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Complimentary Report Not Intended for Compensation

NUCOR (NUE \$62.29 7-17-07, rated Underweight) EXPECT BETTER SECOND-HALF; ACQUIRES TO STRENGTHEN METAL BUILDING UNIT

	2007E	2008E	2009E	2010E
Revised Earnings Estimates	\$4.86	\$4.69	\$3.76	\$3.73
Earnings per share(April 19 th)	\$4.86	\$4.62	\$3.69	\$3.63

On June 11th Nucor guided to a \$1.05-\$1.15 per share June quarter, similar to our \$1.10 estimate, but below the prior \$1.42 consensus. It projected a stronger second half with construction fabrication traditionally seasonally stronger.

The drop to 14.1 million tons of distributor inventories in May 2007, down from record 16.8 in late 2006 but up from 12.9 m.t. in late 2005, benefits or strengthens future demand. Domestic hot-rolled sheet prices have fallen near \$500 per ton, while foreign markets boom, driving down imports.

WalMart's (Nucor's largest customer in the 1980s) June announcement that it will build 100 fewer stores in 2008 represents about a 10% or 20 mm sq ft drop in retail space construction alone, others will follow and the housing downturn serves to drive down other categories. Many specialized capital goods markets continue to rise as partial offsets.

We raised our earnings estimate by \$0.07 in 2008 and 2009 and \$0.10 in 2010 to reflect the June 25th metal building acquisition.

Please note that on January 22, 2007, Nucor filed an action against Prudential Equities Group, John Tumazos (Senior Industrials Analyst) and Paretosh Misra (former Associate Industrials Analyst) in the General Court of Justice, Superior Court Division, Mecklenburg County, North Carolina (Index Number 2007-CVS-1228) alleging, among other things, that our December 12, 2006 research note constituted libel per se and therefore violated the North Carolina Uniform Deceptive Trade Practices Act. By Final Judgment dated April 25, 2007, the Superior Court dismissed the lawsuit with prejudice. Nucor filed a notice of appeal on April 30, 2007.

TABLE 1: NUCOR QUARTERLY OUTLOOK (\$ Mil.)

	4Q07E	3Q07E	2Q07E	1Q07A	1Q07E	4Q06
Sales	3730.0	3820.0	4005.0	3768.9	3900.0	3468.6
Cost of goods sold	2963.2	3045.2	3294.2	2991.6	3147.6	2651.5
Marketing and admin.	145.0	145.0	140.0	136.2	145.0	142.2
Interest expense (credit)	2.0	2.0	2.0	-9.2	-10.0	-11.6
Minority Interests	45.0	50.0	60.0	60.6	75.0	71.2
Other income						
Pretax income	574.8	577.8	508.8	589.7	542.4	615.3
Income taxes	201.2	202.2	178.1	208.6	188.9	207.1
Net income	373.6	375.6	330.7	381.0	353.5	408.2
Earnings per share	\$1.25	\$1.25	\$1.10	\$1.26	\$1.18	\$1.35
Steel operating rate (%)	90%	91%	91%	88%	90%	80%
Steel Prodn. (000 tons)	5,700	5,750	5,750	5,585	5,700	5,064
Steel Shipments (000 tons)	5,650	5,700	5,800	5,660	5,700	5,060
Steel Sales Outside (000 tons)	5,175	5,200	5,350	5,229	5,250	4,713
Est avg bar steel price (\$/ton)	\$600	\$615	\$610	\$585	\$590	\$576
Joist operating rate (%)	86%	91%	86%	77%	86%	88%
Joist production (000 tons)	135	142	135	121	135	137
Joist price (\$ per ton)	\$1,100	\$1,150	\$1,175	\$1,187	\$1,200	\$1,175
Decking sales (000 tons)	110	115	115	106	120	114
Cold finished-bar (000 tons)	85	90	105	90	80	66
Est. LIFO charges (\$ in mil.)	0.0	0.0	25.0	24.5	10.0	-39.6
Tax rate(%)	35.0%	35.0%	35.0%	35.4%	34.8%	33.7%
Start-up loss pretax (\$ Mil)	5.00	5.00	5.00	5.00	5.00	5.00
Capacity (mil. tons) up 5.5 1Q03	25.30	25.30	25.30	25.30	25.30	25.30
Hot-rolled sheet (\$ per ton)	\$600	\$610	\$600	\$564	<u>\$600</u>	\$592
Large Structurals (\$ per ton)	\$750	\$750	\$775	\$754	\$750	\$727
Scrap steel (\$ per ton)	\$260	\$270	\$300	\$259	\$268	\$243
Ending LIFO reserve (\$ Mil.)	\$387.24	\$387.24	\$412.24	\$411.74		\$387.24
Hot-rolled sheet price net scrap	\$340	\$340	\$300	\$305	\$332	\$349
Bar price net scrap	\$340	\$345	\$310	\$326	\$322	\$333
Structural price net scrap	\$490	\$480	\$475	\$495	\$482	\$484
FIFO pretax income	\$575	\$578	\$534	\$614	\$552	\$576

