

SFSA 2010 Forecast

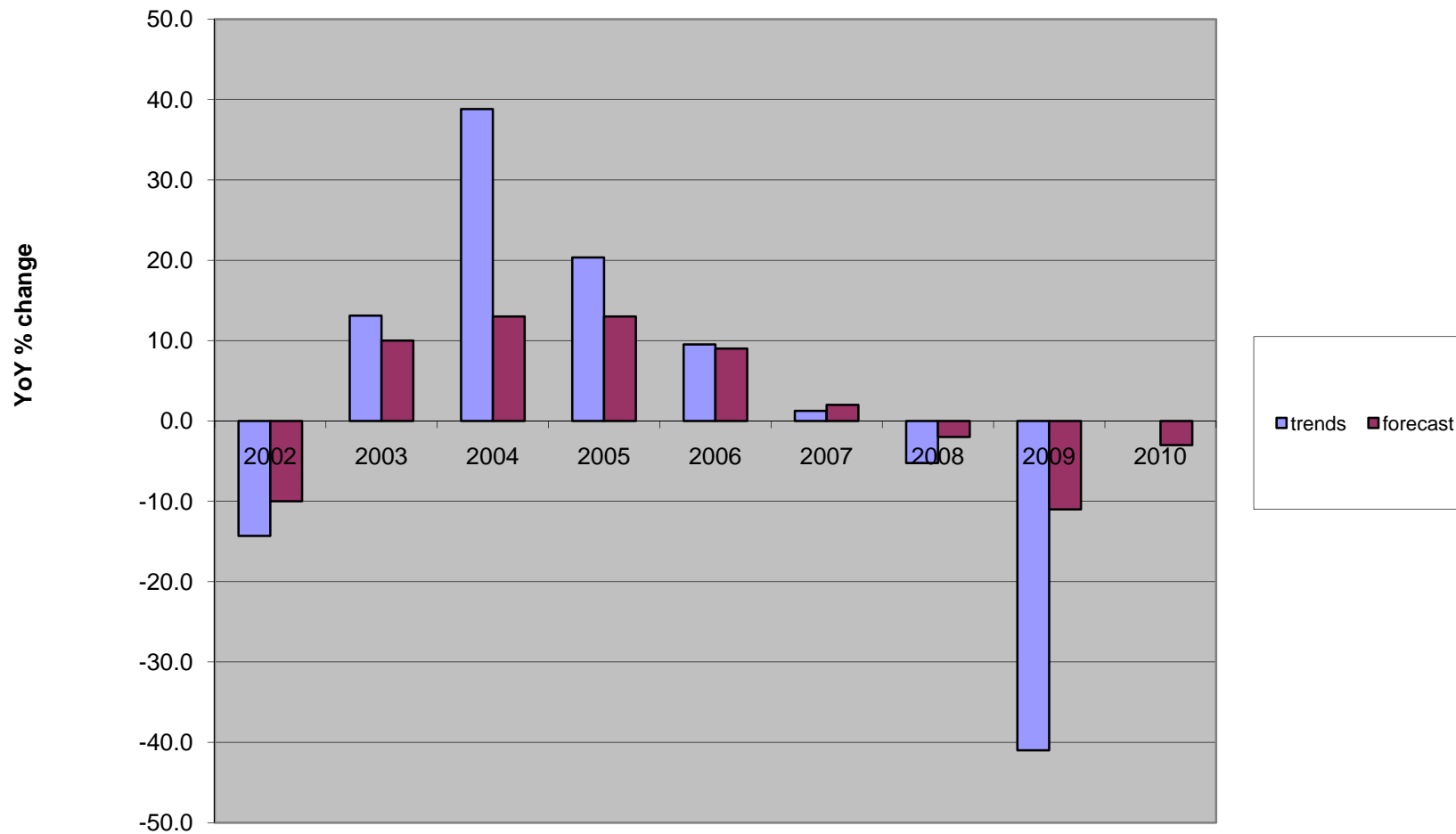
Raymond Monroe

2009 SFSA T&O Conference

Industry Forecast

Market Segment	Estimated 2008 (tons)	Projected 2009 (tons)	2009 Change (%)	Forecast 2010 (tons)	2010 Change (%)
Railroad	592,070	325,639	-45	263,767	-19
Mining	168,340	109,421	-35	131,305	20
Construction	121,081	72,649	-40	79,913	10
Trucks	18,662	11,197	-40	12,653	13
Valves & Pump	51,500	33,475	-35	35,149	5
Oil Field	28,556	5,711	-80	5,711	0
Military	12,712	15,254	20	16,779	10
Other Markets	83,121	54,029	-35	59,431	10
Total	1,086,745	627,374	-41	604,709	-3

Forecast and Results



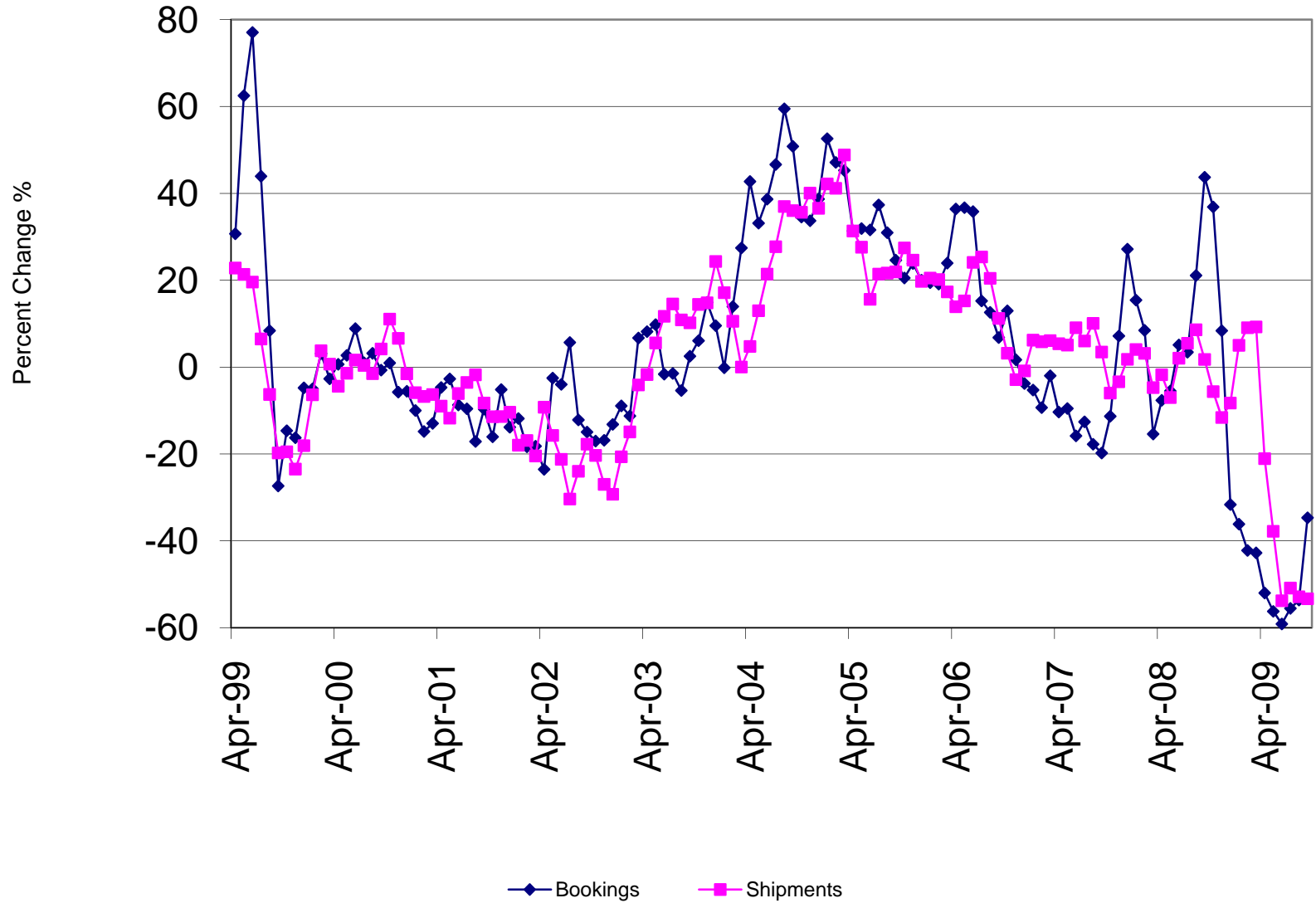
Business Impact Factors 2010

- The worst is over, the low point for most of the industry was around June
- All steel foundries have had to layoff many employees including some that were important contributors. In spite of layoffs, few technical or production people are available.
- Most customers had built inventories during the expansion and stopped purchasing in the sharp contraction
- Uncertain political climate (health, taxes, energy, etc.)

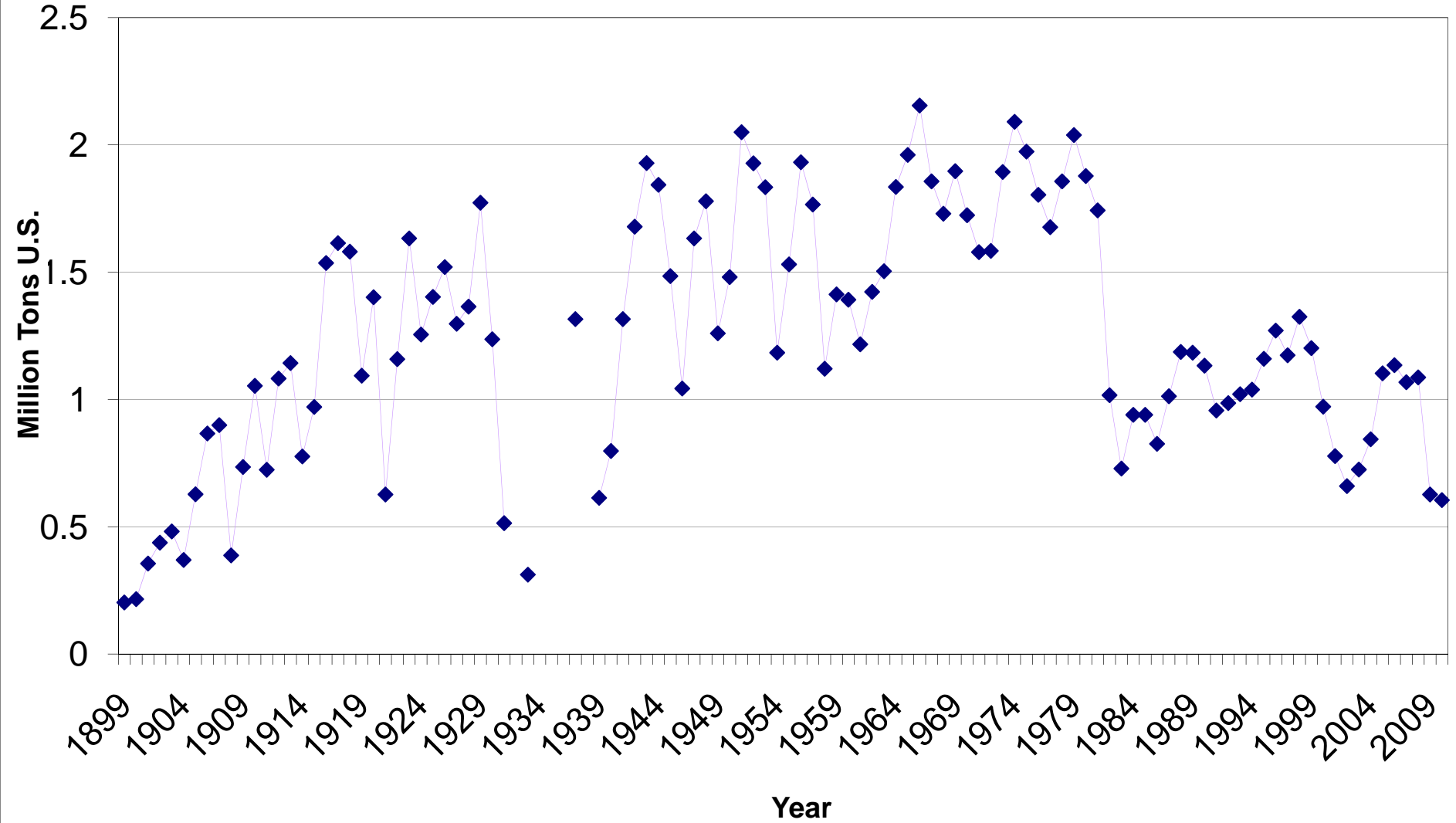
2010 Impact Update

- Inventories liquidated-short lead times
- Expedited production at premium prices
- Capital projects not released/ stimulus
- Low in August 40%-improved 55%
- Pricing decimated in markets with new (unqualified?) entrants
- Wind Energy casting low pricing
- Building and military possibilities

