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Our registration is effective August 27, 2007 and we are operational.

ALLEGHENY TECHNOLOGIES (ATI \$100.04, rated NEUTRAL WEIGHT)
IMPLICATIONS OF FOURTH-QUARTER OUTLOOK REVISION DEPEND ON
SPECIFIC CAUSES

	2007E	2008E	2009E	2010E
Earnings Per Share revised Oct. 14	\$7.13	\$7.00	\$7.44	\$6.62
Earnings Per Share revised Aug.5	\$8.00	\$9.00	\$7.44	\$6.62
EPS prior at PEG April 25	\$8.00	\$8.50	\$7.00	\$6.00

- Allegheny Technologies on October 11th after the close predicted its third-quarter near \$1.865 or very near our \$1.89 per share estimate, which presumed about a \$93 mm LIFO credit.
- However, it predicted a \$1.33 fourth-quarter far below our prior \$2.18 fourth-quarter estimate, for which no LIFO credit is expected. Further, this greatly reversed the July 25th press release outlook in which ATI said “Looking ahead, we expect ATI’s overall performance in the second half of 2007 to be at least as good as that achieved in the first half of 2007, with fourth-quarter earnings stronger than third-quarter earnings.”
- We estimate that the revised ATI fourth-quarter guidance is EQUAL to the third-quarter excluding LIFO credits estimated at \$93 mm and maintenance charges near \$12-\$15 mm before taxes, and greatly less than the first-half.
- There are four “uncertain business issues.” We worry that any weakness in titanium profits or nickel scrap procurement profits would reflect a recurring profit margin decline. That is, titanium capacity adds combined with A380 and 787 “stretchouts” could make the ti market less tight. Further, the ever so shrewd ATI scrap buyers may have bought nickel in stainless scrap for \$2 to \$5 per lb below \$20-\$25 peaks, and that purchasing profit opportunity wanes as LME nickel prices fall or stabilize.
- We cut our 2007 earnings estimates to \$7.13 from \$8.00 exactly in line with the ATI guidance and 2008 to \$7 from \$9 owing to the titanium market and nickel scrap purchasing profit risks we articulated, and the potential that commodity stainless flat-rolled margins subside as certain competitors in Kentucky or Asia can’t sell out.
- We would regard a drop in stainless flat-rolled volumes or price-cost margins as possibly a “temporary” phenomenon to look beyond as a buying opportunity. We expect first-half 2008 stainless flat-rolled volumes to rebound as “customers went on strike” between July and October as nickel values fell.

- We will revise our earnings model, price target and detailed outlook after the October 24th earnings report as we prefer to economize on our time and wait to revise our spreadsheets just once in two weeks. We made the obvious revision herein.

PRIOR QUARTERLY BREAKDOWN ESTIMATED

We estimated previously the third-quarter at \$1.89 per share or a contribution of \$1.00 per share from High Performance Alloys (ti, 700 series, exotics) net of all overheads, \$0.70 from Flat-Rolled as we estimate its operating income drops to \$105 from \$166 mm in the June quarter with lower volumes, \$0.20 per share from LIFO inventory credits as ni falls, \$0.07 from Industrial Products like tungsten carbide and an \$0.08 provision for maintenance downtime.

Our \$100 price target or 12.5 times current earnings estimated at \$8.00 is predicated on (a) continued record aerospace backlogs, (b) recent transactions such as Alcan or Phelps Dodge higher than our prior 7.5 P/E target, (c) continued good earnings, (d) a Flat-Rolled mix shift to electrical steels, alloy 201 or other specialties and (e) the stock market's absorption of the ThyssenKrupp Alabama 1.0 million ton stainless melt shop construction, lower U.S. Flat-Rolled volumes in 2007 and a plethora of adverse economic news such as the credit crunch in housing.

These valuation parameters now are partly valid and some of them are in doubt.

OUR PRIOR EARNINGS MODEL NOT ACCURATE, BUT REPEATED UNTIL WE DETERMINE REVISIONS

We have reprinted our August 5th earnings model updated after the July 25th outlook. We are humble, and repeat our wrong recent forecasts for investors to appreciate the degree of change in outlook.

Our prior estimate is no longer valid that ATI builds up \$2.6 billion in cash balances by the end of 2010. We won't need to assign a 4% up from 2% pretax interest income return to these cash balances. We model interest income conservatively because we are not clever enough to analyze assets before we know what they are. Further, once in a while companies pay too much to make acquisitions such as maybe the recent Alcan transaction.