Sources: Nucor financial statements; JT Very Independent Research, LLC estimates.

Nucor's June 11th first-quarter guidance was exactly in line with the April 19th estimate of \$1.10 per share published while previously employed at PEG.. This report reflects an initiation of research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving PEG, which shut down on June 6, 2007 as noted above. 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.

We had anticipated a second-half rebound owing to a much lower likely June 30 cost per ton of scrap inventory held at quarter end, since scrap prices were surging to a late April

peak as March 31 closed but then collapsed in May and June. The lower cost scrap inventories held as the July quarter began positions Nucor in a better way. Further, steel inventories have been falling across the economy, import flows moderate and fabricated joist-related product lines surge in the second half seasonally.

It is a bit ironic that our estimate \$0.32 per share below consensus was consistent with Nucor's guidance, even though we may not be as "close" to the company as some others. WalMart's cutback in new store construction to buy back shares, weak housing and auto trends and soft sheet and bar prices detract a bit from the second-half outlook.

Table 2: Nucor Earnings Model (\$ Mil.)

	2001	2002	2003	2004	2005	2006	2007E	2008E	2009E	2010E
Revenues										
Steel Production	3,938.3	4,675.7	6,104.6	10,840.6	11,839.6	14,212.1	14,873.6	15,054.3	15,171.5	15,401.1
Fabricated Joists	400.6	279.5	307.3	476.1	597.8	640.7	672.0	580.8	588.0	576.0
Other fabricated Products	335.9	319.0	380.3	564.5	608.2	659.1	1,987.9	1,978.7	1,978.5	1,980.0
Size, Alloy Extras and Other	-244.0	87.6	-25.0	115.0	135.2	150.0	125.0	125.0	125.0	125.0
Intra-Company Elimination	359.3	596.8	501.3	733.4	479.7	910.6	1,031.2	991.5	958.9	962.1
Total Revenues	4,071.6	4,765.0	6,266.0	11,262.8	12,701.0	14,751.3	16,627.3	16,747.2	16,904.0	17,120.0
Scrap Steel Costs										
Scrap Steel Costs	1,334.8	1,596.9	2,585.5	4,911.6	5,392.8	5,876.3	6,771.2	6,669.0	6,977.9	7,146.4
Startup and Research Costs	97.8	87.6	117.5	28.8	15.0	35.0	35.0	37.0	37.0	40.0
Inventory Charges(Credits)	(11.6)	34.3	115.0	375.9	(151.6)	5.4	50.0	0.0	30.0	30.0
Other costs of Goods Sold	2,042.5	2,267.3	2,813.7	3,315.1	4,460.7	4,984.7	6,452.3	6,712.6	6,914.8	6,991.7
Nonscrap CGS, incl. Fab., excl. star	\$167	\$169	\$161	\$173	\$218	\$225	\$280	\$283	\$278	\$275
Gross Operating Income										
Sheet Steel Production	141.5	353.4	191.2	1274.3	1399.4	1457.8	890.8	949.0	883.7	791.0
Plate Steel Production	-35.5	15.7	46.0	363.2	412.3	494.9	282.5	256.0	250.0	251.0
Structural Steel Production	255.7	279.7	158.5	322.9	418.4	709.2	851.4	879.8	838.3	822.5
Bar Steel Production	87.1	103.3	170.9	477.3	445.7	862.2	824.0	825.0	464.3	472.5
SBQ (Auto) Production					0.0	0.0	0.0	0.0	66.0	123.8
Fabricated Joists	104.0	(6.2)	(7.1)	59.8	159.7	160.9	184.4	90.1	110.0	98.0
Other Fabricated Products	55.3	33.1	74.9	133.9	148.6	164.9	285.7	328.8	332.2	353.2
Total Operating Income	608.1	778.8	634.3	2631.4	2984.0	3849.8	3318.8	3328.6	2944.4	2911.9
Gross Op. Income / Ton										
Steel Production	37	56	32	128	131	159	124	123	101	97
Fabricated Joists	194	-13	-14	114	288	282	329	157	183	163
Other Fabricated Products	78	45	94	154	151	167	161	191	192	203
Depreciation	289.1	307.1	364.1	383.3	380.2	381.7	386.2	440.4	476.2	486.5
10% Profit Sharing	20.0	31.0	7.0	200.0	230.0	290.0	240.0	200.0	200.0	200.0
Other Marketing & Admin	118.6	144.6	158.4	215.0	263.6	302.5	322.7	329.5	347.9	353.3
Minority Interest		79.5	24.0	80.9	110.7	219.2	264.0	260.0	240.0	220.0
Other income, net		-29.9	-11.5	-1.6	12.0					
Interest Expense (Income)	6.5	14.3	24.6	22.4	4.2	-37.4	-16.4	24.2	13.2	-3.4
Pretax Income	173.9	232.3	67.8	1731.4	1983.4	2693.8	2122.3	2074.6	1667.0	1655.4
Income Taxes	60.9	68.5	4.1	609.8	684.3	936.1	732.2	705.4	566.8	562.8
Net Income	113.0	163.7	63.6	1121.6	1299.1	1757.7	1390.1	1369.2	1100.3	1092.6
Earnings Per Share	\$0.36	\$0.52	\$0.20	\$3.51	\$4.13	\$5.68	\$4.68	\$4.69	\$3.76	\$3.73