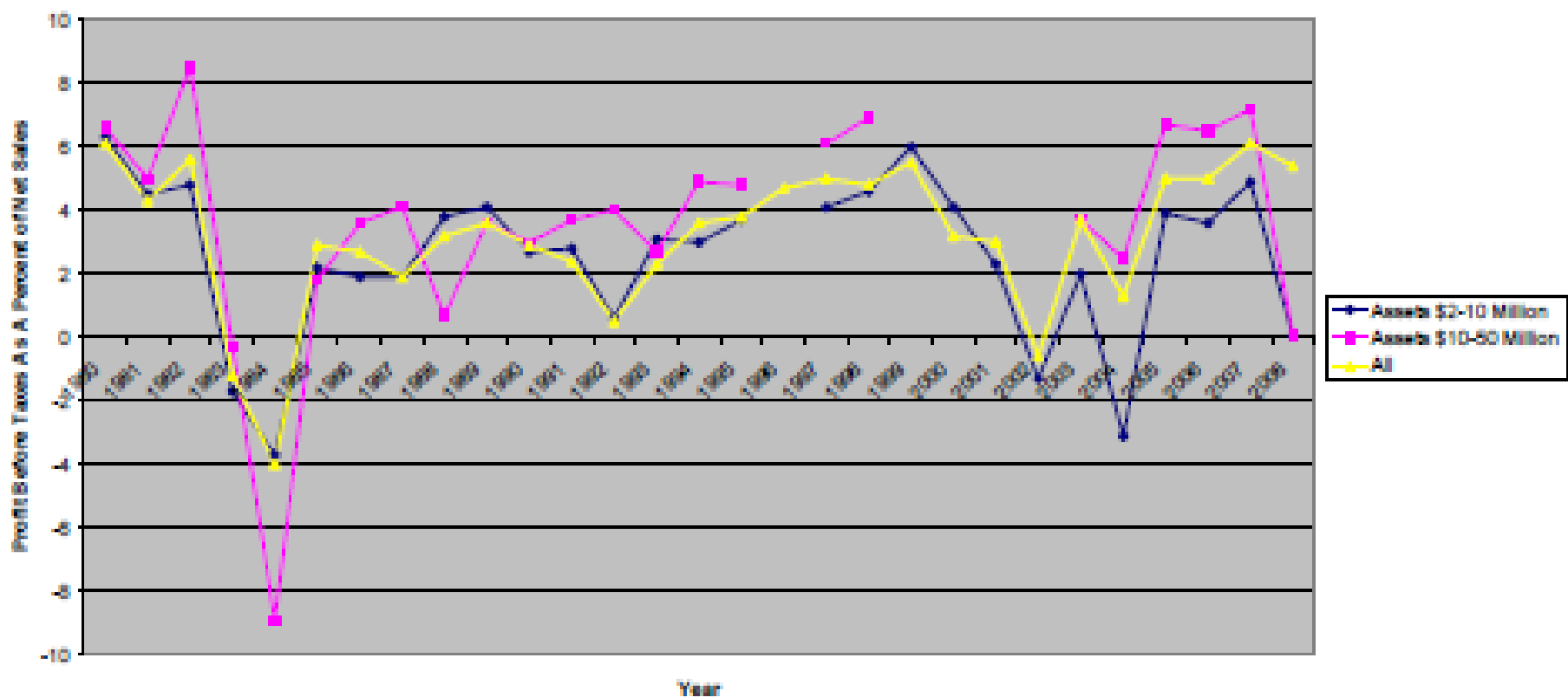
Carbon & Low Alloy Casting Market Trends



Steel Casting Production in the U.S. million tons

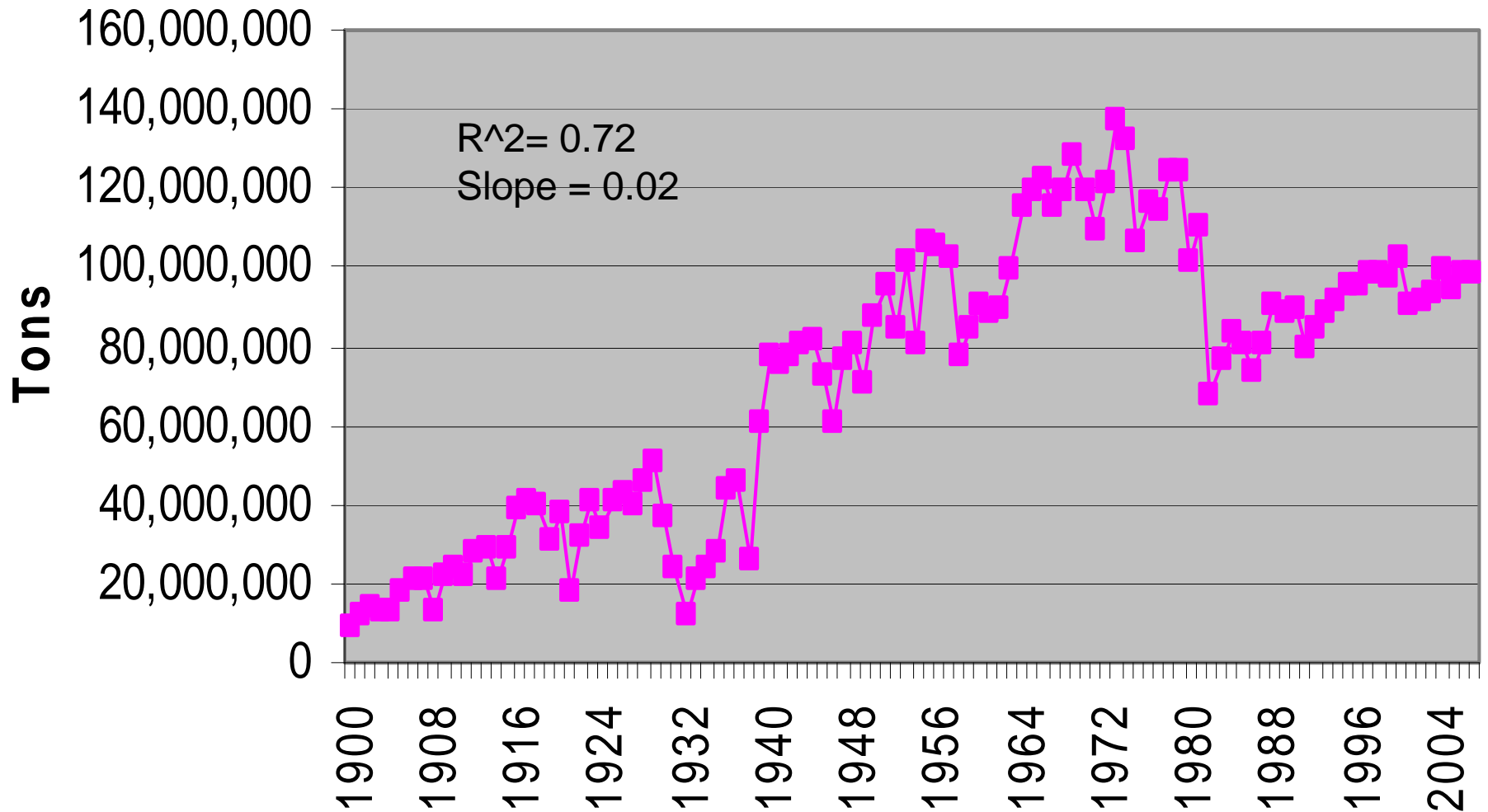


Profit Before Taxes As A Percent of Net Sales



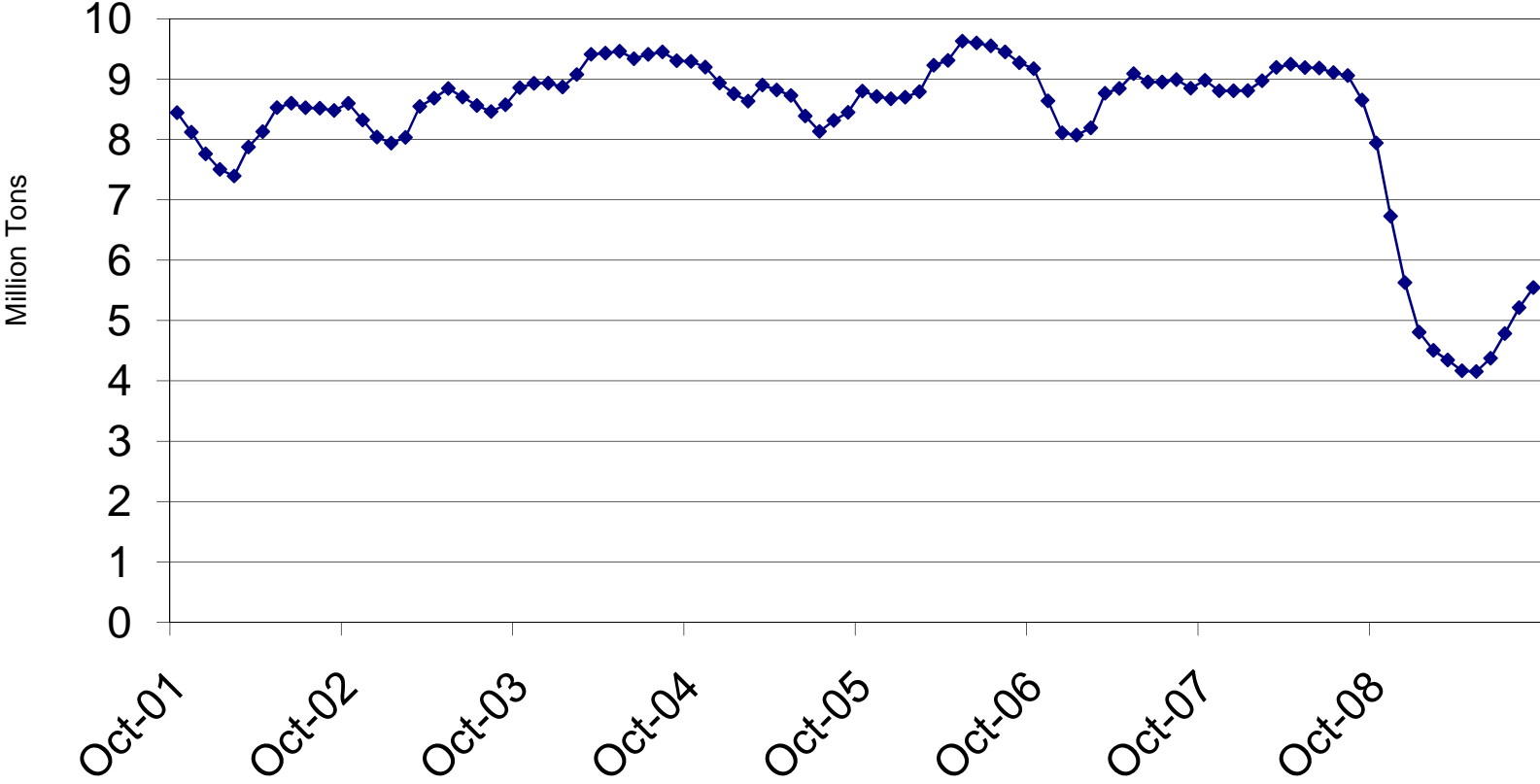
BEFORE 1998 STEEL FOUNDRIES AND IRON FOUNDRIES DATA REPORTED TOGETHER
 1998 AND AFTER STEEL FOUNDRIES DATA SPLIT FROM IRON FOUNDRIES

