



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication
serving SFSA steel casting industry Members

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www.sfsa.org

MARCH — 2003

Casteel Commentary Highlights:

Congratulations! We survived 2002. I just hope we can do the same in 2003. While demand remains low, we need to make sure that we do not chase the market down to unsustainable returns that will destroy the value of our business. Only by focusing on profitable business will our industry have a future.

Men Available

A950 is looking for an entry level position as a steel foundry metallurgist. He will graduate from University of Missouri - Rolla in May of 2003 with a B.S. in Metallurgical Engineering.

A951 will be available to work as a foundry engineer, and will be graduating from University of Missouri - Rolla in May of 2003 with a M.S. in Manufacturing Engineering.

A952 has extensive product engineering, quality assurance, and audit experience in a manufacturing environment and over thirty years of experience in the foundry industry.

A953 has over twenty years of management experience including P&L responsibility for an international \$250M division. Customer focused, experienced in strategic planning and management of manufacturing facilities.

U.S. EPA MACT Rule

SFSA submitted comments on behalf of the industry to the U.S. EPA MACT Standard proposal. EPA is under a strict schedule to complete this work so it is not clear how willing they will be to negotiate a reasonable rule. The proposal was deeply flawed. We are supporting the AFS efforts to work out a solution with EPA.

SFSA is a cosponsor of the AFS Government Affairs Conference scheduled for March 29 to April 1. The MACT standard will be one of the issues covered in the conference. In addition, trade will also be covered. You will want to attend. The Conference brochure and registration form is attached to this newsletter.

2003 SFSA Awards

Each year, SFSA asks its members to nominate recipients for the Lorenz Medal, the Briggs Medal, the Barlow Award, and honorary memberships in the Society, for those retired from a member foundry. A description of these awards is included with this newsletter, as well as a nomination form. If you would like to nominate someone for any of these awards, please submit a nomination form to either Ed Curtis, Nominating Committee Chairman, at Harrison Steel Castings or Raymond Monroe at SFSA with complete backup information. Thanks for your help.

Market News

Investment in capital goods remained weak in December. This weakness is seen in a lack of demand for steel castings. SFSA trend cards show a continued fall of shipments over 25% compared to a very weak 2001 end. The year ended off 20% in shipments. DOC reported steel casting production of 778,000 tons in 2001 and if their numbers reflect our trends, 2002 will have a total production of steel castings around 650,000 tons. Steel casting production in 1998 exceeded 1,300,000 tons.

Demand should improve sharply in the future but uncertainty in financial markets, escalating energy prices, and international tensions make timing of a recovery unpredictable. A weakening dollar, high energy prices, war

material demands, and sharp increases in both money supply and government spending should dramatically stimulate demand in the future.

Casteel Commentary

Our industry has suffered from an excess of capacity since the dramatic fall in the demand for steel castings in the early 1980's. Within ten years after that fall steel mills and ductile iron exceeded their prior production while steel foundries never came close peaking at 1.3 million tons in 1998. Conversions to fabrication and ductile iron undoubtedly played a role in their prosperity and our stagnation. Our labor productivity and product quality have improved but not enough to be competitive with others. The overhang of capacity in excess on customer requirements led to a two decade collapse of pricing compared to costs. This loss of pricing leverage was combined with the productivity improvements of competing processes to make steel castings shrink in the markets.

It is not that we have failed to manage or invest, our excess capacity and developing competitors stole all the oxygen in the system, i.e., profits. We ended in a vicious cycle of substandard profits, inadequate new investment, shrinking markets, lower prices, ... The precipitous drop in demand in 2002 exceeded 20% for steel castings and took us to production levels lower than anytime since the 1930's. our production level was less than half the production of 1998. This extreme condition hit an already weak industry and many good operations liquidated. Our capacity has shrunk by over 25%. If conditions remain soft much longer, more will plants will close.

What can we do? How can our industry break the cycle of falling prices and inadequate returns? With overseas competitors entering the market, our competition is no longer outlasting another domestic competitor but surviving an onslaught from a nonmarket producer who will set prices below our costs.

It is clear that the only way to survive is to operate profitably. If our industry reevaluates its pricing and adjusts it to provide adequate coverage of the cost of production, some work will be lost. But if we do not price our products to cover our cost of production, we will fail. Chasing a falling price in an attempt to maintain production will only reduce the remaining value of the business.