There is no longer as much of a chance that ATI buys back say 20 mm shares or almost 20% of its common stock. Further, adverse stock market conditions passed by without seizing such opportunity.

We have estimated large declines in recent record silicon electrical steel, titanium and stainless steel profits owing to anticipated or real competitor entries. It was good that we were conservative in estimating a drop by 2010 from expected record 2007 or 2008 earnings.

Allegheny Technologies

Table 1: Earnings Model (\$ Mil.)

Sales	2004	2005	2006	2007E	2008E	2009E	2010E
Nickel Stainless Flat-Rolled	1,544	1,801	2,447	2,700	2,808	2,752	2,697
Si Electrical Flat-Rolled	100	100	250	313	375	188	188
Flat Rolled Total	1,644	1,901	2,697	3,013	3,183	2,939	2,884
Nickel based specialty alloys	295	449	615	868	575	490	432
Titanium mill products	272	566	926	985	1,190	1,217	1,168
Exotic alloys	177	162	174	201	180	180	180
Others	50	68	92	78	15	15	15
High Performance Alloys Total	794	1,246	1,807	2,132	1,960	1,902	1,795
Industrial/Engineered Products	295	393	433	440	400	400	400
Total Sales	2,733	3,540	4,937	5,584	5,543	5,241	5,080
Operating Profits							
Nickel Stainless Flat-Rolled	58	140	296	400	415	370	335
Si Electrical Flat-Rolled	10	10	48	200	188	86	63
Flat Rolled Total	62	150	344	600	603	456	398
Nickel based specialty alloys	4	72	120	136	198	163	118
Titanium mill products	12	203	503	559	638	555	508
Exotic alloys	35	32	35	41	36	36	36
High Performance Alloys Total	85	335	658	735	872	754	661
Industrial/Engineered Products	21	48	57	47	49	45	40
Total Operating Profit	167	533	1,059	1,382	1,523	1,255	1,099
Merger/restructuring costs	43	(55)	(15)	(13)	0	0	0
Corporate expense	(35)	(52)	(69)	(73)	(73)	(73)	(73)
Net interest expense	(36)	(39)	(23)	(13)	(1)	27	54
Operations held for resale							
Excess pension income	(120)	(78)	(82)	(30)	(30)	(30)	(30)
Pretax Income Before Extraord.	20	309.7	869	1,253	1,419	1,178	1,050
Income Taxes	0	(53.7)	297	429	492	412	367
Net Income	20	363	572	824	927	766	682
Avg. Diluted Shares	90.5	100.8	102.4	103.0	103.0	103.0	103.0
Earnings per share	\$0.22	\$3.57	\$5.59	\$8.00	\$9.00	\$7.44	\$6.62
Cash Flow per share	0.96	3.52	6.86	9.00	10.09	8.68	7.87
Book Value per share	4.71	7.95	14.58	21.99	30.49	37.42	43.55
Dividends per share	0.24	0.27	0.42	0.50	0.50	0.50	0.50
Sales per share	30.20	35.10	48.21	54.22	53.81	50.89	49.32
Operating Margin	6.1%	15.0%	21.4%	24.8%	27.5%	23.9%	21.6%
Specialty Metals Margin	6.0%	15.4%	22.2%	26.0%	28.7%	25.0%	22.6%
Stainless tonnage (000 t)	588	574	631	550	600	624	475
Nickel Price	\$6.28	\$6.71	\$10.93	\$16.00	\$12.50	\$10.00	\$10.00
Spot Molybdenum Price	\$5.00	\$32.00	\$25.00	\$27.00	\$22.00	\$15.00	\$8.00
Scrap iron cost per ton (Nucor's actual)	238	244	244	265	260	260	260
LIFO charge (credit, \$Mil.)	112	32	197	(50)	(20)	0	0

Source: Company Reports; JT Very Independent Research, LLC estimates.

Table 2: Estimated Cash Flows (\$ Mil.)