United States Steel Production

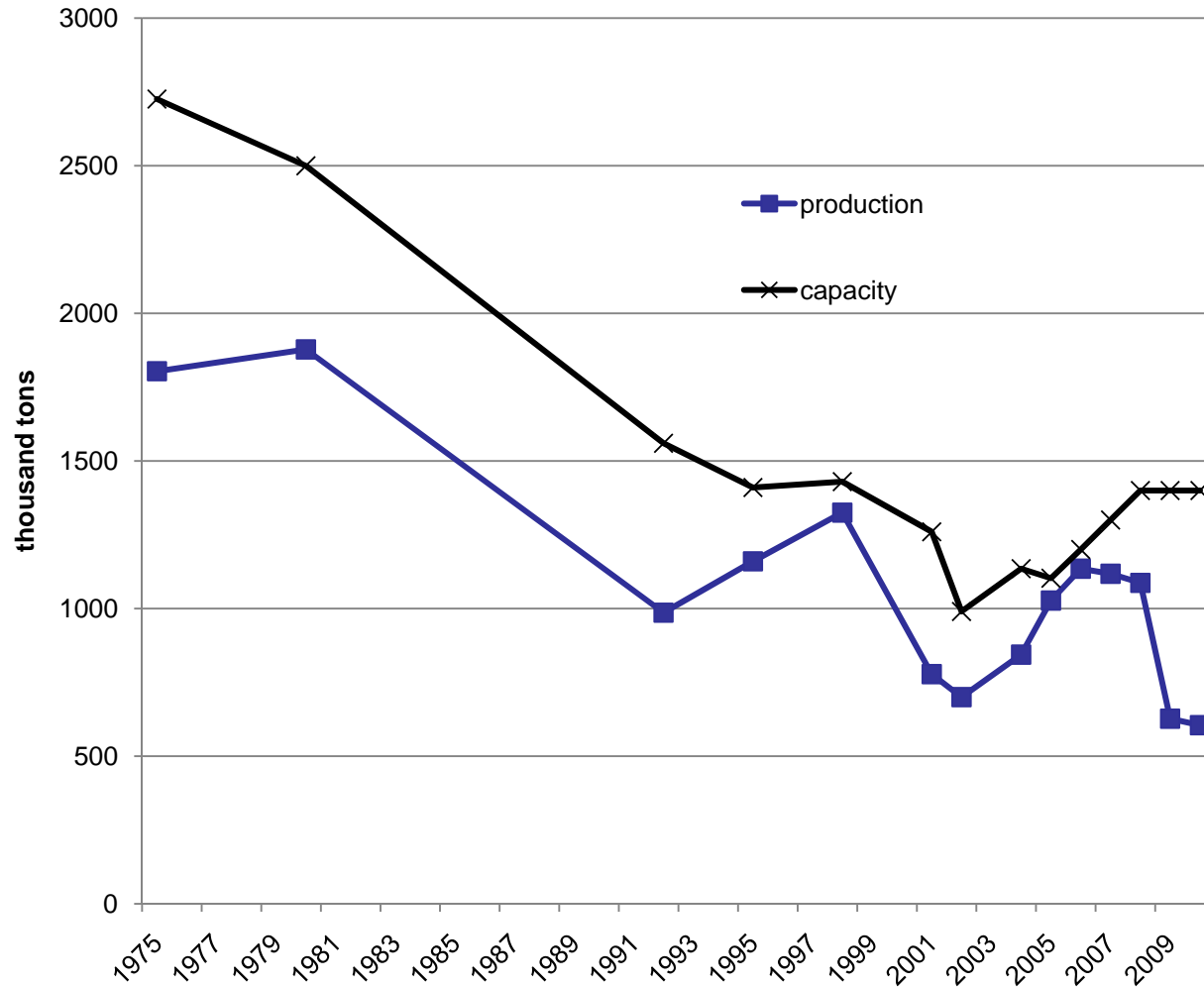


Raw Steel Shipments

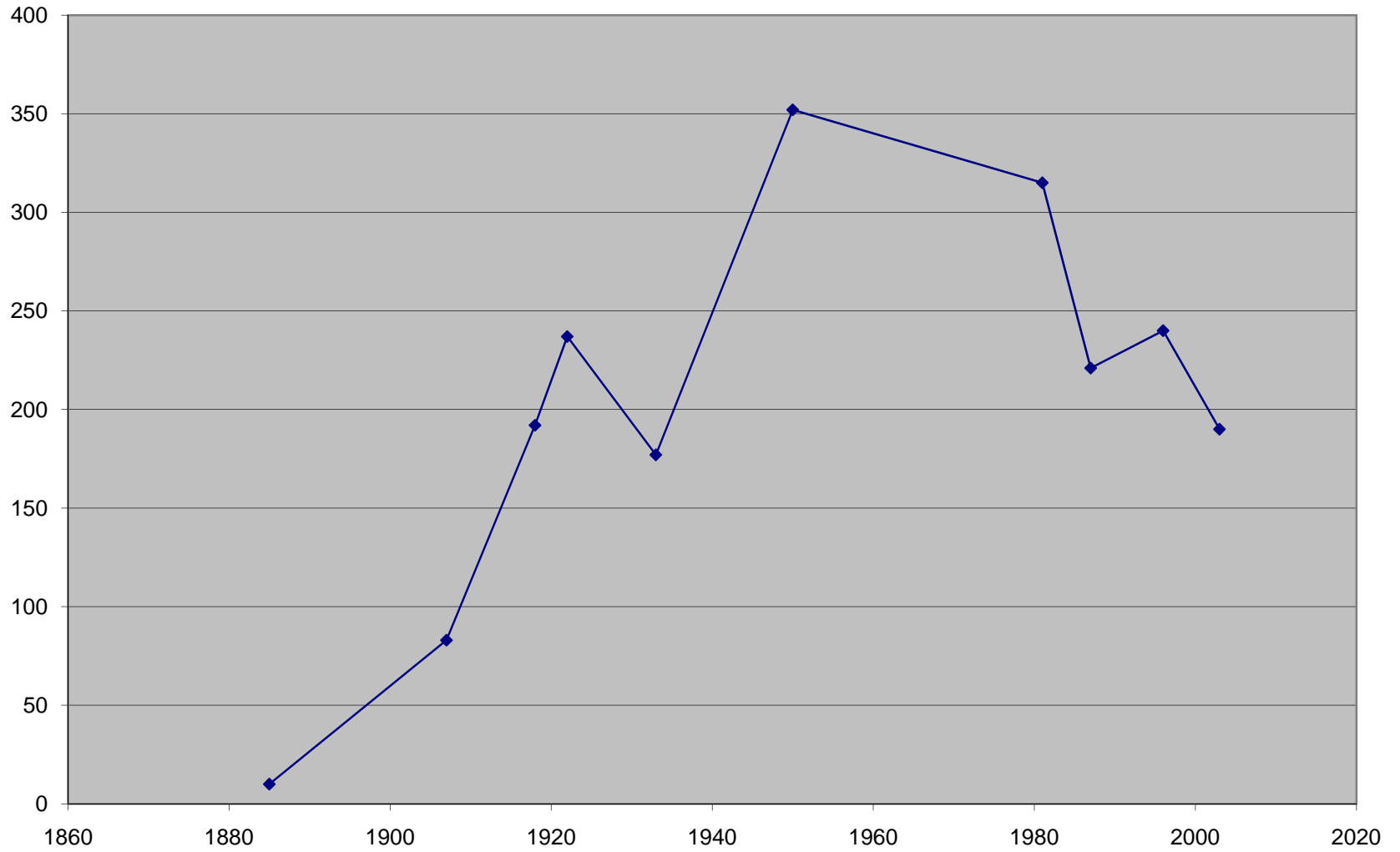
3 month average



Production and Capacity

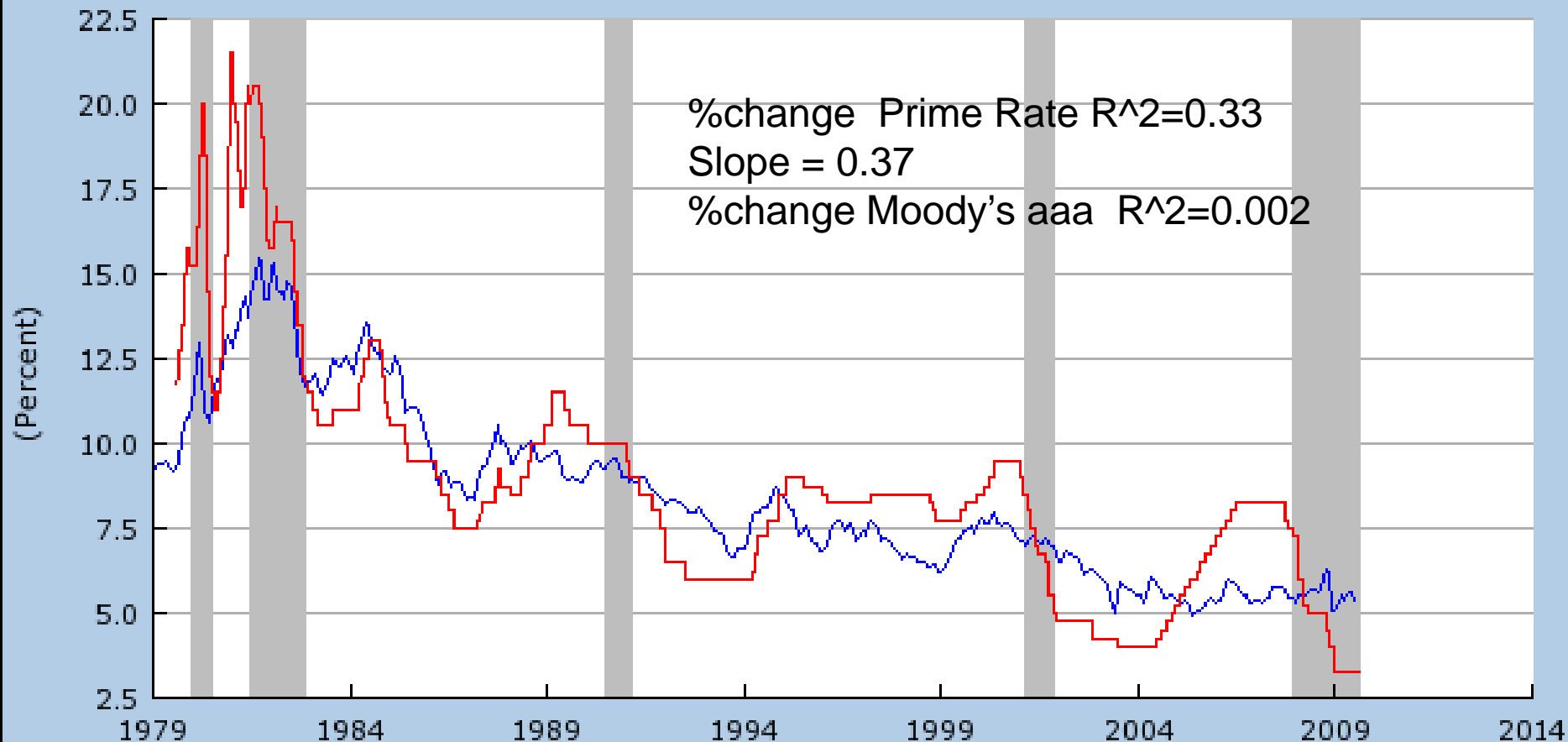


Steel Foundries in North America

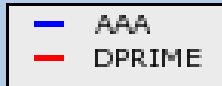


Interest Rates

Moody's Seasoned Aaa Corporate Bond Yield (AAA)
Bank Prime Loan Rate (DPRIME)