Customers should be becoming concerned about the ability of our industry to meet their needs. If business demand improves, we will not be able to meet the demand. Customers that have successfully beaten down the price in the marketplace have also seen those low cost suppliers fail. They want the rest of the industry to provide their product at prices that led to the failure of their prior supplier. Increases in healthcare coverage, worker compensation, energy, alloys, etc. must be covered in the pricing. The lack of profitability has not allowed us to invest in capital improvements that would reduce our costs to offset these increases. The reduction of capacity in our industry should allow the survivors to gain pricing leverage. The lack of capacity should create the margins we need for profitable operations and create the investment capital we need to compete.

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA

MEETINGS CALENDAR

2003

January
16/19 Board of Directors, Technical Steering Committee, Naples, FL

February
18/19 Carbon and Low Alloy Research Committee, Iowa City, IA
21 North Central T&O, Milwaukee, WI

April
17 National T&O Committee, Rosemont, IL
22/23 *Eastern Division T&O - provisional*
25 North Central T&O, Milwaukee, WI

May
6 Specifications Committee, Kansas City, MO
21/22 *Heavy Section/Operations Product Group - provisional*

June
10/11 Board of Directors, Technical Steering Committee, Rosemont, IL

August
21/22 *Western Division T&O - provisional*
27/28 High Alloy Product Group Meeting, LaQue, Wrightsville Beach, NC

September
9/10 *Southern Division T&O - provisional*
13/17 SFSA Annual Meeting, The Ritz-Carlton Resort, Amelia Island, FL

November
5/8 National T&O Conference - Hotel Inter-Continental, Chicago, IL
18 Specifications Committee, Tampa, FL

2004

May
18 Specifications Committee, Salt Lake City, UT

September
11/15 Annual Meeting - The Resort at Squaw Creek, Lake Tahoe, CA

November
3/6 National T&O Conference - Hotel Inter-Continental, Chicago, IL
9 Specifications Committee, Washington, DC

**STEEL FOUNDERS' SOCIETY OF AMERICA
BUSINESS REPORT**

SFSA Trend Cards 3 Mo Avg Dec Nov
(%-12 mos. Ago)

Carbon & Low Alloy

Shipments	-29.3	-26.8	-28.0
Bookings	-13.2	-26.4	-7.0

High Alloy

Shipments	32.8	109.0	0.0
Bookings	48.0	66.0	98.8

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

Shipments	1,277	1,240	1,279
New Orders	1,269	1,184	1,290
Inventories	1,726	1,765	1,714

Nondefense Capital Goods (billion \$)

Shipments	56.2	55.2	56.1
New Orders	54.8	56.0	53.2
Inventories	112.0	112.6	111.6

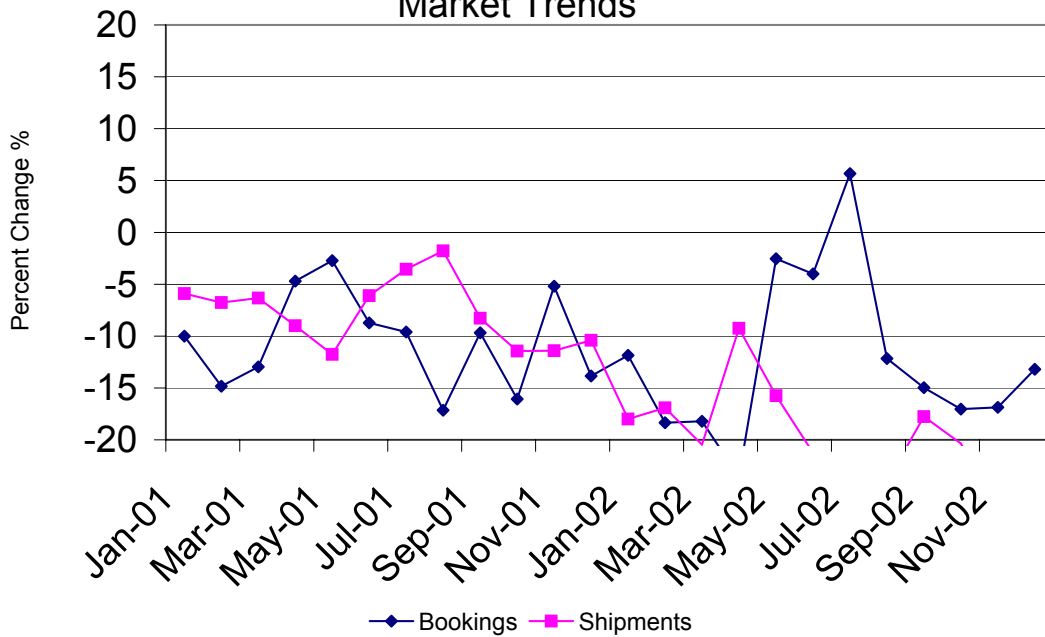
**Nondefense Capital Goods
less Aircraft (billion \$)**

