



July 01, 2008

As stated in our previous price announcements, we are in a period of unprecedented increases in costs for raw materials and energy components used in the manufacturing and delivery of quality graphite electrodes.

As a result, this letter is to inform you of two actions the company is taking. First, base prices for AGX standard sized graphite electrodes purchased from GrafTech International and its subsidiary companies ("GrafTech") are changed as shown in the table below.



GRAPHITE ELECTRODES & PINS PRICING TABLE

Products (1)	Diameters	Base Price USD\$/ Metric ton	Base Price USD\$ / pound	Base Price €/ Metric Ton (2)
UCAR® Grade AGX™ Electrodes	From 200 – 400 mm (8" to 16")	\$9665	\$4.38	€6195
UCAR® Grade AGX™ Electrodes	From 450 – 600 mm (18" to 24")	\$9475	\$4.30	€6075
UCAR® Grade AGX™ Electrodes	From 650 – 750 mm (26" to 30")	\$10045	\$4.55	€6440

(1) Recommended for high and ultra-high power AC and DC furnaces with severe electrical and mechanical conditions.

(2) Euro price based on year to date equivalent exchange rate of 1.56.

Note: Prices for Non-AGX brands less than 400 mm will be based on GrafTech's prices in effect at the time of order. Contact your local sales representative for details.

Second, due to the volatile nature of the business environment that we are in, GrafTech will no longer be able to offer an annual fixed contract price. ***Beginning with all new orders, a variable Energy Surcharge will be added to the annual base price on a monthly basis. An example of the Energy Surcharge calculation is illustrated on page two.***

The base price and energy surcharge structure is effective immediately on all new orders placed for delivery before December 31, 2009, all of which are subject to our acceptance.

Orders and other commitments which have been previously accepted will be honored at the agreed upon prices, conditions of sale, and delivery schedule.

Should the need for additional commercial changes arise, we will continue notifying you in a responsible and prompt manner.



The Energy Surcharge will be calculated based on a published index that tracks the cost of a barrel of oil, which is reflective of the most volatile aspects of our costs: raw materials, utilities, freight and other manufacturing costs.

For every one dollar increase in the rolling three month average of the Europe Brent Spot Oil Price Index above \$150 per barrel, a \$22 per metric ton surcharge will be added to the base price. The Energy Surcharge will be shown as a single line item on each invoice. The Energy Surcharge will be calculated as shown on the following table:

<u>Published Index</u> US Energy Information Administration for Europe Brent Spot Prices	<u>Fixed Baseline</u> Europe Brent Spot Prices (\$ per Barrel)	<u>Prior Three Month Average</u> Europe Brent Spot Prices (\$ per Barrel)	<u>Increase from Fixed Baseline</u> A Europe Brent Spot Prices (\$ per Barrel)	<u>Multiplying Factor (1)</u> B \$ change in Graphite Electrode \$/MT	<u>Total Monthly Energy Surcharge (2)</u> (A x B) \$/MT Invoiced
Current (June 2008) Calculation	150.0	120.9	None	\$22	\$0/MT
Example:	150.0	155.0	5.0	\$22	\$110/MT

(1)
Euro price energy surcharge will be calculated using an exchange rate of 1.56.

(2)
For three month averages where the calculation is at or below \$150 per barrel, the surcharge will be \$0.

An Energy Surcharge notice will be communicated by the end of the second week of each month based on changes in energy related costs as outlined in the above table. The energy surcharge published in the current month (e.g. July) will apply to the next month's (e.g. August) shipments. If the three month average oil price per barrel is below the fixed baseline, no surcharge will apply. See table below for current three month average calculation.

Europe Brent Spot Price FOB (Dollars per Barrel)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2007	53.68	57.56	62.05	67.49	67.21	71.05	76.93	70.76	77.17	82.34	92.41	90.93
2008	92.18	94.99	103.64	109.07	122.8	130.8						

Updated on 8/25/2008

Source: U.S. Energy Information Administration

Three month average = $(130.8+122.8+109.07)/3 = 120.89$

We are committed to being a long term supplier of choice, making investments in our business to meet or exceed expectations and demands of our customers and other constituents. Your local representative will be contacting you soon to discuss this action in more detail and answer any questions. If you would like to speak to one of us directly, please feel free to contact us by e-mail or phone.