



Metals Service Center Institute
100 YEARS STRONG

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Dear Friend of MSCI:

I am writing to share with you how MSCI has adjusted to the uncharted waters of this recession and what the steps we have taken mean to you and your company as a member of the institute.

Everywhere I have gone this year I have been struck by the severity of this recession and, equally, impressed by the resolve displayed by our members as they have worked to reduce costs, improve customer relations and both manage and lead their organizations through the storm. I have been in and around the metals industry for three decades, and without question, the response by our members to this recession has been the most professional and skilled I have ever seen.

We, too, have been required to lower costs to levels consistent with a reduced revenue stream from declining reserves, falling attendance at conferences, reduced attendance in our training programs and, in some cases, members who have been unable to continue as part of the institute. The adjustments we have made have been significant, yet we have not and will not reduce the quality of our programs and, in fact, have worked to enhance our programs, products and services despite cost reductions.

We have, accordingly, adjusted our cost structure downward by more than \$2 million (nearly 30%) for 2009. This represents a significant portion of the institute's total budget. We have been forced to curtail all new program development, cut expenses for conferences, postpone strategic initiatives, renegotiate agreements with vendors, and reduce our already lean workforce, a very painful step for a close-knit organization such as ours.

By doing these things, we have been able to maintain our conference schedule, continue our education programs, continue our extremely valuable proprietary research and ramp up our public policy work in tandem with the start of the new Congress and Obama administration. For example, in the United States, we have launched a very aggressive campaign against "card check," as the misnamed Employee Free Choice Act is called, because we believe it has the potential to harm every company in the metals

business and all of our customers at a time when we're enduring just about all the negative factors that we can.

Our extremely valuable *Forward* magazine will also continue. We have worked to bring new classes to our list of professional development opportunities offered by MSCI, and we have introduced a new monthly newsletter from Washington to help our members stay current on important developments there.

We have also scaled back, but not eliminated, plans to commemorate the MSCI Centennial this year. Centennials happen only once in our lifetime and, unfortunately, there was no way for us to change the date of ours. Observances related to the Centennial will be held at the Annual Meeting in May and at the Aluminum Products Division annual conference in November. In addition, the May-June issue of *Forward* magazine is our Centennial edition and includes a comprehensive history of the industry's last century; a timeline focused on major milestones in metals distribution and use, and more.

Our Centennial-related research provides special perspective this year. Our industry has endured tremendous hardship and many recessions, including the Great Depression, during the last century. We have always bounced back after each downturn wiser than before, and almost always better businesses than before. The outcome of this recession should be no different for most of us.

Although times are especially difficult now, we never once considered cancelling any of our conferences for a reason that goes directly to the core of why trade associations such as MSCI even exist. Boiled down, MSCI provides to its members information to help them build a better business. We have said this year that we strive to provide information that leads to insights and innovation, and we really mean it.

Seven years ago, we began to overhaul, modernize and improve every aspect of MSCI's program and services model. We shortened the length of a number of conferences while adding substantially to their robust business content. All of our courses were updated; some were discarded, and a number have been added so that our professional development offerings were absolutely current and always more useful. We created the Strategic Metals Management course of study for promising leaders on their way to executive management positions. All of our research programs were professionalized, moved to an electronic base and put on a more statistically valid footing; the Metals Activity Report, which for many members is worth the cost of membership all by itself, is one result. We have tailored our public policy work to conform better to expressed member needs and important developments in Washington and Ottawa. Our member-led recruiting program has continually revitalized our member mix, and *Forward* magazine has become the only publication serving the industrial metals chain that

provides global insight to help you understand the macro-environmental market trends.

The only reason to do any of this was to make MSCI programs and services more valuable for you. Now, more than ever, the information we offer has the potential to make a real difference in your business. We are proud of the improvements we have made and are equally determined to make sure that our core offerings are maintained in these troubling times.

I believe that now, more than ever, the importance of leadership rises to the surface. Leaders look beyond today to the opportunities of tomorrow. They prepare for better times by training their people, incorporating into their planning additional data and new statistical tools, and they take prudent risks to ensure that their organizations are firmly focused on a better future. The mood in our country is certainly one of gloom and concern about the future, but the attitude of our industry can be a positive one and a determination to see opportunities as they present themselves. Entrepreneurship has been an important part of our industry's history, and it should continue to play a role today.

In the same way, we at MSCI are focused on the industry of today, but also on the industry that emerges from this downturn. We want all of you to be as healthy and vital as you have ever been. That's why we are very grateful for your continued participation as a member of MSCI. We hope that if anything, you will expand your use of our products and services this year because of the benefits of doing so.

This is, in some ways, an exciting time. The "fresh start" in Washington is mirrored by the need for a fresh start with the economy. This presents us with an important opportunity to be an important voice for business in North America, and the primary voice for the metals industry. Let's make certain that we take advantage of every chance we see and that we take those steps necessary to generate opportunities on our own.

As the CEO of MSCI, I welcome your ideas, comments and suggestions about ways we can make our model more valuable to you and your company. In the meantime, you can count on us to safeguard member equity in the institute while maintaining the institute's offerings at a high and professional level.

Thank you, again, for being part of this century-old organization.

Best regards,

Bob Weidner