Shipments	53.3	52.5	53.3
New Orders	52.9	51.7	53.2
Inventories	89.8	89.8	89.7
Inventory/Orders	1.70	1.74	1.69
Inventory/Shipments	1.69	1.71	1.68
Orders/Shipments	0.99	0.99	1.00

American Iron and Steel Institute

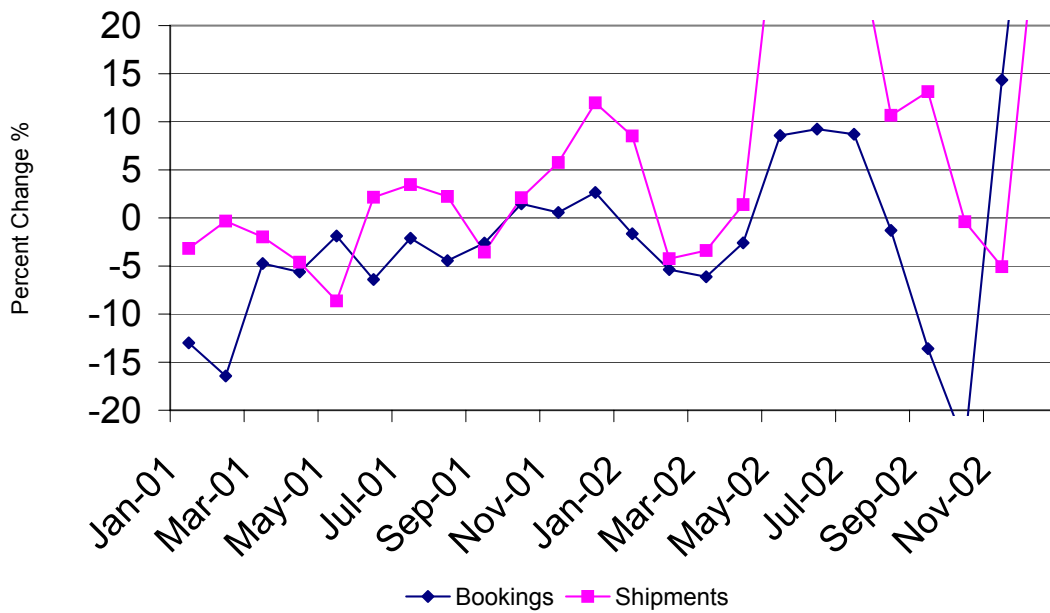
Raw Steel Shipments (million net tons)	8.0	7.6	7.8
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Carbon & Low Alloy Casting Market Trends