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

Table 3:: Steel Output and Underlying Dynamics Estimates

Underlying Unit Volume	2003	2004	2005	2006	2007E	2008E	2009E	2010E
Bar Steel Production	6,329	6,120	6,964	7,497	8,000	8,250	8,350	8,500
Structural Steel Production	2,780	2,760	2,866	3,209	3,300	3,450	3,500	3,500
Discrete Cut Plate Production	999	1,705	2,145	2,432	2,500	2,550	2,500	2,500
SBQ (Auto)			0	0	0	0	400	750
Sheet Steel Production	7,367	8,160	8,490	8,980	9,250	9,500	10,100	10,200
Mill #1 IND	1,950	2,150	2,000	2,095	2,200	2,250	2,300	2,300
Mill #2 ARK	2,100	2,200	2,100	2,335	2,350	2,300	2,400	2,400
Mill #3 SC	2,100	2,200	2,136	2,300	2,300	2,300	2,400	2,400
Mill #4 AL	1,157	1,528	2,000	2,150	2,200	2,350	2,500	2,500
Mill #5 (Castrip or sheet roundout)		0	0	100	200	300	500	600
Total Steel Production	17,475	19,109	20,465	22,118	23,050	23,750	24,850	25,450
Total Public Steel Sales	15,323	15,809	16,958	18,310	19,044	19,715	20,430	20,670
Fabricated Joists	503	522	554	570	560	575	600	600
Corrugated Decking	353	364	380	398	500	500	500	500
Cold Finished Bar	237	271	342	327	350	360	370	380
Chrome Stainless Sheet	40	50	50	50	60	60	60	60
Estimated Underlying Major Produc	2003	2004	2005	2006	2007E	2008E	2009E	2010E
Bar Steel (External)	317	501	512	571	595	585	540	540
Large Structural Steel	362	544	594	687	760	750	730	720
Hot Rolled Sheet Steel	313	601	571	610	595	590	580	570
Cold Rolled Sheet Steel	408	667	645	705	700	682	675	670
Fabricated Joists	611	912	1,079	1,124	1,200	1,010	980	960
SBQ (Auto)			600	600	650	650	650	650
Total Revenues per ton	\$359	\$589	\$621	\$667	\$721	\$705	\$680	\$673
Other Underlying Variables								
Net Startup Loss Per Share	\$0.35	\$0.09	\$0.03	\$0.07	\$0.08	\$0.08	\$0.08	\$0.09
Steel Bar Price Net Scrap/Ton	180.0	263.0	268.0	325.0	323.0	325.0	280.0	280.0
Hot-Rolled Sheet Price net Scrap/ton	176.0	363.0	327.2	364.0	323.0	330.0	320.0	310.4
Scrap cost (\$/ton)	137	238	244	246	272	260	260	260
Avg. Borrowing (\$ Mil)	881.8	896.3	906.3	905.7	905.1	904.1	902.1	900.1
Avg Cash (\$ Mil)	284.0	564.7	1308.3	2017.0	1383.6	867.2	1353.9	1735.3
Capital Expenditures (\$ Mil)	210.0	285.9	338.4	340.0	940.0	750.0	600.0	600.0
Tax Rate (%)	6.1	35.20%	34.5	34.8	34.5	34.0	34.0	34.0
Year-end LIFO Reserves (\$ Mil.)		533	382	387				
Shares Outstanding (Mil)	313.7	319.5	314.5	309.4	297.0	292.0	292.4	292.8
Tons Per Share	0.0557	0.0598	0.0651	0.0715	0.0776	0.0813	0.0850	0.0869
Domestic Market Share	15.1%	14.5%	16.9%	16.4%	19.0%	17.7%	17.7%	17.7%
EPS Impact \$1 per ton change in HF	0.022	0.025	0.018	0.019	0.020	0.021	0.023	0.023