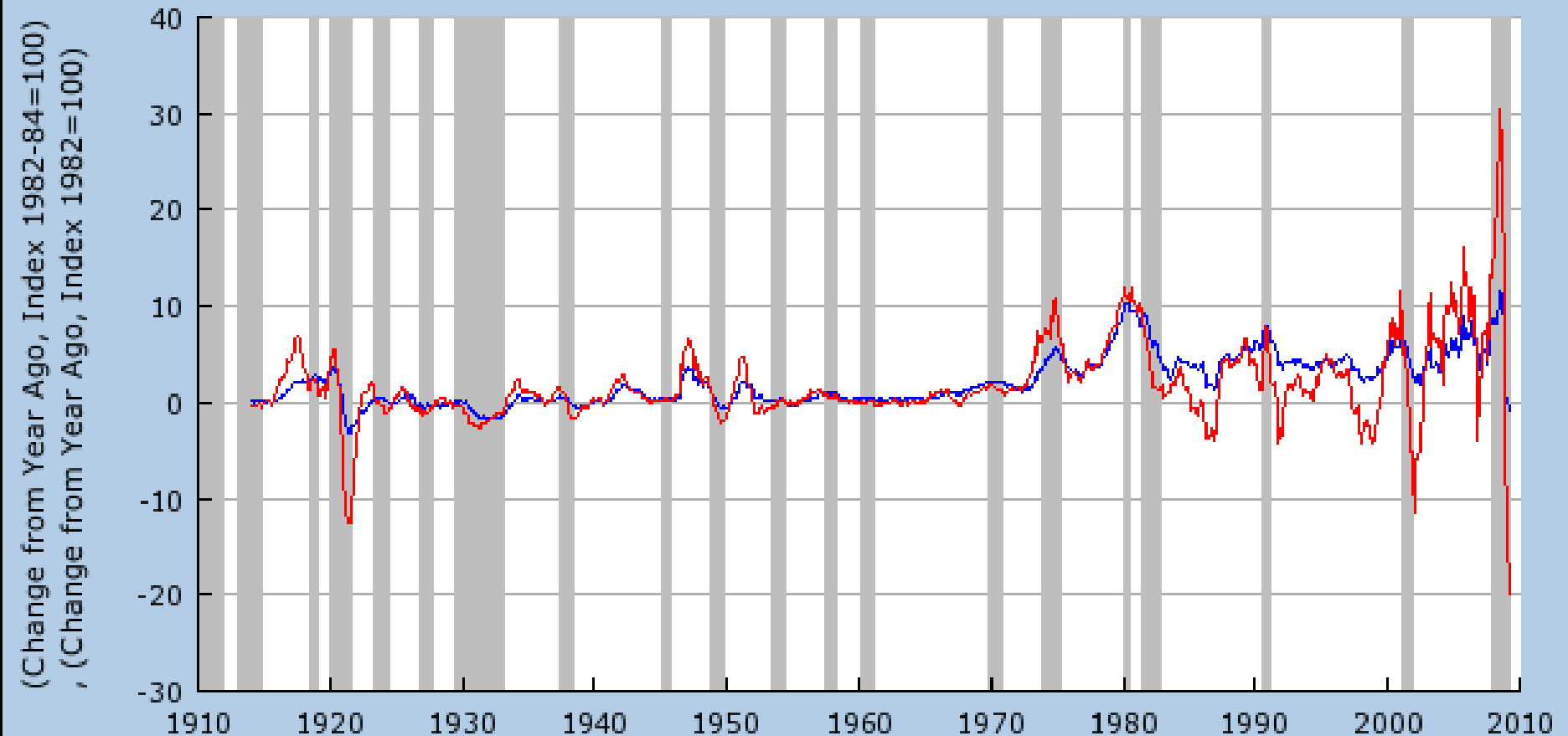


Shaded areas indicate US recessions.
2009 research.stlouisfed.org



Price Index

Consumer Price Index for All Urban Consumers: All Items (CPIAUCNS)
Producer Price Index: All Commodities (PPIACO)

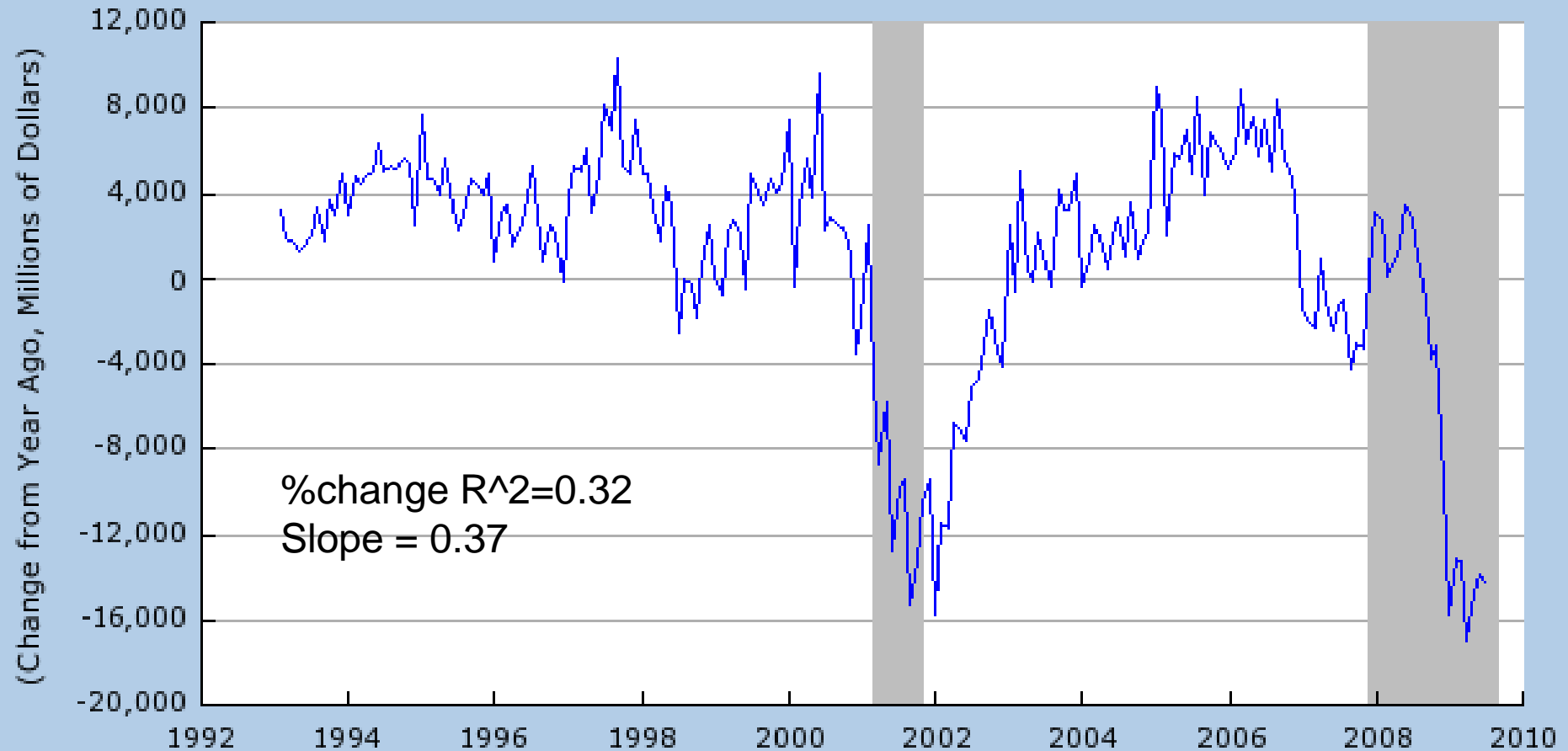


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— CPIAUCNS
— PPIACO

Nondefense Capital Goods New orders-Air

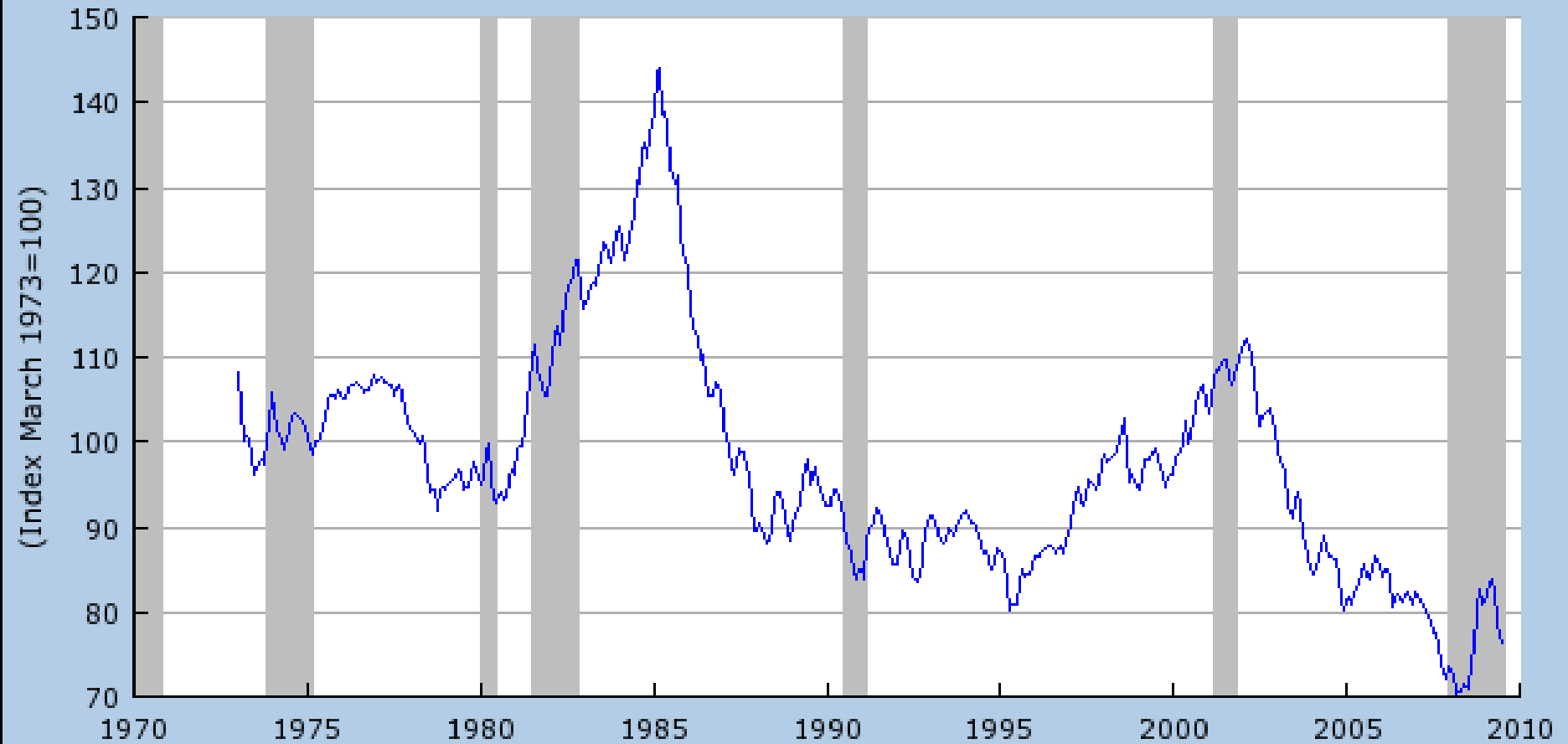
Manufacturers' New Orders: Nondefense Capital Goods Excluding Aircraft (NEWORDER)
Source: U.S. Department of Commerce: Census Bureau