SFSA Postcards

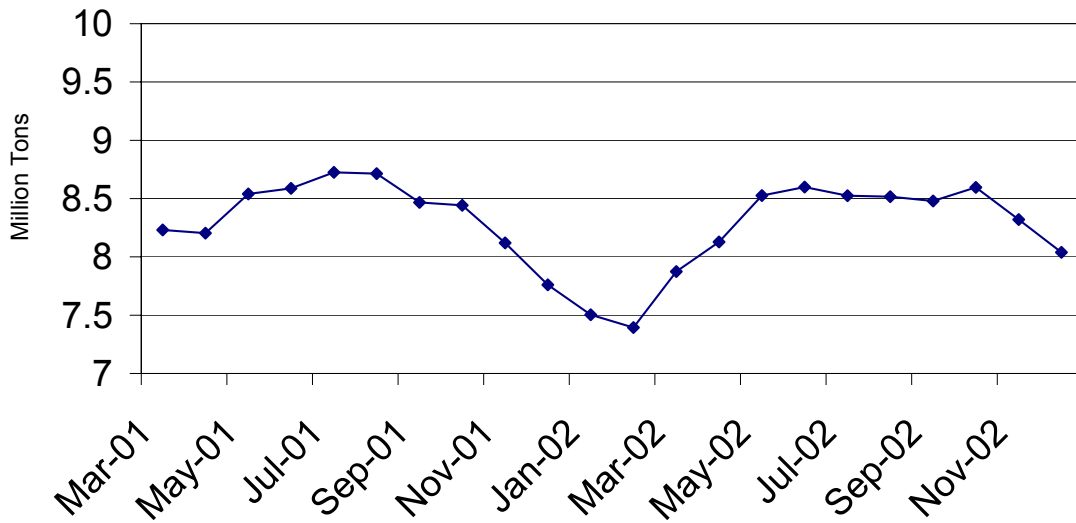
High Alloy Casting Market Trends



SFSA Postcards

Raw Steel Shipments

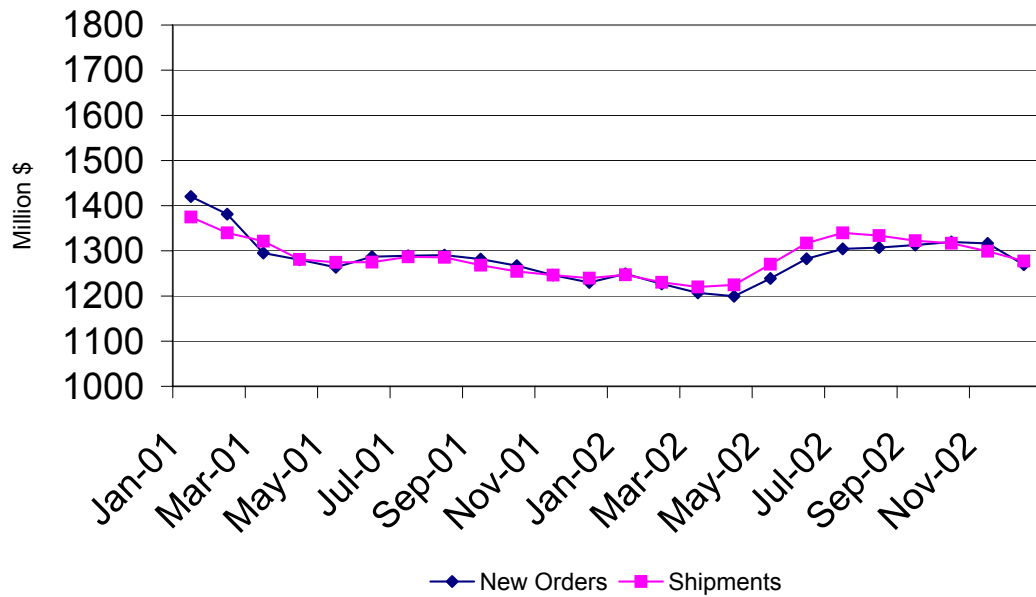
3 month average



AISI Data

Iron and Steel Castings

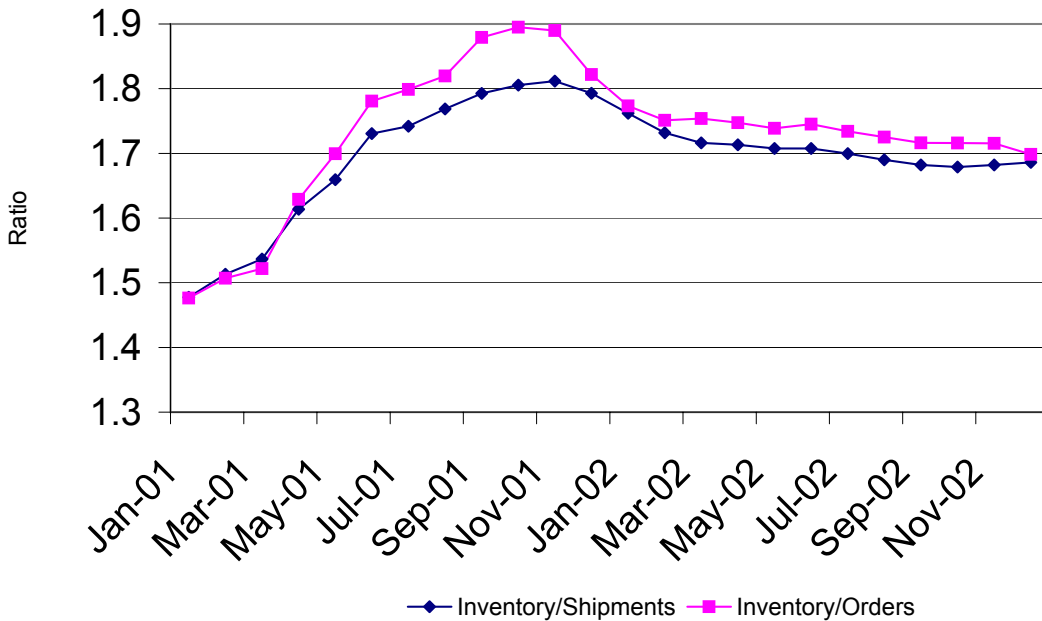
3 month average



SFSA

Nondefense Capital Goods less Aircraft

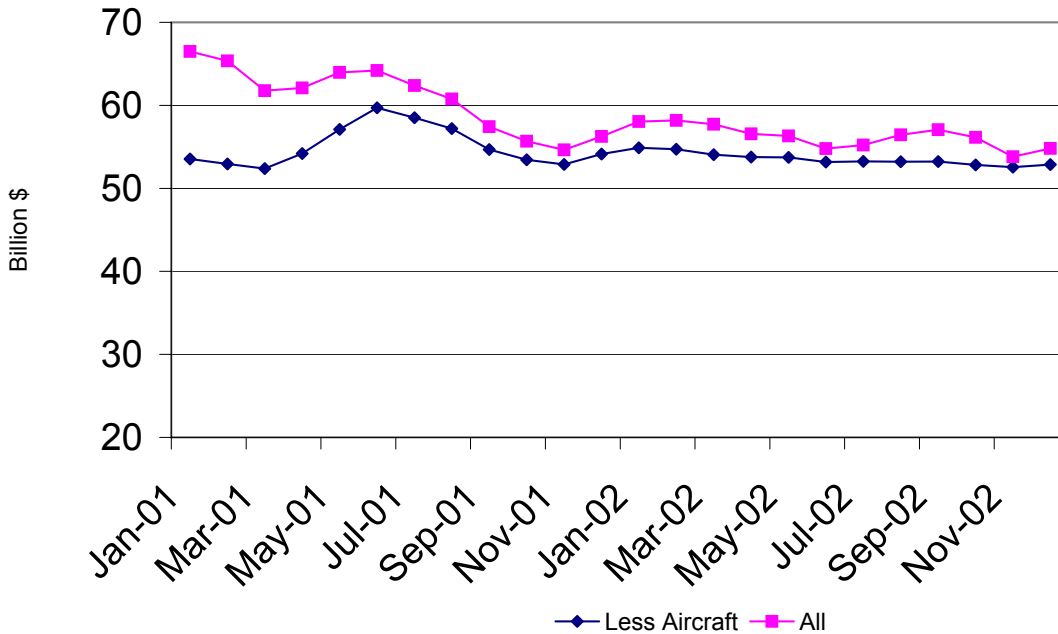
3 month average



Department of Commerce

Nondefense Capital Goods New Orders

3 month average



Department of Commerce

NOMINATION REQUESTS

Frederick A. Lorenz Memorial Medal
Charles W. Briggs Memorial T&O Medal
Thomas E. Barlow Award of Honor

In accordance with procedures adopted by the Board of Directors, Nominations may now be submitted for the award of the Lorenz Memorial Medal, the C.W. Briggs Memorial T&O Medal, and the Thomas E. Barlow Award of Honor. Following is a description of the awards and the procedure.

Please note all nominations are sent to the Executive Vice President or to the Awards Committee, and they should be in writing, giving the specific reasons why the nominations are being made.

The 2003 Awards Committee Chairman is Ed Curtis of Harrison Steel Castings Company.

A. Frederick A. Lorenz Medal

The Frederick A. Lorenz Medal was established by the Steel Founders' Society of America in 1938 in commemoration of the outstanding and unselfish service rendered to the Steel Castings Industry by the late Frederick A. Lorenz, President of the Society from 1934 to 1938.

The medal was designed by the famous sculptor, Kilenyi. The obverse bears a portrait of Mr. Lorenz while the reverse shows an industrial scene, the Society's emblem and the name of the recipient. The first Lorenz Medal was awarded in 1938. The medals are struck in bronze, and the recipient is also given a gold charm and an embossed Certificate of Award. In addition, a scholarship in the recipient's name is presented to the school of his choice.

The Frederick A. Lorenz Memorial Medal may be awarded annually by unanimous vote of the SFSA Board of Directors, and at its sole discretion, to an employee of a member of the SFSA for outstanding service to the Industry.