EPS Impact \$1 per ton change in all	0.052	0.060	0.043	0.047	0.051	0.054	0.056	0.057

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

LOWER INDUSTRYWIDE INVENTORIES LAYS FOUNDATION OF AN UPTURN

Steel distributors now have cut inventories from 16.8 to 14.1 million tons, reducing 2.7 of the 3.9 million ton buildup from late 2005 lows in 2006. A smaller “buffer exists,” which perhaps reflects lower expectations for autos, housing, appliances, nonresidential construction or some other markets. Further, SeverCorr will begin shipping steel in the coming months. Two more new suppliers and two incremental ones could add up to 13 million tons of sheets to the domestic market along with SeverCorr by the end of 2010.

However, many specialized capital goods niches are dynamic, including windmills, ethanol, aerospace, electrical equipment, refineries, oilfield exploration, desalination or other specialized factory construction.

Further, production failures occur from time to time. Lightning literally disabled Mittal Steel’s Sparrows Point, MD large blast furnace in 2006 and the larger coal mine supplying U.S. Steel in December 2003. The six month underground coal mine fire disrupted coke output and deliveries to five sheet and one domestic bar producer in 2004. Mittal Steel lost five weeks of basic oxygen output when a ladle of molten steel was dropped in Indiana in early 2006.

Transportation networks, raw materials, steel mills or steel import deliveries can sometimes be interrupted by unusual weather or other conditions. Such events could spark rebuild swings or several quarters of price firmness. The more inventories fall, the more such upside potentials loom.

MAGNATRAX ACQUISITION APPEARS VERY EXCELLENT (June 25, 2007)

Nucor appears to have landed an outstanding asset in a key product line at a very fine price here. We estimate Magnatrx immediately adds about \$0.07 per share to Nucor’s earnings, and that its contribution grows over time. We estimate its revenues are \$250-\$325 mm, its after tax net income \$30 mm and Nucor forgoes \$14 mm in interest income or \$9-10 mm after tax to acquire it.

Magnatrx has significant operations via a number of locally named operations across the country, much as Weyerhaeuser’s home regional home building subsidiaries spread around the country each have different names. It appears to make metal buildings, and also major components such as doors. Its presence in seven states suggests it could be similar in size or even larger than Nucor’s own unit, which makes 100,000 tons or more of metal buildings in Indiana, South Carolina, Texas and is building a fourth location in Utah.