Shaded areas indicate US recessions.
2009 research.stlouisfed.org

Value of the Dollar

Trade Weighted Exchange Index: Major Currencies (TWEXMMTH)
Source: Board of Governors of the Federal Reserve System

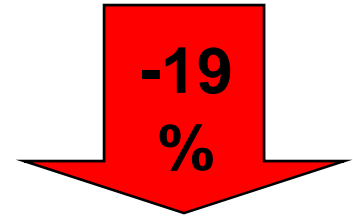


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Railroad Forecast

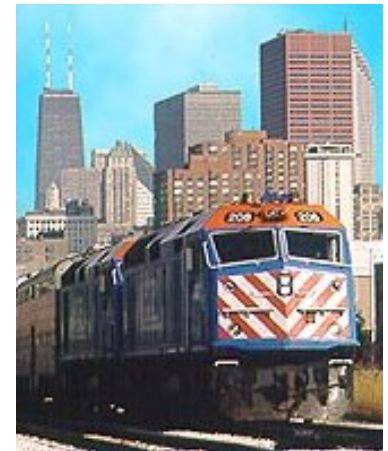
- Railroad industry

- 2008 estimated 592,000 tons
- 2009 projected 326,000 tons
- 2010 forecast 264,000 tons



- Railcar deliveries

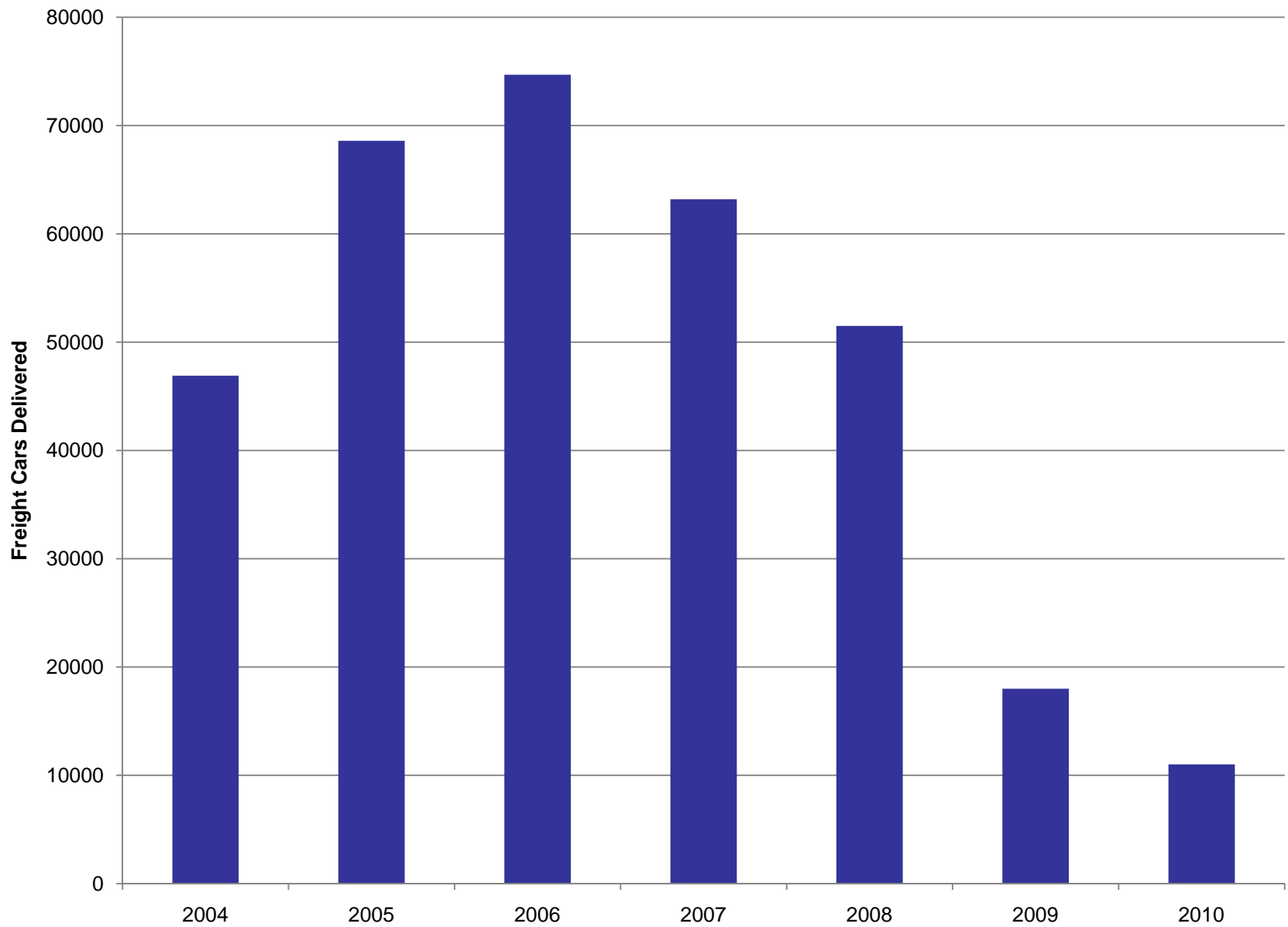
- 2008 actual 63,200 units
- 2009 projected 18,000 units
- 2010 forecast 11,000 units



Surplus equipment stored

Transit strong with public investment

Locomotive construction low into 2010



Mining Forecast

- Mining castings

- 2008 estimated 168,000 tons
- 2009 projected 109,000 tons
- 2010 forecast 131,000 tons



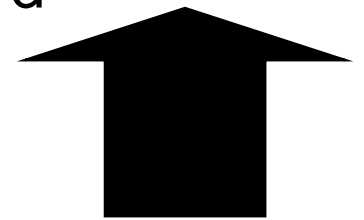
Copper prices remain high but not at their record highs

Consumables and wear parts still strong

Inventory levels are liquidated

Smaller equipment poised for modest recovery

Larger equipment with long lead times slow



20%

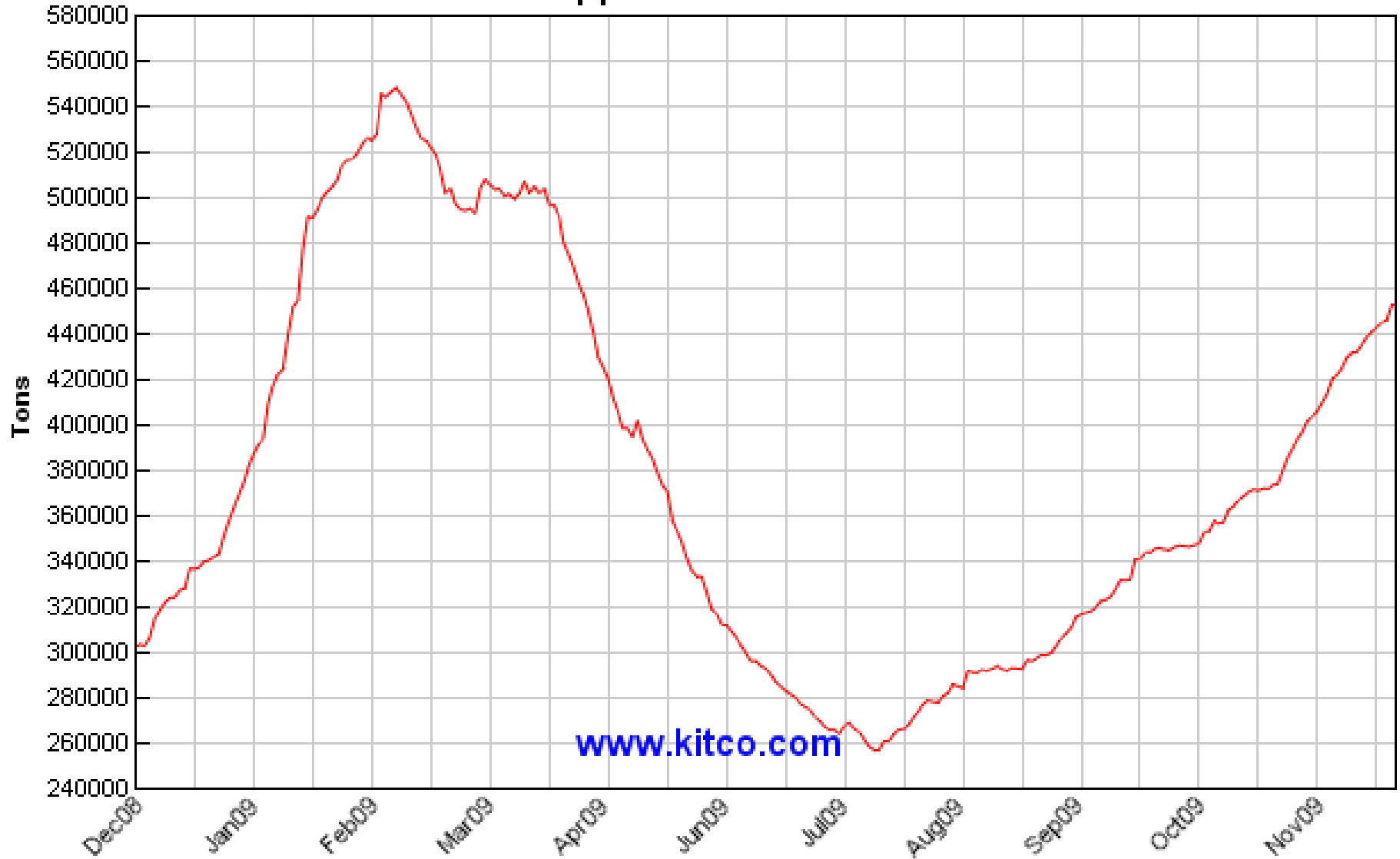
US copper futures on the New York Mercantile Exchange's COMEX division have risen from USD 1.38 per pound at the start of 2009 to current levels above USD 1.65 per pound. When copper sinks below USD 1.10 per pound, more miners shut some operations completely and copper at USD 1.40 serves as a break even level for many producers.