B. Charles W. Briggs Memorial Technical and Operating Medal

The Technical and Operating Medal was established by the Steel Founders' Society of America in 1944.

The medal was designed by the well known sculptor, Walter A. Sinz. The obverse shows objects and scenes emblematic of the technical and operating activities of the Industry. The reverse depicts an industrial scene, the Society's emblem and the name of the recipient. The first T&O Medal was awarded in 1944. The medals are struck in bronze, and the recipient is also given a gold charm and an embossed Certificate of Award. In addition, a scholarship in the recipient's name is presented to the school of his choice.

The T&O Medal may be awarded annually by the unanimous vote of the Board of Directors, and at its sole discretion, to an employee of a member of the SFSA for an outstanding scientific or engineering contribution, or contributions rendered at any time, toward the technical and operating advancement of the Industry.

In 1969, the medal was renamed the Charles W. Briggs Memorial Technical and Operating Medal in recognition of the activities of C.W. Briggs from 1938 through 1968.

C. Thomas E. Barlow Award of Honor

To provide appropriate recognition of persons who have made distinguished contributions to the Industry, but who are not eligible to receive either the Lorenz Medal or the C.W. Briggs T&O Medal, the Awards Committee may recommend the award of a certificate known as the Thomas E. Barlow Award of Honor and an engraved Steuben glass bowl.

The recipient of this award may include a person not a citizen of the United States, or more than one person if the contribution is regarded as a joint accomplishment.

Recommendations for recipients of the Award of Honor may emanate from the Awards Committee, but also may include nominations from any source. Any recommendations shall be submitted to the SFSA Board of Directors in accordance with the procedures established for the Lorenz Medal and C.W. Briggs T&O Medal Awards.

In 1972, the Award of Honor was renamed the Thomas E. Barlow Award of Honor in recognition of the activities of T.E. Barlow. He was SFSA Executive Vice President from 1965 to 1971.

Method of Making Award Nominations

1. Nominations for recipients of awards of SFSA may be made by:
 - a) An employee of any member of the Society to the Awards Committee
 - b) The Awards Committee, on its own initiative
 - c) Standing Committees to the Awards Committee
 - d) Divisions to the Awards CommitteeAll committees of the Society should consider, at the first meeting of the calendar year, possible nominees for Society awards. Each Committee Chairman should promptly submit any nominations from his committee, along with the reason for the nomination, to the Awards Committee for consideration.
2. The Industry shall be notified by mail so that suggested nominations for the Lorenz and C.W. Briggs T&O Medals can be sent to the Executive Vice President or to the Awards Committee. Any nomination to receive consideration must be in writing.
3. Nominations shall be made not later than May 1, prior to the annual meeting of the Awards Committee for consideration during the current year. Nominations received after this deadline may be considered at the discretion of the Awards Committee, and all such nominations not considered shall be placed on the docket for the coming year.
4. Nominations to be considered by the Awards Committee in any year shall include:
 - a) Nominations received during the current year
 - b) Hold-over nominations -- The Awards Committee may hold over as many as six nominees in each award category for as many years as they see fit to do so.
5. The Awards Committee shall submit its recommendations, if any, to the Board of Directors prior to its June meeting each year.

6. The Board of Directors of SFSA:
 - a) Shall act upon the recommendations of the Awards Committee at its June meeting each year. If awards are to be made, they shall present them at the SFSA meeting in September of the same year.
 - b) May omit an award at its discretion.
 - c) Shall, in making its award, not be limited to the recommendations made by the Awards Committee.

SFSA AWARD NOMINATION

A. Award. (Check one, refer to write-up for award description and nominee qualifications).

1. Lorenz Medal _____
2. Briggs T&O Medal _____
3. Award of Honor-Barlow _____
4. Honorary Membership _____

B. Individual nominated.

1. Name

2. Title

3. Company

C. Reason nominated. (Please be as specific as possible).

D. Nominated by:

1. An Individual
 - a) Name _____
 - b) Company _____
2. A Company
 - a) Name of company _____

b) Name of person completing form _____

3. A Division
a) Division name _____

b) Name of person completing form _____

4. A Product Group
a) Product group name _____

b) Name of person completing form _____

5. A Committee
a) Committee name _____

b) Name of person completing form _____

Please return to:

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Metalcasting: America's Foundation and Future

Sponsored by the
American Foundry Society



March 30–April 1, 2003
J.W. Marriott Hotel Washington, D.C.
Metalcasting Government Affairs Conference

**Act Now to
Protect Your Future**

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Metalcasting Industry Government Affairs Conference

March 30–April 1, 2003 ▼ J.W. Marriott Hotel ▼ Washington, D.C.



