



SFSA CASTEEL REPORTER

Steel Founders' Society of America

a monthly publication

serving SFSA steel casting industry Members

780 McArdle Drive Unit G, Crystal Lake IL 60014

815-455-8240 Fax: 815-455-8241

www.sfsa.org

May — 2004

Casteel Commentary Highlights:

Rising commodity prices and lengthening lead times are a signal of new conditions in the market. These are the initial signs of a capital reinvestment cycle that will profoundly affect our business. We need to think through the future in light of the likely boom in business. The Casteel Commentary deals with the likely coming demand and how we need to be prepared for it.

Lean manufacturing is one approach to improve operations, shorten lead times and break away from the competition in quality and responsiveness. The SFSA North Central Division had a presentation on the challenge of becoming lean presented by Erin Garvale from CQD Consulting, her slides are attached to this newsletter.

Persons Available

A1201 seeks an engineering position in research and development utilizing their expertise in thermal and fluid sciences and materials science, and posses a Ph.D. in mechanical engineering and a B.S. in thermal engineering.

A1202 is a product manager with over nine years of direct customer technical support experience in the United States and international, two years of shop floor supervisory experience and excellent communication and marketing skills. Possesses Ph.D. in materials science and engineering, masters degrees in metallurgical engineering and industrial metallurgy and bachelors' degree in metallurgical engineering.

A1203 seeks a supervisory position where they can utilize their experience in melting and pouring in the production of high quality steel castings. Extensive background in melting and pouring of various carbon, low alloy, high alloy steels and iron in arc and induction furnaces. Complete knowledge of refractory maintenance. Over 20 years experience in management and supervision of melting and pouring departments and metallurgical and sand labs. Associates' degree in business management.

Manufacturing Town Hall Meetings

The Metal Service Center Institute, MSCI, has organized a series of town hall meetings with local congressional delegations to tell them of the plight of U.S. Manufacturing. They have a meeting scheduled for May 17 in Texas and one for May 24 in Pennsylvania. The meeting invitations and registration forms are attached to this newsletter.

MACT

The U.S. EPA has published the Iron and Steel Foundry MACT, on April 22, 2004. This publication date sets the notification and compliance dates for steel foundries subject to the rule. Below is some background from the AFS website at <http://www.afsinc.org/MACT>. The initial notification can be filed using the form attached to this newsletter. If you are not subject to the rule, you will want to draft yourself a memo outlining your reasons, date it, and put it in the file. SFSA has organized the larger steel foundries likely to be covered by the rule in an effort to have steel foundries delisted.

On Thursday April 22, 2004 the Final Rule of the National Emission Standards for Hazardous Air Pollutants for Iron and Steel Foundries appeared in the Federal Register (Vol. 69, No. 78 page 21906). The version that appears in the April 22 Federal Register is slightly different than that signed on August 29, 2003. The difference is the inclusion of language in the April 22 notice, that makes it clear that while the compliance date for the scrap selection and inspection work practice standard is one year, foundries have until April 23, 2007 to determine Major Source status.

Foundries that may be covered by the standards must file an Initial Notification Report with their state permitting authorities by August 20, 2004.

Iron and Steel foundries that are major sources of Hazardous Air Pollutants will have to be in full compliance with the new standards by April 23, 2007. The Agency can grant a one-year extension but only when a company request, in writing with reasons, such an extension. These requests are only granted on a case by case basis.

Market News

Bookings from the SFSA trend cards and new orders for iron and steel foundries from Census both show a significant uptick in demand. Business has been improving throughout the year for most of the industry. Railroad equipment and selected other markets are operating at their current capability and unable to satisfy customer demand. Large castings and high alloy castings that depend more on capital investment projects have not seen the pickup as much as others. Steel shipments are also up and with the price and availability of scrap; surcharges and other commercial arrangements are common. If you are interested in the scrap situation you can follow developments at <http://www.scrapemergency.com>. Capital goods orders continue to trend upward. Strong market conditions are likely to continue for the year and increases in the capital project demand should be evident in the second half of the year. Inflation in the cost of materials and energy suggest an evaluation of processes to improve efficiency. Inflation in the cost of materials and energy must be recovered in either efficiency or pricing.