We estimate zero goodwill will be recorded because of the size of the \$280 mm price paid for Magnatrx, its almost national scope and the May 12, 2003 prior bankruptcy filing made in Melville, NY. Presumably the carrying values were reduced, and liabilities stripped out. We do not necessarily presume any flaw in Magnatrx because of its prior chapter 11 filing in 2003. After all, Nucor bought its virtually new nonunion

Alabama sheet minimill for an estimated 16% of construction cost from bankruptcy and bought Birmingham Steel from bankruptcy reasonably too.

Magnatrx appeared to have a strong reputation, despite financial ups and downs. For example, on August 30, 2004 it named R. T. Zimmerman president of its American Buildings subsidiary, hiring him from Varco-Pruden, a company previously owned by the former LTV Steel. Zimmerman had been president of the buildings group of United Dominion Industries, the parent of both Varco-Pruden and Stran Buildings.

Nucor increased its goodwill account from almost nil to \$623 mm of goodwill after it bought the Harris Steel rebar fabricator, distributor and other goods manufacturer for \$1.2 billion. Magnatrx appears to be a better, higher value-added company without the purchase price premium. Engineering and making buildings involves more design and customization than bending, welding, assembling or epoxy-coating rebar as Harris Steel does. Moreover, the ability of engineered metal buildings to bypass expensive carpenter, bricklayer or other construction unions adds much value.

Nucor's June 25th press release described Magnatrx as follows: "Operating through its seven fabricating plants along with the associated engineering service centers and transportation facilities located in various parts of the U.S., Magnatrx is a provider of custom-engineered metal building systems for the North American nonresidential construction market. Through its American Buildings Co., Kirby Buildings Systems, Gulf States Manufacturers, and CBC Steel Buildings subsidiaries and divisions, Magnatrx primarily sells, engineers, and fabricates custom metal building systems, which include primary and secondary wall and roof panels, trim, and accessories. The company also offers architectural metal roofing systems for new and retrofit construction, sells third-party metal building components (doors, skylights, etc.), and provides related transportation services through additional subsidiaries and divisions."

PRICE TARGET AND INVESTMENT VIEW

We continue to rate Nucor Underweight because we believe the U.S. steel market is in fundamental oversupply, and it seems that consumption will be slowing heading into next year. Leading indicators of demand like interest rates, oil prices, autos, housing, etc. have not been moving the right way. Import stickiness, the recent 87% domestic utilization rate, and mild price competition or losses are weaker players like WCI Steel, Wheeling-Pittsburgh or others suggest current boom times may not last forever.

Our price target of \$52 per share is based on about 10 to 11 times estimated 2007 earnings. While book value is a source of stock price support since earnings and cash flow are uncertain given commodity price movements, Nucor could reduce its book value by \$2.25 billion if it buys back stock as we estimate and it could trade at a higher multiple of the reduced book value afterwards. We believe Nucor is a fine company, and we are not aware of any "company-specific" flaw or blemish. Further, its focus on nonresidential construction end markets for upwards of 60% and welded tube inputs for another 10% of its end markets should position it to greatly outperform competing North American steelmakers dependent upon automakers, for example, or foreign steelmakers suffering from top dollar iron ore or coal input costs.

BUSINESS RISKS

An upside risk to our conservative view involves the current takeover flurry across many industries. Chaparral Steel was sold on July 10th for \$4.22 billion or \$1,300 per ton of capacity and \$1,780 per ton of output or near three times “replacement costs.” Alcan commanded a valuation near 16 times estimated earnings in its July 12th takeover.

Risks to our investment thesis include lower import volumes and oil prices that could help steel demand, which would expand the premiums of sheet selling prices over scrap. Each \$1 change in selling prices or scrap costs or other costs represents about \$0.05 per share. Thus, a \$100 per ton change in margins recently at record levels represents a \$5 per share swing in EPS. Heavy construction, other capital goods, energy and autos are important end markets to Nucor.

DISCLOSURES

“John Tumazos Very Independent Research, LLC” (JTVIR) is a Delaware Corporation with pending registration 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 Thyphin 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.

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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