



Steel Prices Escalate Second Quarter 2004

As many of you are aware, steel pricing has spiraled upwards during the last quarter. There are many economic factors occurring in unison that have led to such increases.

- A weak dollar and higher international freight costs (up 30-40%) have discouraged foreign imports, and higher steel demand in Asia and other foreign places have allowed U.S. steelmakers to raise prices.
- Domestic scrap steel companies are seeing fewer scrap imports, mainly due to higher freight costs and sufficient demand in overseas markets. Chinese scrap demand is so strong that U.S. scrap is still being exported to China. As a result, the price of scrap steel in the U.S. has doubled to more than \$300 a ton over the past year. All domestic steelmakers use varying amounts of scrap for producing steel. About half of the U.S. domestic steel production is from minimills that utilize electric arc furnaces, which use a higher percentage of scrap steel.

Long-Stanton has been preparing for this situation for some time. By identifying a core group of dependable suppliers and developing long term relationships with them, through strategic buying practices (mill buys, program buys, consignment agreements, etc.), and through ongoing internal continuous improvement initiatives, we have been able to hold off on price increases as far back as October 2003. Unfortunately, these prolonged market conditions have forced us to pass on some increases, mostly beginning in February and March. **Long-Stanton will continue to do all it can to minimize these increases and aggressively represent our customers going forward.**

PRODUCT LEAD TIME REDUCTION

Long-Stanton recently completed an agreement with a long-time customer to deliver a complete product, including painting, assembly, and packaging. Our customer's West Coast plant had difficulty meeting the delivery requirements of their Eastern U.S. customers. **Working closely with our customer**, we were able to use Long-Stanton's strengths and location to provide the response needed to compete more effectively for that business. Long-Stanton's manufacturing process will deliver the product with a 2 day delivery compared with up to five days for the customer's current process.

How can we provide the same business opportunity for you?

TIER II SUPPLIER STATUS

As a result of executing our Strategic Plan, Long-Stanton is now an **approved Tier II supplier to Toyota**. We intend to develop this important market segment in a way that benefits both Long-Stanton and our existing customers and will allow us to strategically add new customers.



Meet Long-Stanton's Jim Massie

My current position at Long-Stanton is Purchasing/Material Control Manager as well as Shipping and Receiving Department Manager. I have been with the company for seven years, starting out as a turret press operator. In addition to my duties with the company, I am attending Miami University in Oxford, Ohio where I am scheduled to graduate in 2005 with a B.S. in Business (Purchasing and Procurement) and a minor in International Business.