The SFSA North Central Division had a presentation by Bernard Lashinsky on the economic recovery. His presentation is attached to this newsletter. His projection is for a strong year.

China continues to be a concern for many manufacturers. Since the elimination of the gold standard for currency valuation, currency values are a subject of intense debate. Undervalued currencies or an overvalued dollar are clearly a factor in international competition. A presentation on the value of the dollar and other currencies is available on the Casteel Reporter page on the SFSA website (these files are large).

Casteel Commentary

Steel foundry success is challenging. A host of issues face the foundryman; financial, safety, regulatory, efficiency, quality, etc. Fundamental to our ongoing success will be the reinvestment in our plants and the restaffing of our enterprise.

While individual well run foundries continued to invest in their facility, the rate of investment in our industry was inadequate. This was a reflection of excess capacity depressing prices and margins, a market signal to reduce total investment. This was true of all capital-intensive manufacturing in an extended period of tighter money and stable prices. The liquidation of excess investment in manufacturing was greatly enhanced by the aftermath of 9/11 as capital investment collapsed. Capacity was underused, prices were at a low point, and plants failed. The liquidation of capacity in manufacturing as is true in steel foundries sets the stage for reinvestment.

Price increases in commodities signal the need for reinvestment. If sustained, significant new capital equipment will be needed to produce all the commodities consumed by our society. This capital equipment production added to the normal capital requirements is likely to strain our ability to supply the market. The rise in the price of our materials and energy combined with our own limited capacity will cause lead times to extend and prices to turn up sharply. The long lead times and higher prices will create the capital for reinvestment.

At the last dramatic change in our industry in the early 1980's, it was thought that we would be able to raise prices every year, there was not enough capacity, the shortages of commodities were inevitable, that inflation was unbeatable, that interest rates would remain high, that high inventories were a good investment, and the North American producer was unchallenged by global competition. The market starting in 1980 overturned all of these assumptions. I believe we are at a similar tipping point but the mirror image of 1980. We think that prices will never increase, there is an excess of capacity, commodities are cheap and available, inflation is dead, interest rates will remain low, inventories are costly, and we cannot compete in an unfair global marketplace.

How many of these truths of our markets will survive the next 2 years? We need to think through the opportunities of a tight market and plan our own future. New markets, revolutionary technology, expanded technical staff, and significant new investment will require our best.

Raymond Monroe

STEEL FOUNDERS' SOCIETY OF AMERICA

MEETINGS CALENDAR

2004

May

11/12

Heavy Section Product Group Meeting, Bay City, MI

18

Specifications Committee, Salt Lake City, UT

26/27

High Alloy Product Group Meeting, Lehigh University, Bethlehem, PA

June

14/15

Carbon & Low Alloy Research Review, Rosemont, IL

September

11/15

Annual Meeting - Ritz Carlton Hotel, Amelia Island, FL

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 Feb Jan
(%-12 mos. Ago)

Carbon & Low Alloy

| | | | |
|-----------|------|-------|------|
| Shipments | 10.5 | -18.7 | -0.3 |
| Bookings | 13.9 | 47.8 | -6.9 |

High Alloy

| | | | |
|-----------|------|------|-------|
| Shipments | -8.2 | 2.5 | -19.6 |
| Bookings | 42.4 | 70.0 | 30.6 |

**Department of Commerce
Census Data**

Iron & Steel Foundries (million \$)

| | | | |
|-------------|-------|-------|-------|
| Shipments | 1,333 | 1,348 | 1,327 |
| New Orders | 1,353 | 1,409 | 1,360 |
| Inventories | 1,675 | 1,706 | 1,676 |

Nondefense Capital Goods (billion \$)

| | | | |
|-------------|-------|-------|-------|
| Shipments | 59.9 | 59.6 | 60.9 |
| New Orders | 59.5 | 59.9 | 59.8 |
| Inventories | 105.2 | 105.2 | 105.1 |

