



February 18, 2021

Dear Valued Customer,

The extreme weather that affected parts of the US (Texas) and Northern Mexico this week, severely affected the distribution of Natural Gas. Power plants, industry and homeowners have been without power for much of this week. Furthermore, restrictions to the Industrial supply of Natural gas have been imposed to prioritize supply to residential areas. The cost prohibitive spike in natural gas (from \$3 to \$400 MM/btu) plus the supply irregularities have not only affected those processes that use Natural Gas as part of the transformation process, but also the generation of electricity causing outages in multiples areas. Natural gas is the primary energy source in Cuprum/ Louisville's casting and extrusion of aluminum. Additionally, the power outages have affected other components of our supply chain restricting the availability of multiple raw materials.

As such, and after careful consideration of these force majeure events, Louisville will be enacting the following actions:

1. Effective immediately, Louisville Ladder will not be accepting any new orders.
  - a. New Orders will be accepted starting March 7, 2021.
2. A portion of current open orders might be cancelled, notification will be provided to customers with cancelled orders.
3. A surcharge might be implemented before accepting new orders to accommodate the unprecedented costing disruption affecting the different raw materials. This surcharge would apply to existing open orders as early next week. The surcharge would apply as a separate invoice line on every invoice, and our intention is not to modify the product pricing. We will eliminate the surcharge after the NG costing variance is no longer an issue.

Although we expect better weather and natural gas supply to stabilize on the days ahead, the costs disruption in the market will last longer. You will receive more information from your sales rep on our actions as the situation develops.

These are difficult decisions that we know have a significant impact in all our distributors, end-user customers, stakeholders, including suppliers and employees.

Thank you for your understanding as we navigate together through these very trying conditions,

Antonio Zertuche  
Vice President Sales & Marketing

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# Texas Bans Gas Exports

Feb 17, 2021

(Bloomberg) — Texas Governor Greg Abbott is banning sales of the state's natural gas beyond its borders in the latest sign the crisis roiling energy markets and leaving millions in the dark is far from abating.

Top U.S. liquefied natural gas exporter Cheniere Energy Inc. said it's temporarily cutting natural gas and electricity consumption to help the Texas power grid, and that its decision was made ahead of Abbott's order.

"The Governor has ordered natural gas producers not to export product out of state until February 21st and instead sell it to providers within Texas," the statement read.

Economic fallout is cascading. U.S. oil production has plunged by a record 40%, while fracking in the Permian shale plays has gone dark. The freeze snarled grain shipments and delayed coronavirus vaccine shipments. Amazon.com Inc. closed facilities from Illinois to Texas. Gasoline prices are rising because of refinery outages, while propane used for heating jumped to the highest since 2014.

Several companies in the oil industry have claimed force majeure, a warning to customers that they won't be able to meet deliveries under contract. Repercussions are being felt in the global crude market.

Mexico's state-run utility Comision Federal de Electricidad purchased at least two liquefied natural gas cargoes for delivery between Thursday and Sunday amid fuel shortages that are causing rolling blackouts.

MEXICO CITY — The Mexican government called the top U.S. representative in Mexico on Wednesday to press for natural gas supplies for Mexico after Texas' governor ordered fuel to remain in the state during freezing weather that has overwhelmed the energy grid.

Economy Minister Tatiana Clouthier said she had called the U.S. embassy to express concern about the situation.

# ALUMINUM ALERT

FROM THE ALUMINUM AUTHORITY.



February 17, 2021

## NATURAL GAS CRISIS HITS ALUMINUM HARD:

### Texas and Northern Mexico halt aluminum production

**ALERT! - TEXAS & MEXICO ALUMINUM CRISIS. Producers across the entire aluminum value chain in Texas and Northern Mexico are reducing or fully halting production amid skyrocketing natural gas prices and supply shortages.**

**The crisis is worsening fast.** We can confirm that production of secondary aluminum alloy, secondary billet, aluminum extrusions, castings, and automotive parts, is being shut down in Southern Texas and Northern Mexico amid skyrocketing natural gas prices. We are also hearing about production halts taking place even in Mexico's Bajío region.

**Production of aluminum in these regions has become unviable.** Prompt delivery natural gas prices in the region have skyrocketed more than 10,000% this week amid snow storms and prolonged frigid weather. In this context, basically numerous unwrought and wrought aluminum producers in these regions have been affected. Some aluminum producers are reducing their production rates below 50% at least for a week, others have fully halted production, and some others have already declared *force majeure*.

**The aluminum value chain is basically broken.** Producers of all types of secondary aluminum that are unable to run their casthouses amid the natural gas supply crisis, are completely short prompt units. Demand for prompt secondary alloy ingot and billet has exploded, any new spot deal (if available) is set to take place at exceptionally high prices.