1 Year Copper

USD / lb



1 Year LME Copper Warehouse Stocks Level



www.kitco.com

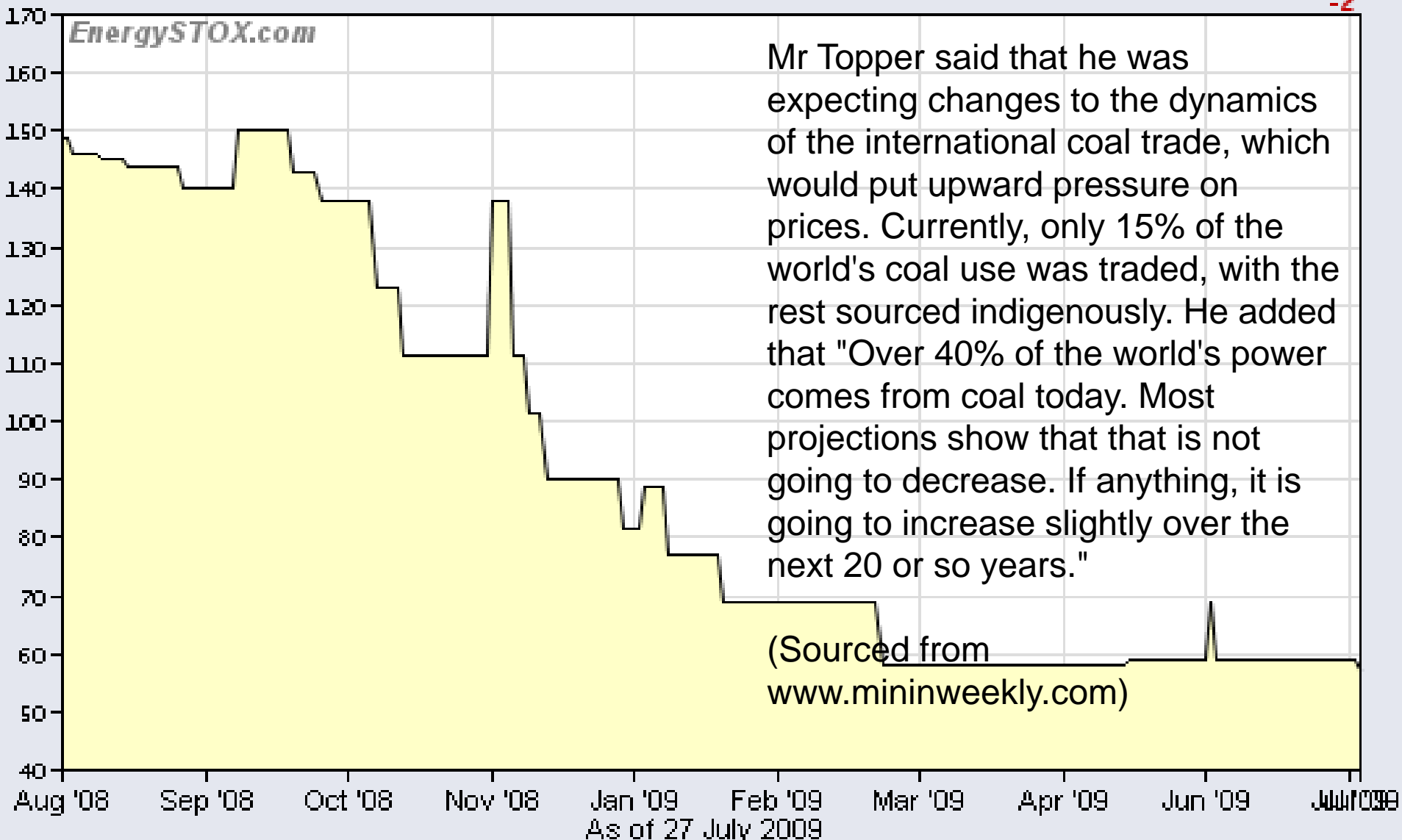
Coal Prices

1-Year Coal

\$US/short ton 57

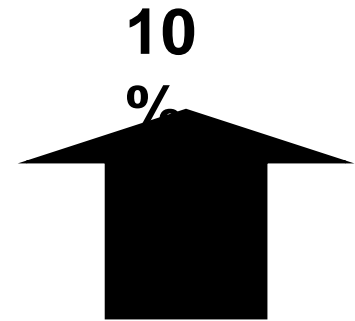
-2

EnergySTOX.com



Construction Forecast

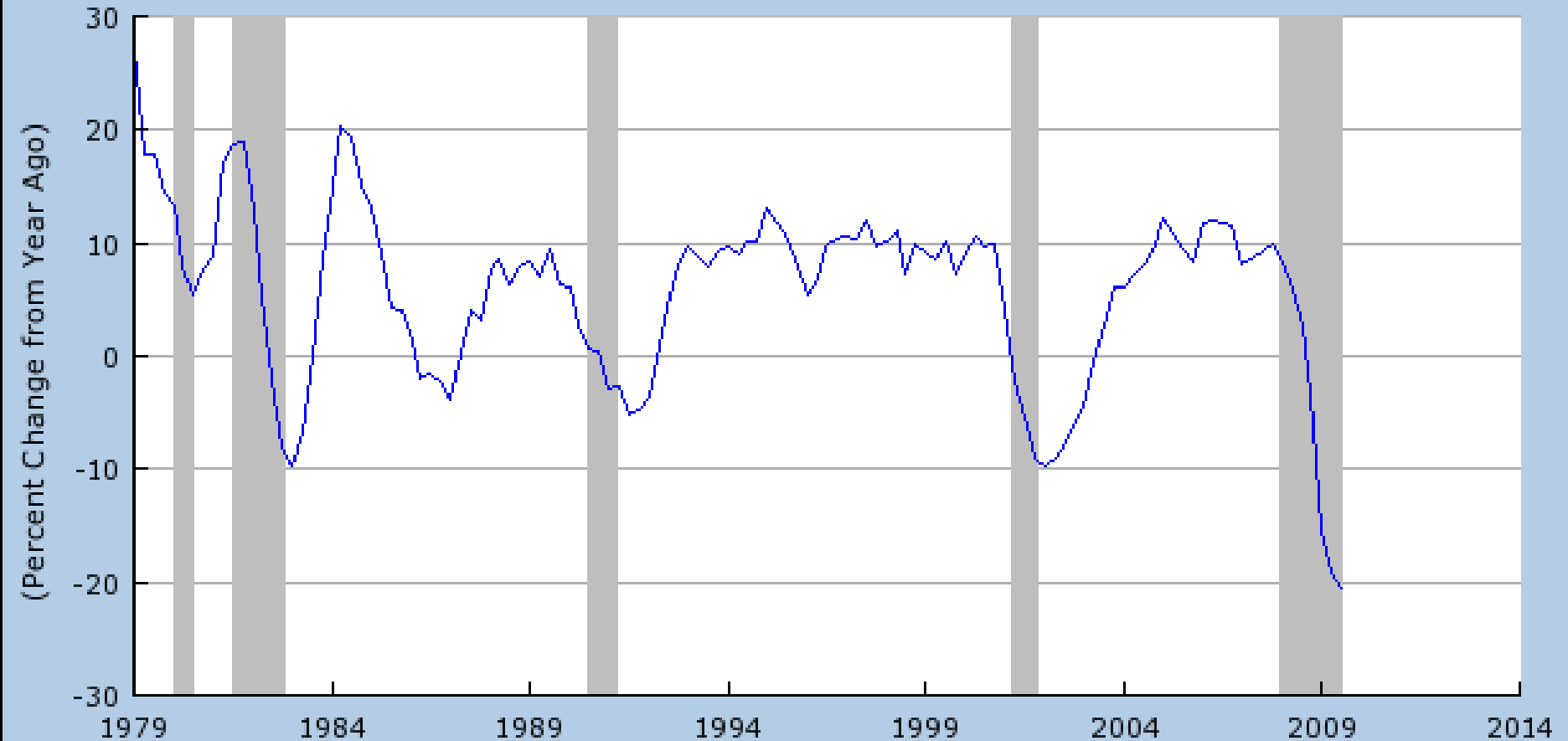
- Construction equipment
 - 2008 estimated 121,000 tons
 - 2009 projected 73,000 tons
 - 2010 forecast 80,000 tons
- Housing and Commercial construction way down
- Stimulus/infrastructure project have not had impact
- Projects being quoted but not released



Nonresidential Investment

Private Nonresidential Fixed Investment (PNFI)

Source: U.S. Department of Commerce: Bureau of Economic Analysis

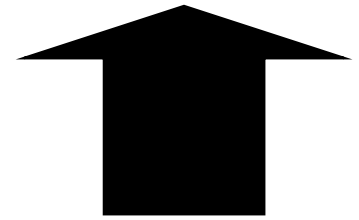


Shaded areas indicate US recessions.

2009 research.stlouisfed.org

Truck Forecast

- Trucks Class 8
 - 2008 estimated 19,000 tons
 - 2009 projected 11,000 tons
 - 2010 forecast 12,500 tons
- Truck deliveries in NA
 - 2008 estimated 180,000 units
 - 2009 projected 105,000 units
 - 2010 forecast 120,000 units
- Sales off dramatically in 2009
- New emission standards should cause further reductions



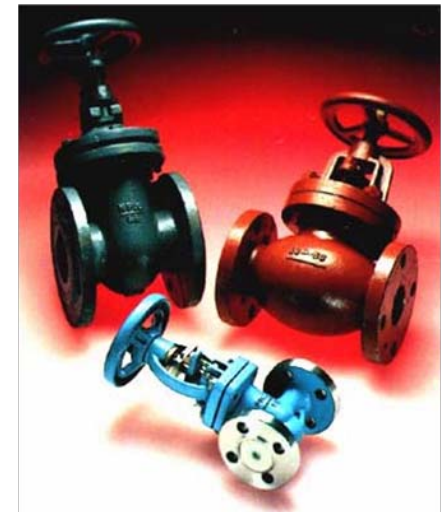
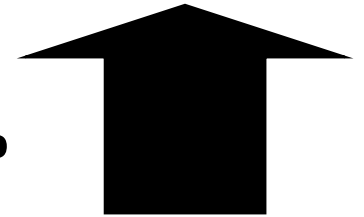
14%