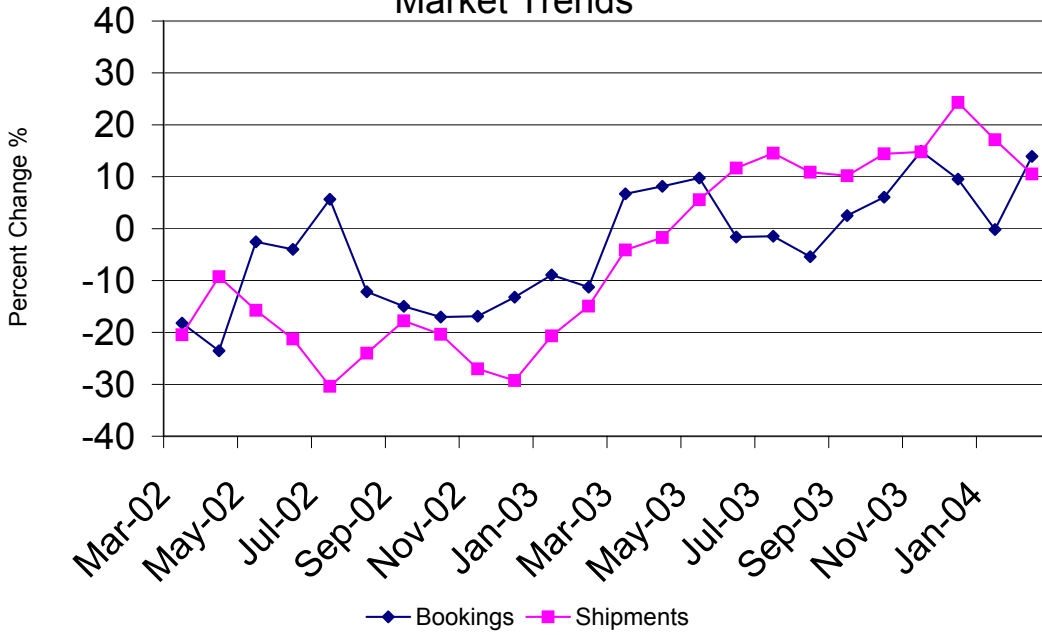
**Nondefense Capital Goods
less Aircraft (billion \$)**

| | | | |
|---------------------|------|------|------|
| Shipments | 57.5 | 56.9 | 58.9 |
| New Orders | 57.4 | 57.7 | 58.4 |
| Inventories | 88.1 | 88.0 | 88.0 |
| Inventory/Orders | 1.54 | 1.53 | 1.51 |
| Inventory/Shipments | 1.53 | 1.55 | 1.50 |
| Orders/Shipments | 1.00 | 1.01 | 0.99 |

American Iron and Steel Institute

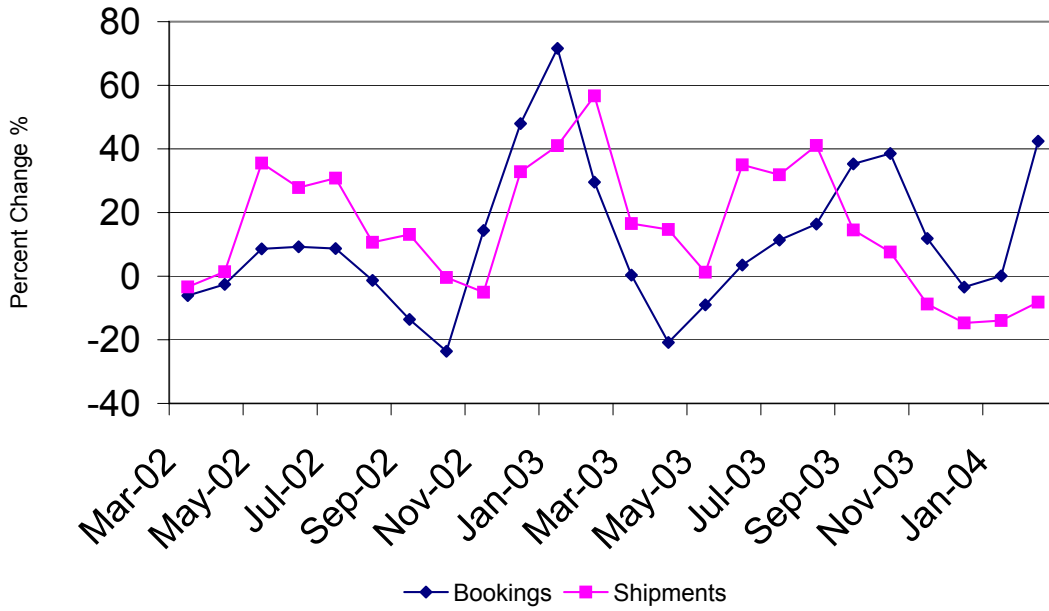
| | | | |
|---|-----|-----|-----|
| Raw Steel Shipments (million net tons) | 9.1 | 9.1 | 9.1 |
|---|-----|-----|-----|