Sources of Funds:	2004	2005	2006	2007E	2008E	2009E	2010E
Net Income	20.0	361.4	572.1	824.0	926.6	766.0	682.2
Depreciation	76.1	77.3	84.2	100.0	110.0	125.0	125.0
Deferred Taxes/Tax refunds	-0.4	-65.8	89.1	5.0	5.0	5.0	5.0
Noncash Pension Credit	37.1	-42.3	-43.3	-2.0	-2.0	-2.0	-2.0
Gains, Noncash Charges, net	-45.6	24.4					
Asset Sales	2.8	-0.8	2.5				
Debt	0.0						
Equity	229.7	26.1	0.0	0.0	0.0	0.0	0.0
Other, net	149.5	80.6	254.8	-10.0	-10.0	-10.0	-10.0
Total Sources:	469.2	460.9	959.4	917.0	1029.6	884.0	800.2

Uses of Funds

Capital Spending	49.9	90.1	235.2	425.0	250.0	150.0	150.0
Acquisitions, net cash	7.5	18.3	0.0	0.0	0.0	0.0	0.0
Common Dividends	21.2	27.1	43.1	51.5	51.5	51.5	51.5
Debt Repayments	15.9	25.7	7.1	40.0	42.7	0.0	0.0
Share Repurchases	0.0		0.0	0.0	0.0	0.0	0.0
Increase in Noncash Work.Cap.	203.3	187.8	534.2	200.0	10.0	10.0	10.0
Increase in Cash	171.4	111.9	139.8	200.5	675.4	672.5	588.7
Total Uses	469.2	460.9	959.4	917.0	1029.6	884.0	800.2

Source: Company Reports; JT Very Independent Research, LLC estimates

Table 3: Estimated Balance Sheet (Mil.)

	2004	2005	2006	2007E	2008E	2009E	2010E
Cash-equivalents	250.8	362.7	502.3	702.8	1,378.2	2,050.6	2,639.3
Accounts Receivable, net	357.9	442.1	610.9	698.1	692.8	655.2	635.0
Total Inventories	513.0	607.1	798.7	1,005.2	997.7	943.5	914.4
Other Current Assets	38.5	72.1	76.0	76.0	76.0	76.0	76.0
Total Current Assets	1,160.2	1,484.0	1,987.9	2,482.0	3,144.7	3,725.3	4,264.6
Gross Property, Plant and Equipment	1,903.3	1,959.1	2,184.8	2,567.3	2,792.3	2,927.3	3,062.3
Less Accumulated Depreciation	1,185.0	1,254.2	1,317.2	1,379.0	1,466.5	1,578.0	1,689.5
Net Property, Plant and Equipment	718.3	704.9	867.6	1,188.4	1,325.9	1,349.4	1,372.9
Intangible Assets	327.6	300.3	206.5	186.5	166.5	146.5	126.5
Other Assets	109.6	241.4	220.2	86.0	86.0	86.0	86.0
Total Assets	2,315.7	2,730.6	3,282.2	3,942.9	4,723.1	5,307.1	5,850.0
Short-Term Debt	29.4	13.4	23.7	0.0	0.0	0.0	0.0
Accts. Pay. and Other Current Liabilities	463.4	544.9	621.8	530.0	457.8	307.4	199.6
Total Current Liabilities	492.8	558.3	645.5	530.0	457.8	307.4	199.6
Long-Term Debt	553.3	547.0	529.9	513.6	470.9	470.9	470.9
Post-Retirement Benefits	472.7	461.5	428.6	443.6	458.6	473.6	488.6
Other Long-term Liabilities	371.0	362.3	185.6	190.6	195.6	200.6	205.6
Common Equity	425.9	801.5	1,492.6	2,265.1	3,140.2	3,854.6	4,485.3
Total Liabilities and Equity	2,315.7	2,730.6	3,282.2	3,942.9	4,723.1	5,307.1	5,850.0

Pension plan surplus reported at year-end

Equity as a Pct. of Capital	23.0%	36.7%	56.1%	66.4%	73.6%	77.1%	79.4%
Accts Rec / Sales	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%	12.5%
Inventory / Sales	18.5%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
AP & Other CL / Sales	17.0%	15.4%	12.6%	9.5%	8.3%	5.9%	3.9%

Source: Company Reports; JT Very Independent Research, LLC Estimates

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Recent earnings leadership has swung to 1%-4% grain-oriented silicon electrical steel pricing near \$3,000 up from \$1,000 a couple years ago and stainless flat-rolled products as the Flat-Rolled segment rivals the High Performance Alloys unit led with titanium and high nickel alloys. Thus, aerospace-driven products account for half of sales, and grew a little less rapidly than expected.