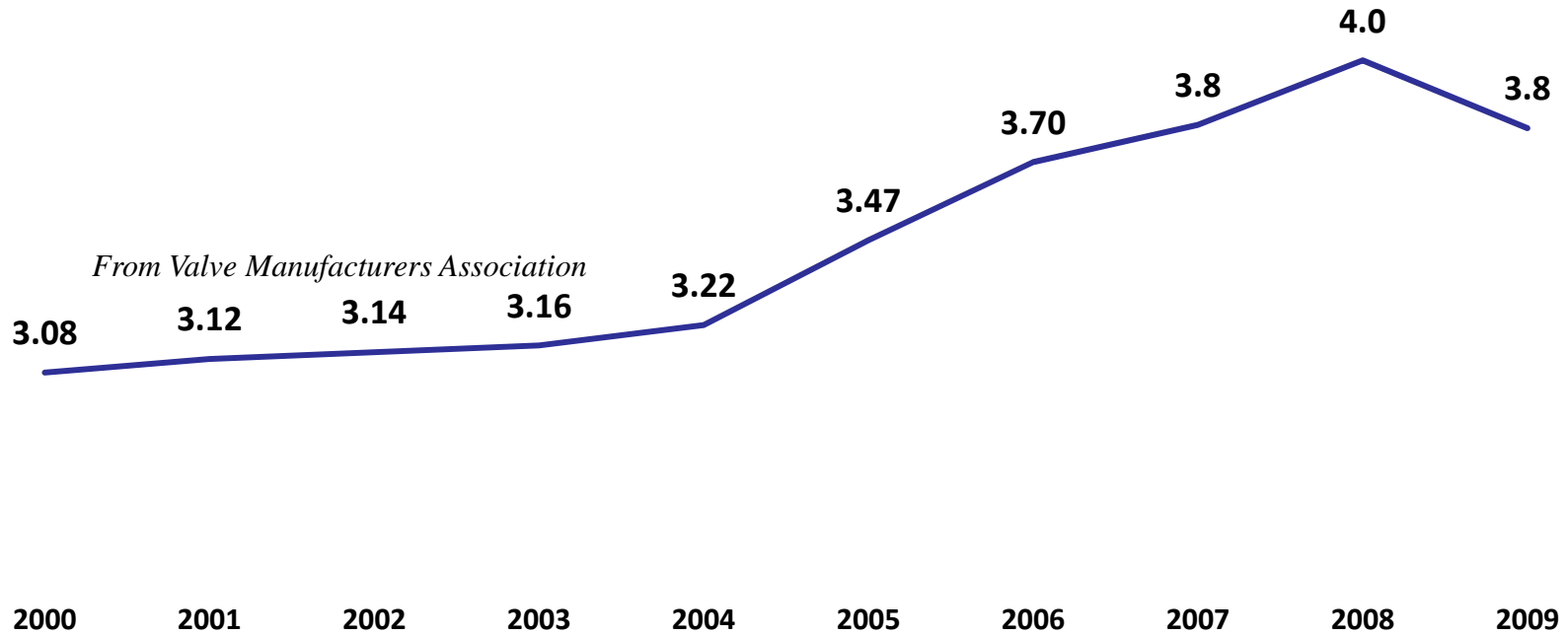
Pump and Valve Forecast

- Pump and Valve industry
 - 2008 estimated 51,500 tons
 - 2009 projected 33,000 tons
 - 2010 forecast 35,000 tons
- Delays and cancellation of planned projects including nuclear.
- Still consuming inventory.

5%



Total Individual Valve Shipments In \$Billions Over the Past Ten Years



Oil Field Forecast

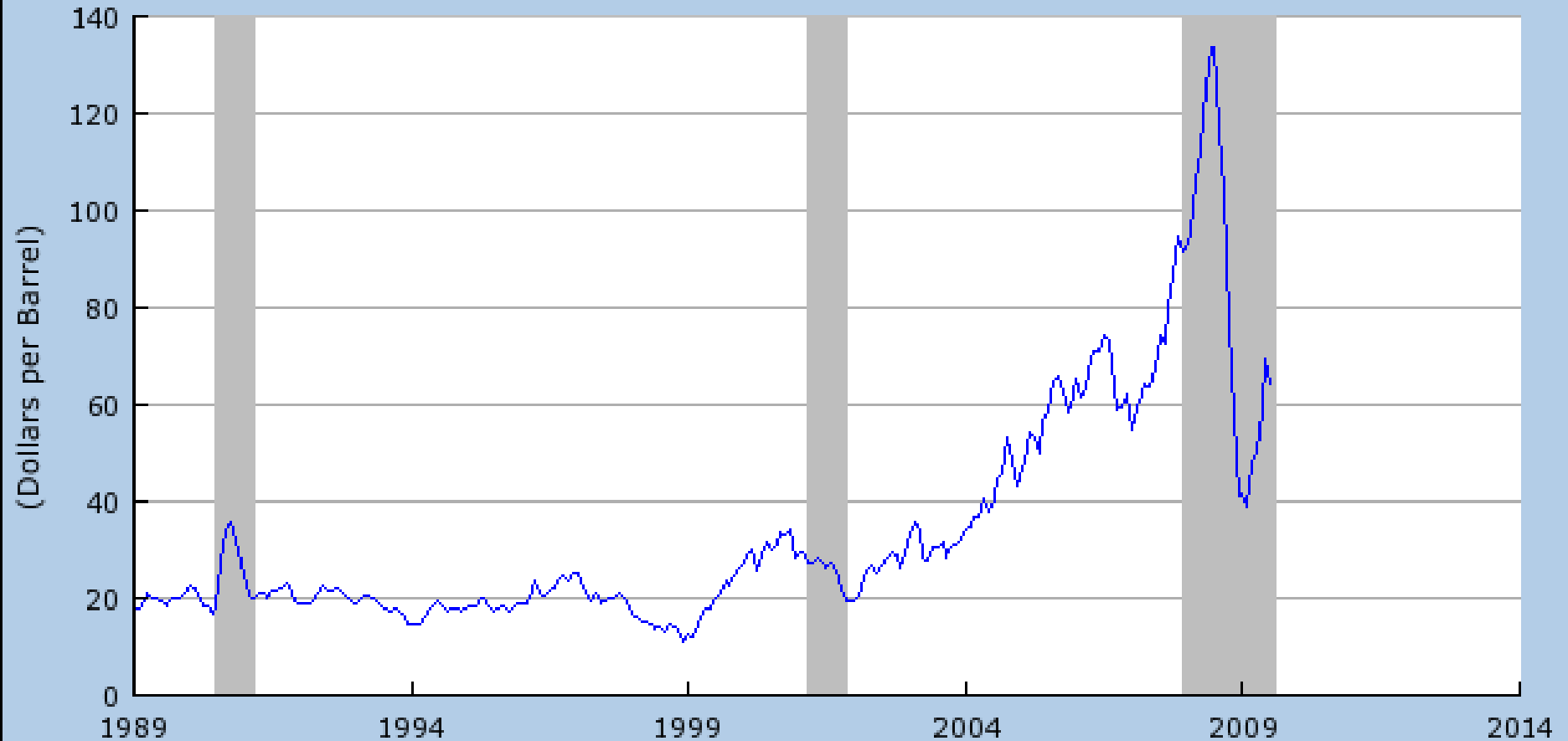
- Oil field equipment
 - 2008 estimated 28,000 tons
 - 2009 projected 6,000 tons
 - 2010 forecast 6,000 tons
- Drilling rigs increasing but idle rigs supply the demand
- Very low level of activity