Carbon & Low Alloy Casting Market Trends



SFSA Postcards

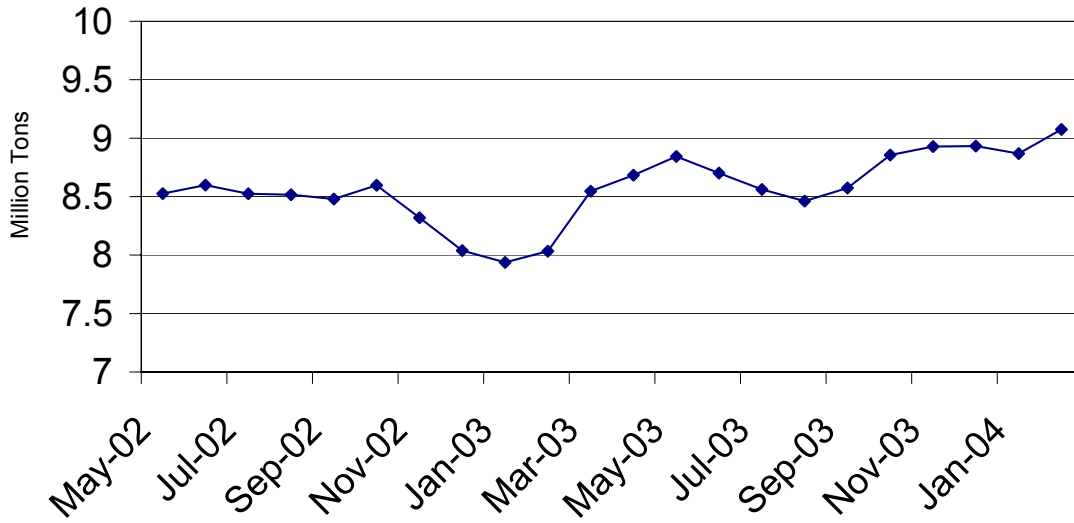
High Alloy Casting Market Trends



SFSA Postcards

Raw Steel Shipments

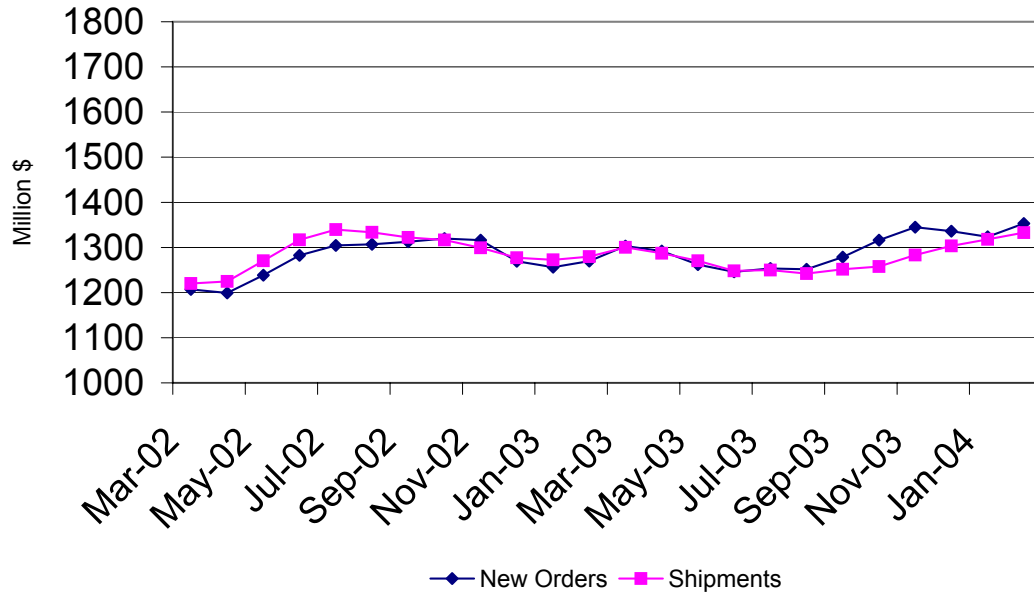
3 month average



AISI Data

Iron and Steel Castings

3 month average

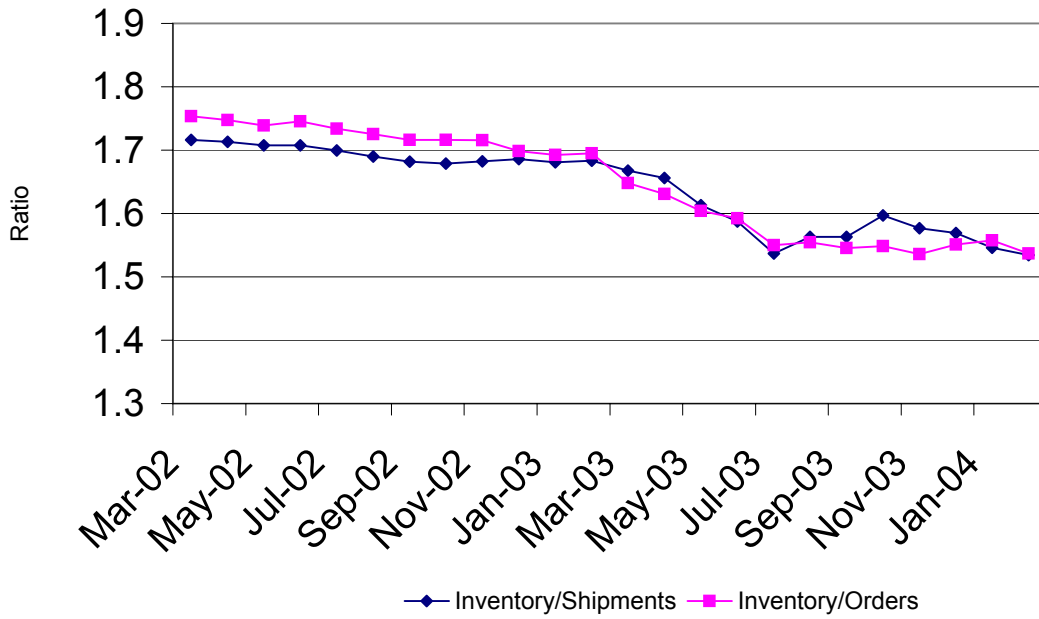


◆ New Orders ■ Shipments

SFSA

Nondefense Capital Goods less Aircraft

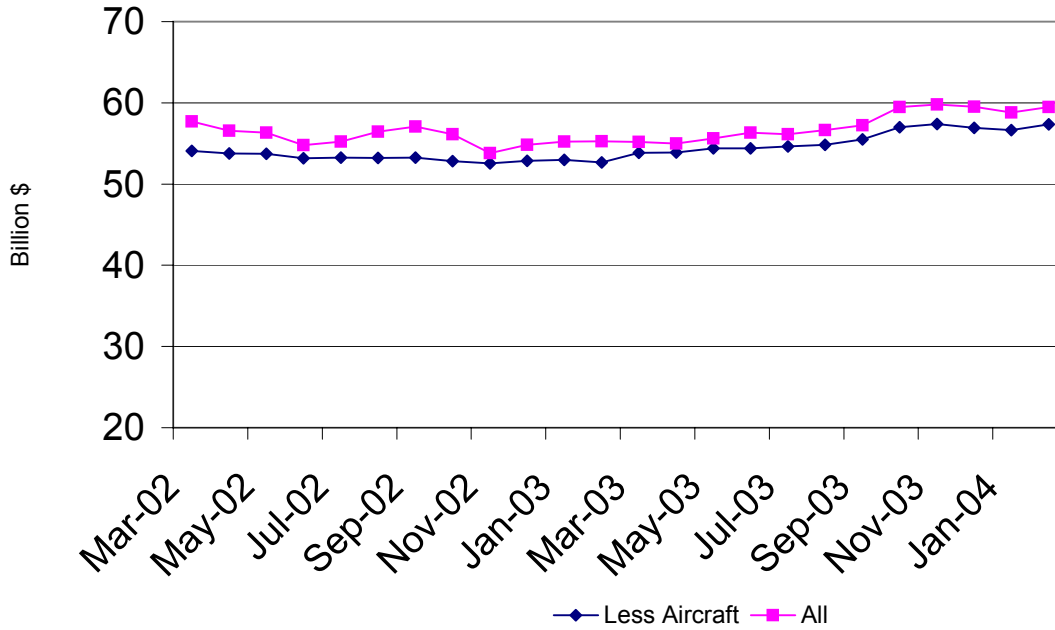
3 month average



Department of Commerce

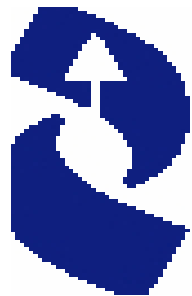
Nondefense Capital Goods New Orders

3 month average



Department of Commerce

STEEL FOUNDERS SOCIETY
OF AMERICA
REWARDS OF LEAN
MANUFACTURING



CQD Consulting
lean systems

REWARDS

EAGLE ALLOY: MUSKEGON, MI

- Reduce WIP from 1.5 weeks to less than 1 shift
- Increase heats poured per day from 13 to 30
- Realized 50% sales growth in past year: 18 new accounts
- Realized avg. savings of 84cents per part in cleaning alone

REWARDS

