SUMMER 2008

O'NEAL NEWS

DELVING DEEPER INTO STAINLESS

O'NEAL'S PURCHASE OF TAD METALS OPENS UP NEW AND DIFFERENT MARKETS

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BIRMINGHAM - PART TWO, GRADUATES, AND MORE

Earlier this year, O'Neal Steel purchased the assets of TAD Metals, Inc. Included in the deal were six metals service centers and a sales office. But far more important was the additional product and processing expertise that TAD brought with it, as well as new customer groups and an expanded geographic presence – from the Southwest to the Northeast and even across the border for the first time into Canada.

CONDITIONED FOR SUCCESS

Known for its superior surface conditioning capabilities, TAD Metals is a specialized distributor and processor of stainless steel and aluminum, including sheet, plate, tubing, pipe, and bar. The company has about 80 employees and annual sales of approximately $100 million. TAD's international roots go back to Italy in the 1940s, but its first U.S. operations were established in 1997. Since then, it has become a well-regarded North American source for high-quality materials used in demanding applications such as consumer appliances, food and beverage processing, construction materials, industrial equipment, architectural elements, automotive parts, and marine components.

The original company was formed following World War II in a heavily industrialized region of Italy near Milan. It began as a pipe and tube producer, supplying other companies in the surrounding area and eventually growing to become the largest independent distributor of stainless steel in Italy with locations throughout Europe. By 2000, TAD (the European company, which is still in business) had more than 700 employees in 60 locations worldwide and annual sales in excess of $400 million.

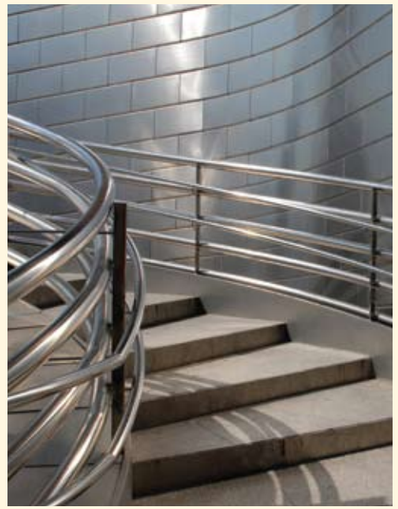
In the late 1990s, TAD entered the U.S. market by acquiring four regional companies in New York, Florida, Texas, and Michigan, all of which specialized in the distribution and processing of stainless and/or aluminum. As those operations continued going strong, TAD looked for other opportunities on American soil, resulting in the expansion of the Texas network of facilities that grew to include service centers in Dallas, San Marcos, Laredo, and Houston. Then a major coil-processing center was opened in New Jersey (which also served to consolidate the New York operation into a much more accessible location); a warehouse was added near Boston; and the company crossed the border into Canada to open a service center in the Toronto area.

Additional locations were in the mix through the years, but the operations acquired by O'Neal are in Monroe Township, New Jersey; Norwell, Massachusetts; Dallas, Houston, Laredo, and San Marcos, Texas; and Mississauga, Ontario. They continue to operate as TAD Metals, which is now a wholly owned subsidiary of O'Neal Steel (and completely separate from the European company). "I'm pleased to say that management and personnel at all facilities have remained fully intact, with the southwestern locations reporting directly to O'Neal, while the northeastern and Canadian locations report to Metalwest due to their specific product focus," said O'Neal Chairman **Craft O'Neal**. "TAD has an excellent team in place and this addition to our family of companies only enhances our competitive position in terms of product, geography, and expertise."

TAD entered the U.S. market with an emphasis on surface conditioning of stainless steel sheet. And that remains one of the company's greatest strengths, thanks to its ability to produce a wide range of polished finishes customized to customer requirements. "We've invested in state-of-the-art polishers and levelers at our New Jersey facility," said **Jeff Katz**, Vice President of Sales & Marketing. "And we've developed a staff of knowledgeable, experienced, quality-conscious people who turn out a consistent product time after time to meet the most demanding specs. We can turn around material quicker and with more consistency lot-to-lot than our competition."

Consistent surface conditioning of stainless steel to meet customers' most demanding requirements is one of TAD's greatest strengths.



The New Jersey location is the largest of the TAD facilities. With two cut-to-length lines, two coil-to-coil polishers, a variety of other sheet and bar processing equipment, and very specialized capabilities that are highly sought after, that location serves not only the surrounding area, but provides service to customers throughout the company. Inventory in the Northeast has been expanded in recent years. Building on a strong foundation of light-gauge stainless sheet, those facilities also now offer stainless bar, pipe, tube, and CMP, as well as aluminum sheet.

The southwestern locations have been very successful at providing customers a wide range of value-added services, such as plasma burning, shearing, water-jet cutting, saw cutting, and fabricated parts production. "The Dallas location, in particular, has a very diverse array of processing equipment and capabilities," said Area Manager **John Hunt**. In response to market demand and opportunities, inventories at the Texas locations are constantly evolving. "While each facility's inventory is composed of a variety of non-ferrous material, stainless steel plate has become especially significant to the product mix in Houston in recent years," said **Matt Keith**, General Manager of that facility.

The Ontario operation got its start in 2002, stocking a range of stainless steel sheet. With no shortage of customers with high expectations north of the border, it quickly became apparent that capitalizing on the polishing and processing strengths of the New Jersey location would give the new facility a unique competitive edge. "We tried to match those strengths to customers and markets locally," said **Rob McKean**, General Manager of TAD Canada. "We've also added new products, such as aluminum sheet that we source locally, which has helped enable us to grow our business in a relatively short time."

Company-wide growth across a market that encompasses virtually everything stainless (except the aerospace industry) can be attributed to a combination of consistent product quality, reliable service, and one of the most experienced groups of outside sales reps in the industry, according to Jeff. "The most junior of the group has more than 12 years in the metals business. Almost all of them have worked their way up through the organization, gaining valuable experience in purchasing, inside sales, and management," he said. "We've used various forms of marketing and advertising through the years, but we've found the most effective way to impress customers is to put a sample of our polished finish in their hands." That makes the role of the outside salesperson absolutely vital.

APPLICATONS FOR TAD'S PRODUCTS include building materials, consumer appliances, automotive components, industrial machinery, and much more.

From the time O'Neal and TAD first started talking about getting together, all indications were that they would be a good match. "We knew O'Neal as a distributor and as a company with an excellent reputation for taking good care of its customers and its employees," said Jeff. "O'Neal is known throughout the industry as a stable and growing company with high ethical standards. The fact that they were interested in us made us interested in hearing what they had to say."

Now that the two companies are together, TAD will help O'Neal expand its market share in non-ferrous metals and also expand its coverage area in the Northeast, Southwest, and Canada. The combination of locations will improve both companies' ability to compete for multi-location national accounts. Reports on the transition of ownership thus far indicate complete acceptance from employees, customers, and suppliers alike – recognizing the opportunities for long-term growth and a solid position in the marketplace.

"Due to the knowledge and depth of talent within O'Neal, we're looking forward to improvements in our quality and safety programs," said Jeff. "A stronger financial base will allow us to be a better partner to our customers. And we'll be able to invest in, and expand, our facilities, equipment, and product line to become all the more competitive.

"The prospects look great."

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