“Politics ought to be the part-time profession of every citizen”
– Dwight D. Eisenhower

Sponsored by the American Foundry Society



With the start of a new Republican-controlled Congress and new legislative priorities, the American Foundry Society is gearing up for the 2003 *Metalcasting Industry Government Affairs Conference* in Washington, D.C., March 30–April 1, 2003. Don't miss this opportunity to learn what you need to know to help your business meet the challenges and seize the opportunities presented by the current governmental environment.

Topics to be addressed in the two-and-a-half day forum include:

- ▼ White House Briefing from top Administration officials
- ▼ Impact of EPA's New Iron & Steel MACT Proposal
- ▼ Competing in the Global Economy & Succeeding
- ▼ AFS Trade Initiative
- ▼ OSHA Challenges
- ▼ New Congress, New Landscape

The conference offers a rare opportunity for you to learn about the White House agenda first-hand from senior administration officials in a unique briefing at the Old Executive Office Building. On the legislative front, you will be addressed by a key member of Congress and various congressional staff whose job it is to make or break bills that are sure to impact your business.

You are encouraged to meet with your members of Congress to discuss specific issues affecting our industry in the coming year. This year's meetings are especially critical because of the many challenges facing our industry, including the newly-released proposal for the Iron & Steel MACT and the enduring effects of the economic slowdown.

This year's conference *“Metalcasting: America's Foundation and Future”* will also draw the attention of policymakers to the critical relationship between our industry and the American economy.

Cohosts

Non-Ferrous Founders' Society,
Steel Founders Society of America

State Groups

Alabama, California, Georgia, Illinois, Indiana, Michigan,
Minnesota, New England, Ohio, Pennsylvania,
South Carolina, Texas and Wisconsin



Tony Snow, commentator for FOX News, will give the dinner address, entitled “The New Partisan Balance: What Does It Mean for Business.”

We are confident you will leave with new information and strategies for protecting and building your business. REGISTER TODAY for AFS' Metalcasting Industry Government Affairs Conference – it's your opportunity to discuss key issues affecting the future of the metalcasting industry and make your voice heard on Capitol Hill!

SCHEDULE OF EVENTS

Metalcasting Industry Government Affairs Conference

Sunday, March 30

2:30 – 5:30 pm

Opening Session

2:30 – 2:40 pm

Welcoming Remarks

2:40 – 3:40 pm

AFS Action on Trade

*Speaker: Chuck Kurtti, AFS Trade Commission Chairman
International Trade Commission's Section 332
Fact Finding Investigation*

*Speaker: Paul Rosenthal, Managing Partner,
Collier Shannon*

AFS Message to the Hill on Trade

Speaker: Stephanie Salmon, AFS Washington Office

3:45 – 4:30 pm

Competing Globally

*Panel: Paul Mikkola, Executive Vice President, Hitchiner
Manufacturing, John Keough, CEO, Applied Process, Inc.
Mike Schwartzlander, Vice President and General Manager
Ashland Casting Solutions*

4:45 – 5:30 pm

State Group Breakout Session

5:30 – 6:30 pm

Industry Welcome Reception

Monday, March 31

7:30 – 9:00 am

Breakfast Session: Energy Outlook 2003

Speaker: Guy Caruso, Administrator, Energy Information Agency

9:00 – Noon

Business Sessions

9:00 – 9:15 am

Getting Your Congressman's Attention: What You Need to Know to Deliver the Foundry Message

9:20 – 10:30 am

U.S. EPA MACT Rule: Part of Your Future?

*Panel: Gary Thoe, Chair, AFS MACT Ad-Hoc Committee
Sally Shaver, Director of Emission Standards
Division, (EPA), (invited)*

AFS Message to the Hill on Iron & Steel MACT

Speaker: Amy Blankenbiller, AFS Washington Office

10:30 - 10:45 am

Break

10:45 – 11:30 am

Federal Research Partnerships: What do the AMC & CMC Programs Mean to Your Foundry?