0%

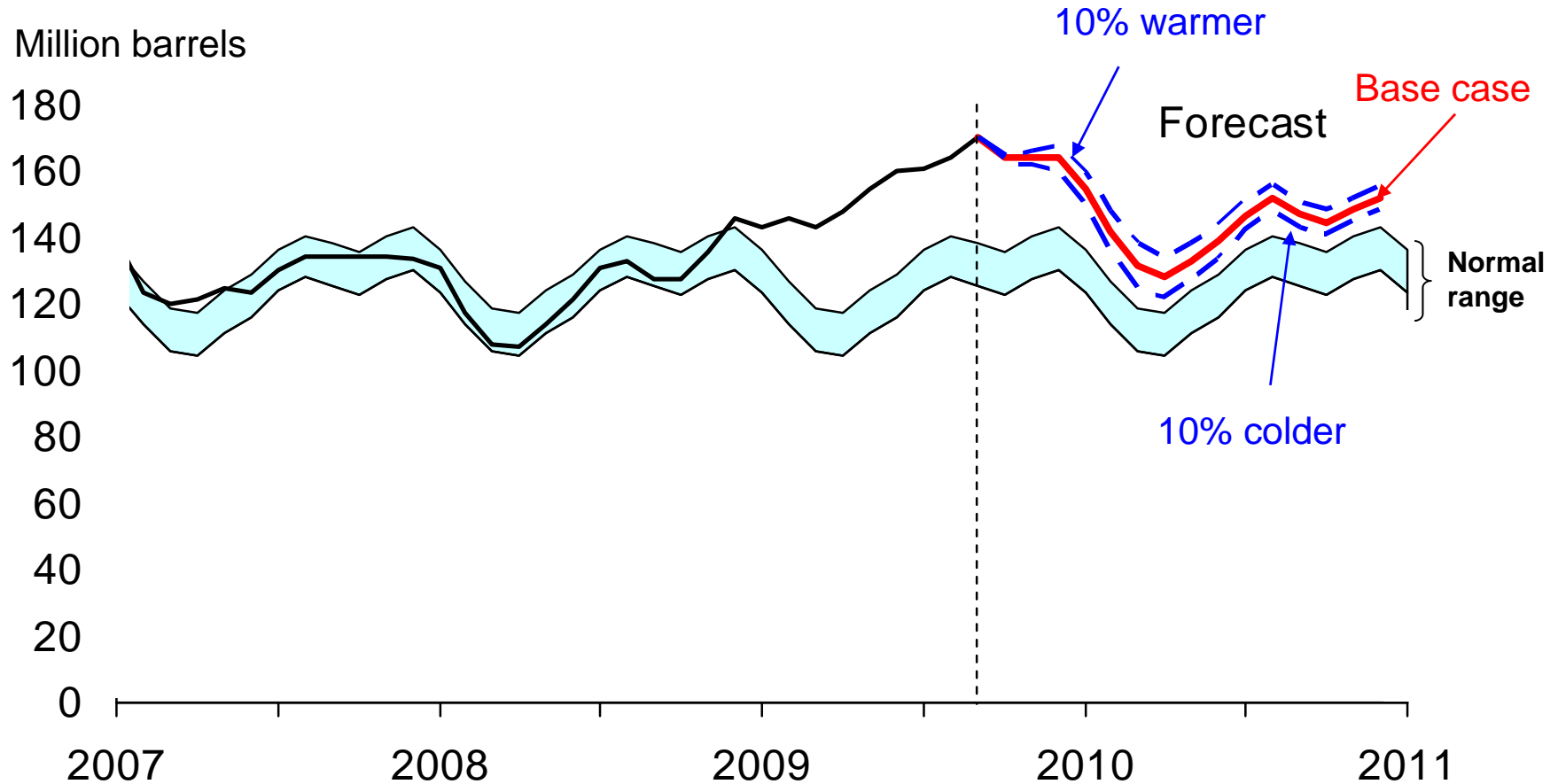
Price of Oil

Spot Oil Price: West Texas Intermediate (OILPRICE)
Source: Dow Jones & Company



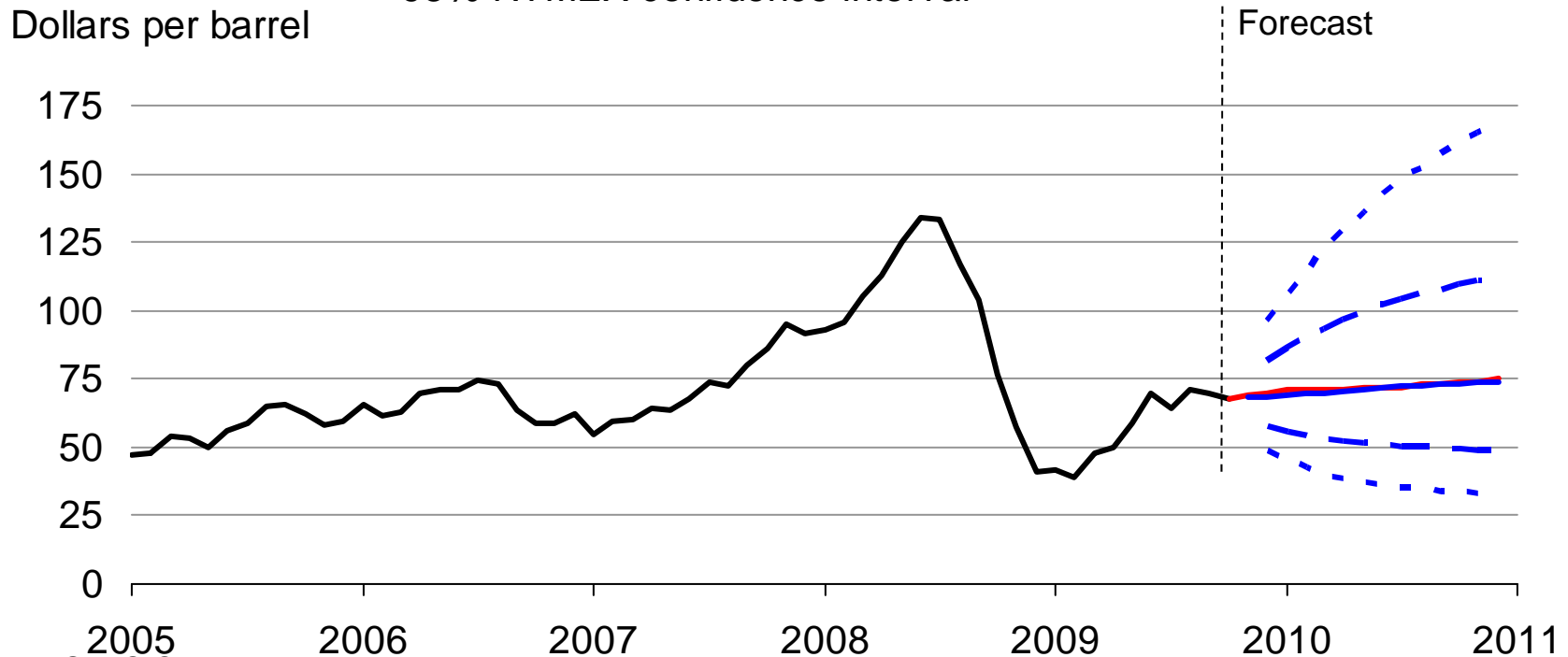
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Going into winter, distillate inventories are well above the 5-year average



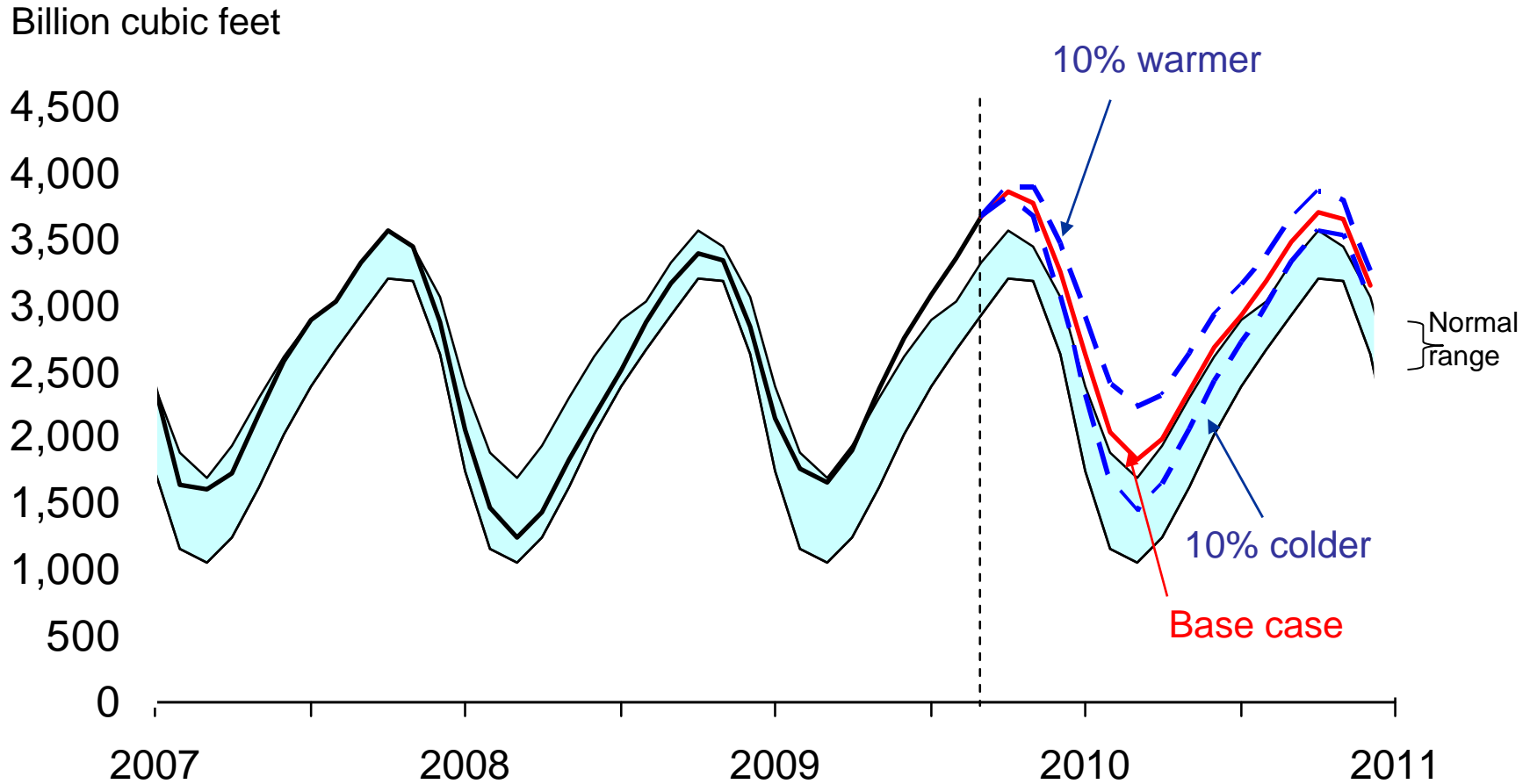
EIA expects crude oil prices will remain near current levels, but uncertainty is high

- West Texas Intermediate (WTI) crude oil price (history)
- STEO WTI forecast
- NYMEX futures prices
- - 68% NYMEX confidence interval
- - - 95% NYMEX confidence interval



Source: STEO October 2009.

Natural gas inventories have reached record-high levels

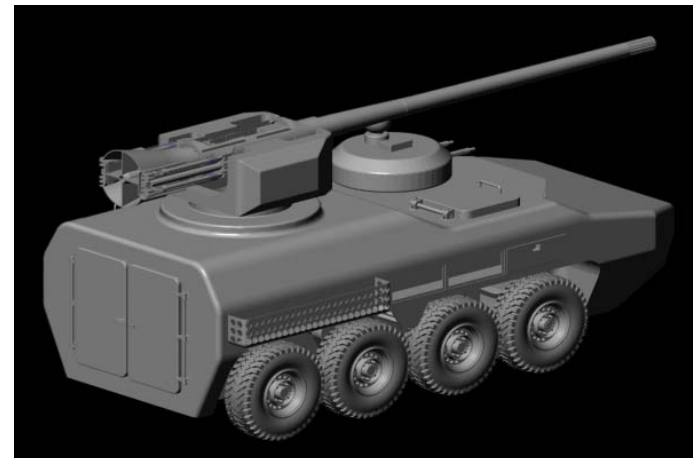
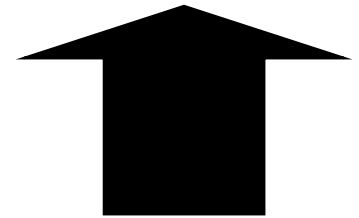


Source: STEO October 2009.

Military Forecast

10%

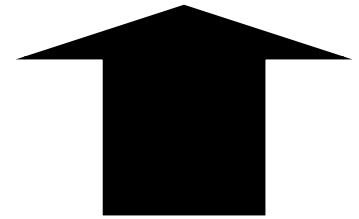
- Military Equipment
 - 2008 estimated 13,000 tons
 - 2009 projected 15,000 tons
 - 2010 forecast 15,000 tons
- Market to remain static for 2010



Other Market Forecast

- Other markets

- 2008 estimated 80,000 tons
- 2009 projected 54,000 tons
- 2010 forecast 59,000 tons

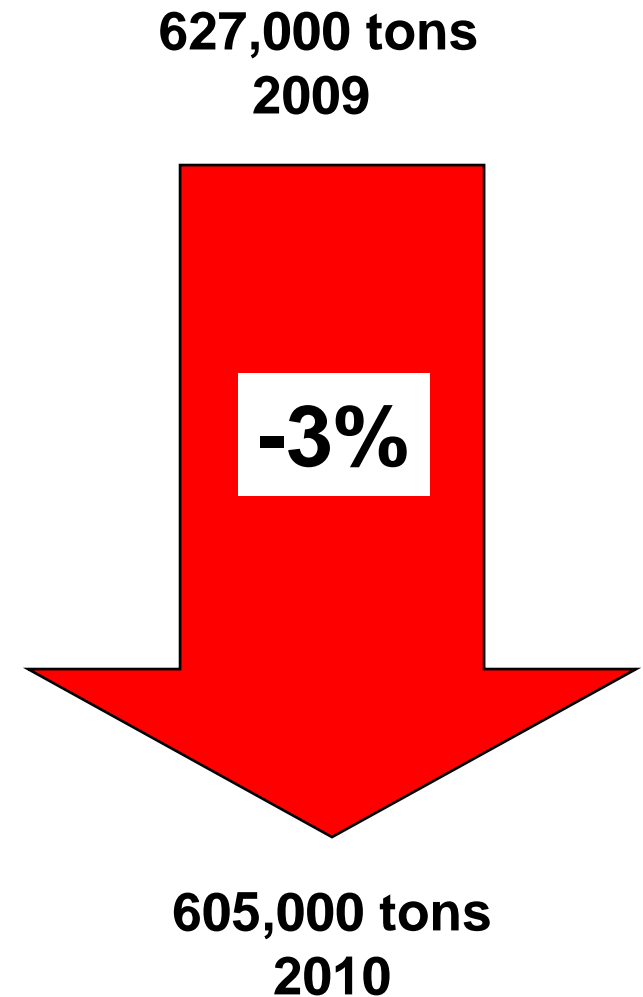


15%



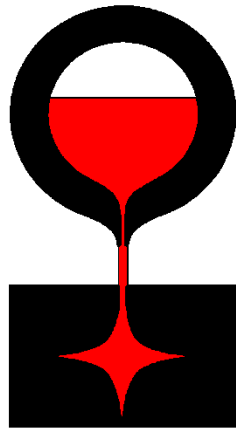
Forecast Summary

- All segments except railroad are stable
- Railroad decline impacts total forecast



Mandatory Reporting of Greenhouse Gases

- Some businesses required to make an annual report if they exceed 25,000 tons of CO₂ a year
- Steel Foundries are only covered under fuel combustion sources
- All US foundries need to determine applicability (<40,000 ton/year)
- Record keeping/ reporting required starting January 1, 2010



SFSA 2010 Forecast

Thanks