PRICE TARGET AND INVESTMENT VIEWS

We initiated with a \$100 price target or 12.5 times current earnings estimated at \$8.00 owing to (a) continued record aerospace backlogs, (b) recent transactions such as Alcan or Phelps Dodge higher than our prior 7.5 P/E target, (c) continued good earnings, (d) a Flat-Rolled mix shift to electrical steels, alloy 201 or other specialties and (e) the stock market's absorption of the ThyssenKrupp Alabama 1.0 million ton stainless melt shop construction, lower U.S. Flat-Rolled volumes in 2007 and a plethora of adverse economic news such as the credit crunch in housing. Our 2008-10 earnings estimate increases give comfort as well, and our projections remain conservative.

Niches such as the 2.5 million ton U.S. stainless market, the 0.4 million ton U.S. grain-oriented and 3-5 million ton global silicon steel market, the almost 100,000 ton global titanium market and under 175,000 ton global high nickel alloy markets are driving the good days at Allegheny Technologies. Several extra big furnaces can adversely hit such niches, such as the 1 million ton Thyssen Gulf Coast melt shop, maybe a big electrical steel mill somewhere in India or China or Allegheny's own 23-32,000 ton titanium sponge capacity plan able to command a 25% global market share before even using scrap.

This is a very fine company, in our view, and one of the most diverse specialty baskets an investor could ever want. We think the market could pay a 5x, 10x, 15x or 20x multiple for it depending on the mood of the era. The April 24th mood near 15x faded a little closer to 13x today, and maybe investors grew accustomed to ATI beating every estimate every time. A few things turned adverse on the volume or one-time cost side this quarter.

We maintained our Neutral Weight rating, and did not lower our rating to Underweight despite risks to housing, appliances, autos or other consumer cyclical portions of the economy that impact stainless or electrical steels. Further, we are pleased earnings have made new records in 2007 in a semi-recessionary climate. The evidence is building in support of a "growth view" in which certain aerospace, technology, growth or chartist investors will pay increasing P/E multiple for a blend of these commodity margins and "secular growth" as ATI navigates around certain market declines.

We believe the appropriate P/E for commodity stainless earnings is between 5 and 10 times, and worry that U.S. stainless use has not grown beyond 1999-2000 levels due to declines in paper plant, relocation of chemical capacity to cheap gas locations abroad and relocation of U.S. manufacturing to China. We do not think titanium earnings are worth too much more because such furnaces can be built in 18-24 months, and specialty or carbon steelmakers in the past have developed such operations.

BUSINESS RISKS

Risks to our investment thesis include a downturn in the capital goods market, aerospace markets, automotive markets, power generation markets, and oil and gas exploration markets. Higher

import volumes of commodity stainless could take away market share from its core business. In addition, higher oil prices and interest rates could subdue the capital good markets.

The appropriate price-earnings ratio of the stock, which suffered four loss years prior to the 2005 turn to robust profits turnaround, depends on the confidence of stock market investors. One or two years ago a 10x P/E on turnaround profits was controversial, but today investors apply P/E's near 20x to pure aerospace companies and titanium may be contributing over half of ATI's current earnings.

We characterize nickel procurement, stainless, silicon electrical and titanium profits as "changeable." For example, the world titanium market was 78,000 tonnes last year, U.S. electrical steel output under 1 million tons and U.S. stainless usage under 2.5 million tons. Thus, it doesn't take too big of a furnace to be built to shift these specialty markets into oversupply, and investor attitudes can swing concerning the right P/E.

NICKEL PRICE AND END USER BEHAVIORS ERRATIC

Allegheny Technologies notes that nickel 'surcharges' will fall about \$0.70 per pound or \$1,400 per ton with the up to \$10 drop in nickel prices from highs briefly between \$24 and \$25 per pound for just one week in mid-May. It sells one-third to one-half of its commodity flat-rolled output to distributors. It indicates that distributors are not placing orders or taking delivery until this "adjustment period" passes. It further indicates that such customers will be reluctant to buy until the drop reverses and nickel prices rise again.

Thus, exaggerated upside and downside volatility will be the rule. It is not accurate to attribute volatility to "investment funds" or speculators. Most market participant constituencies "chase the trend" so to speak.

Investors should be cognizant that the current almost 50% drop in the nickel price in almost less than three months is just "one phase" of a pendulum swing. End users and steel mills will need to "overbuy" nickel once confidence reappears with several weeks without a nickel price decline.

It should be noted that August, November and December tend to be seasonally slower months for end markets. It is unclear whether "normal demand" will occur as early as September-October or reappear after January 10th.

