 2 months prior to surcharge month (i.e. April average is used for June surcharge). There is also a scrap factor included in the calculation. The surcharge policy described above is how we are paying our vendors and what is used throughout the steel industry today. We have included website references that follow this format to track the above commodity price changes over time.

Each month, we will provide a table of surcharge rates sorted by alloy and including commodity cost breakdowns. The commodity content for each alloy is based upon the nominal ASTM standard on a weight percent basis.

The surcharge rates will be applied on each product by weight basis. It will be either separately invoiced one (1) month in arrears or as a separate line item on each invoice.

Attached you will find the raw material surcharges, by alloy, for July 2006.

If you have any questions or comments, please don't hesitate to contact us.

Yours truly,

Steven Buckler
President