STEEL SEGMENT:

	2011	2010	$ Change	Change
Net sales, including intersegment sales	**$ 1,956.5**	$ 1,359.5	$ 597.0	43.9%
EBIT	**$ 270.7**	$ 146.2	$ 124.5	85.2%
EBIT margin	**13.8%**	10.8%	–	300 bps

	2011	2010	$ Change	% Change
Net sales, including intersegment sales	**$ 1,956.5**	$ 1,359.5	$ 597.0	43.9%
Acquisitions	**7.6**	–	7.6	NM
Currency	**0.7**	–	0.7	NM
Net sales, excluding the impact of acquisitions and currency	**$ 1,948.2**	$ 1,359.5	$ 588.7	43.3%

The Steel segment's net sales for 2011, excluding the effects of acquisitions and currency-rate changes, increased 43.3% compared to 2010, due to higher volume of approximately $240 million, higher surcharges of approximately $210 million, higher pricing of approximately $80 million and favorable sales mix of approximately $60 million. The higher volume was experienced across all market sectors, primarily driven by an 80% increase in oil and gas and a 26% increase in industrial. Surcharges increased to $572.8 million in 2011, from $362.7 million in 2010. Approximately 40% of the increase in surcharges was a result of higher volumes. Surcharges are a pricing mechanism that the Company uses to recover scrap steel, energy and certain alloy costs, which are derived from published monthly indices. The average scrap index for 2011 was $482 per ton, compared to $426 per ton for 2010. Steel shipments for 2011 were 1,286,000 tons, compared to 1,026,000 tons for 2010, an increase of 25%. The Steel segment's average selling price, including surcharges, was $1,522 per ton for 2011, compared to an average selling price of $1,325 per ton for 2010. The increase in the average selling prices was primarily the result of higher surcharges and base prices. The higher surcharges were the result of higher prices for certain input raw materials, especially scrap steel and nickel.

The Steel segment's EBIT increased $124.5 million in 2011 compared to 2010, primarily due to higher surcharges of approximately $210 million, pricing and sales mix of approximately $130 million and the impact of higher sales volume of approximately $85 million, partially offset by higher raw material costs of $250 million, higher logistics costs of approximately $25 million and higher LIFO expense. In 2011, the Steel segment recognized LIFO expense of $15.2 million, compared to LIFO expense of $2.8 million in 2010. Raw material costs consumed in the manufacturing process, including scrap steel, alloys and energy, increased 22% in 2011 compared to the prior year, to an average cost of $555 per ton.

Sales for the Steel segment are expected to increase 5% to 10% for 2012 compared to 2011, primarily due to higher average selling prices and slightly higher volume. The Company expects stronger demand, driven by a 13% increase in oil and gas market sectors and a 5% increase in mobile market sectors. EBIT for the Steel segment is expected to increase in 2012 compared to 2011 as higher pricing more than offsets higher raw material costs. Scrap, alloy and energy costs are expected to increase in the near term from current levels as global industrial production improves and then levels off.

CORPORATE:

	2011	2010	$ Change	Change
Corporate expenses	**$ 75.4**	$ 67.4	$ 8.0	11.9%
Corporate expenses % to net sales	**1.5%**	1.7%	–	(20) bps

Corporate expenses increased in 2011 compared to 2010, primarily due to higher performance-based compensation of approximately $8 million.