*Speaker: Mike Gwyn, Director, Metals Technology,
Advanced Technology Institute*

AFS Message to the Hill on Promoting AMC & CMC

Speaker: Mike Hollon, AFS Washington Office

11:30 – Noon

Future Directions for OSHA

Speaker: Baruch Fellner, Partner, Gibson, Dunn & Crutcher

Noon – 1:30 pm

Luncheon Session: The Future of U.S. Manufacturing

*Speaker: Dr. Joel Popkin, President, Joel Popkin & Company
- Author of white paper on "The Importance of Manufacturing
to the U.S. Economy and to Our Society"*

3:00 – 4:00 pm

White House Briefing

High level Bush administration officials share insights on the White House agenda on key manufacturing issues at the Old Executive Office Building.

6:00 – 7:00 pm

Reception

7:00 – 9:30 pm

Dinner Session:

The New Partisan Balance – What Does it Mean for Business?

*Speaker: Tony Snow, nationally syndicated columnist,
host of "FOX News Sunday" and political analyst on the
FOX News Channel*

Tuesday, April 1

7:30 – 8:45 am

Breakfast Briefing

The 108th Congress: Priorities and Prospects

Member of Congress (invited)

9:00 – 5:00 pm

Capitol Hill Visits

Get involved! Take advantage of this opportunity to visit your U.S. senators and representatives and discuss the importance of metalcasting to our country.

7:30 am – 5:00 pm

Debriefing Room

Before you depart, stop by and report on your congressional meetings.

CONGRESSIONAL APPOINTMENTS:

We urge you to meet with your lawmakers and their staff to educate them on the foundry industry. This year AFS will not be scheduling individual congressional meetings. State Group Leaders will be coordinating the appointments for their foundry delegation. Individuals from states without metalcasting state groups should arrange for their own appointments. A sample "Congressional Appointment Request Letter" and step-by-step instructions are on the AFS web site – www.afsinc.org. If you have questions or need assistance, you may wish to contact Sarah Starr, AFS Washington Office, at 202/842-4864.

Metalcasting Industry Government Affairs Conference

March 30-April 1, 2003 ▼ J.W. Marriott Hotel ▼ Washington, D.C.

Mail to: American Foundry Society, Inc.
35169 Eagle Way
Chicago, IL 60678-1351

Fax: 847/824-7848

Name _____

Title _____

Company _____

Address _____

City _____ State _____ Zip/Postal Code _____

Phone _____ Fax _____

Email _____

Name as it appears on your driver's license _____

Social Security # _____ Date of Birth _____

(Name on driver's license, SS # and date of birth are required for security clearance to attend Monday's White House Briefing.)

Registration Fees:

AFS Corporate Affiliate Member \$625

AFS Personal Member \$725

Nonmember \$825

Additional tickets:

Registrants meals are included in the registration fee. Tickets for spouses and congressional guest are available for individual meal functions and receptions. Please mark below to order in advance.

	# of tickets	Amount
Reception, March 30	_____	x \$45
Breakfast, March 31	_____	x \$30
Luncheon, March 31	_____	x \$46
Reception/Dinner, March 31	_____	x \$95
Breakfast, April 1	_____	x \$30
Additional tickets	_____	
Registration fee	_____	
TOTAL	_____	

Check Enclosed

The following information is required to charge:

American Express MasterCard VISA

Account# _____ Exp. Date _____ Authorized Signature _____

Registration Information

Conference Fees: Conference registration is \$625 for AFS Corporate Affiliate Members, \$725 for AFS Personal Members and \$825 for nonmembers. Fee includes conference registration, materials, breakfasts, luncheon, receptions, dinner and coffee breaks. If you are planning on bringing guests to any meal function, additional tickets may be purchased through AFS.

Cancellations and Substitutions: Substitutes will be accepted at any time. However, cancellations of confirmed registrants with full refund of fees cannot be accepted unless received one week prior to conference date. In the unlikely event the conference is canceled for any reason, AFS liability is limited to the return of the registration fee.

Housing Information: Hotel reservations must be made directly with the J.W. Marriott Hotel, 1331 Pennsylvania Ave., NW, Washington D.C. Phone: 202/393-2000 or 800/228-9290. Ask for "AFS Conference" room block. A room rate of \$225 single and \$235 double is available to conference participants. Room reservations must be made March 1. Any reservations made after this date will be confirmed on a space-available basis.

Travel Savings: If you want assistance booking flights or with reservations call Travel Matters at 800/733-4180 or 847/397-4488.