WORLD STAINLESS OUTPUT UP > 20% FROM 2005 SIGNIFYING CONTINUED GOOD DEMAND CLIMATE

While type 304 nickel surcharges will be up \$200 per ton in November, there has been no rush by customers to buy.

Global stainless output grew 14.7% in 2006 and should rise just 1% not the prior estimated 5%-7% in 2007 assuming a drop from 15.5436 mmt in the 2007 first-half to 13.5 mmt not 14.5-14.75 mmt in the second-half. Admittedly the average nickel content fell due to shifts principally to alloy 201 (4%-5% not 8%-9% ni), other 200 series or 400

series no-nickel alloys. Nonetheless, we characterize growth from 24.9 mmt in 2005 to 28.5 mmt in 2006 to 30+ mmt in 2007 as a healthy market.

In 2007 Chinese output has grown, causing displacement of U.S. and EU outputs that have fallen 9% and 10%, respectively, in the second-quarter. In the March 2007 quarter Chinese output grew 770,500 metric tonnes while the whole world grew 746,600 tonnes or fell 23,900 tonnes outside China. In the June 2007 quarter Chinese output grew 747,800 tonnes from the prior year while the whole world grew 536,100 tonnes suggesting a drop of 211,700 tonnes outside China.

India and Japan registered second-quarter output gains, while South Africa was flat and Korea and Brazil had small drops. The trend towards China displacing the U.S. or EU is adverse for nickel as Chinese producers use lower nickel alloys while U.S. and EU producers often produce high nickel specialties or non-commodity alloys.

NICKEL PIG IRON COULD REPRESENT UP TO 5% OF SUPPLY RIGHT NOW

In the first five months of 2007 Chinese nickel output within pig iron approached 10,000 tonnes per month or up to 5% of world supply including nickel scrap. China uses electric arc steel or blast furnaces to pyrometallurgically treat lateritic (tropical vegetation acid decay of bedrock) ores from Indonesia, New Caledonia or the Philippines.

We regard this as a hugely clever idea. China has built way too many steel furnaces, and needs to find new ways to use them. We've spent hours trying to imagine new consumer products, such as ultra thin less than 0.01 inch high ductile, deep drawing, vacuum degassed super soft cold-rolled from shoes. After all, the Dutch used wood.

Moreover, it is thermodynamically practical to mix 5% to 10% nickel ores into carbon steelmaking raw materials. After all, the molten bath needs to be upwards of 3,000 degrees Fahrenheit anyway. And it does not require building a \$2 to \$4 billion plant somewhere in New Caledonia where environmentalists or local residents object. Nor does it require multi-year metallurgical pilot plant constructions to test new laterites.

We are not convinced that such supplies are entirely "new" or "incremental" supplies. It is possible that nickel pig iron is an alternative to exporting ores to Japanese smelters or some other more expensive custom smelting method. For erratic plant operations, situations with labor unrest or plants with expensive energy sources, it is possible that Chinese nickel pig has emerged as a cheaper way of bypassing existing treatment alternatives. Some of the nations or mines exporting the feed to China have inconsistent output records. And it is very possible that steel furnaces are much cheaper to operate than nickel plants.

For this reason we conclude that at least 2.5% of this supply is "new incremental supply" but that not necessarily all of it is additional supply.

Chinese nickel pig producing blast furnaces lack dust and gas collection systems to safeguard health and environment, and emit sulphur dioxide gas and carcinogenic nickel and other heavy metal compounds. Longer term, either these safeguards must be added or the practice stopped.

CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide “unbundled” metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than “day trading” sorts of near-term issues.

Neither JTVIR, its members or its employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries, though no positions were taken in companies within regular research coverage after July 2001 after joining Prudential Financial and until after one month of completed New Jersey registration of JTVIR. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to “put his or her money where his mouth is” to invest consistent with the recommendation to clients after such recommendation has been made,

and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, Novelis Inc., FNX Mining.

Dynatec is a company not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to a pending takeover by Sherritt International. Alcan, which Rio Tinto soon will acquire, also will be discontinued from coverage.

Subsequently, since September 2007 JTVIR, LLC has initiated coverage of new companies not previously covered in the former universe. These new companies include General Moly, Inc., Duluth Metals, Polymet Mining and Century Aluminum.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of “Overweight,” “Neutral Weight,” and “Underweight” most closely correspond with the more traditional ratings of “Buy,” “Hold,” and “Sell,” respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor’s decision to buy or sell a security should always take into account, among other things, that the investor’s particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to “balance” the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a “bottoms up” manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

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