



June 7, 2007

Ted Eysenbach
Stephens Pipe
Via email

To whom it may concern ,

The purpose of this memo is to answer your questions about the percentage of recycled products used in the manufacture of rod which we supply to your operation. KSW operates an Electric Arc Furnace at our plant in Peoria, Illinois [USA] that uses primarily scrap from various recycled ferrous products. Actual material consumed is as follows:

10% Pig Iron (virgin)
90% Scrap Base (recycled)

Of that 90% here is the breakdown:

Post-Consumer 75-80% consisting of :

Shred (automotive scrap),
Prompt Industrial (construction/demolition debris)
Bundles (scrap appliances, etc.)

Post-Industrial 20-25% consisting of:

Turnings & Borings (industrial shavings)
Bushings (industrial cuttings)

Overall, that gives the following make-up:

| | |
|-----------------|---------|
| Post-Consumer | 67-72 % |
| Post-Industrial | 18-23% |
| Pig Iron | 10% |

I trust that this answers your questions. Contact me if you need anything further.

Regards,

A handwritten signature in blue ink, appearing to read "S. Graham", is written over a horizontal line.

Susan Graham
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