- Increased awareness of lead time TO floor
- Increased awareness of Quality Issues: fallout and rework demands
- Increased awareness of the importance of response time and information from Engineering
- Increased awareness of Accountability at all levels of the organization

REWARDS

HIGHLAND FOUNDRY: VANCOUVER, BC

- Reduction in operators from 16 to 8
- Reduction in part travel from 1608ft. To 856ft.
- Reduction in cleaning room lead time from 3 weeks to 5 days for 500pc. order

REWARDS

- Gained ability to recognize problems and address them prior to all the production being cast.
- Can now track the direct labor costs for each product
- Increased job satisfaction because of the change of duties every couple of hours: one person isn't grinding for all 8 hours.

RISK

**Ninety-nine out of every one hundred
Lean Initiatives fail!!!!**

*“It’s easier to act yourself into
a new way of thinking than
to think yourself into a new
way of acting.”*

Philosophy ➡ ***System*** ➡ ***Techniques***

Cherry picking techniques is not the right way....

The tools can support the system; but, we must focus on flow to create the system.

Management must lead the design and introduction of lean value streams.

We need an effective way to communicate the value stream vision.

We must first be able to see the flow

Garvale - CQD

| | |
|-----------------------|---|
| SPC | ✓ |
| Cells | |
| Andon Boards | |
| 5 S's | |
| Kanban | ✓ |
| SMED | |
| JIT Delivery | |
| Teams | ✓ |
| Visual Factory | |
| TQM | ✓ |
| Error Proofing | |
| TPM | |



QUESTION

Why.....are there still so many

“Non-Lean” Operations?

ANSWER #1:

The principles of lean production can easily be absorbed in a one-half day classroom session, BUT:

The intellectually easy-to-grasp principles, such as “one-piece flow”, go against the training and practices of our whole prior manufacturing careers.

EVERYONE underestimates the length of the learning curve

ANSWER #2:

In the course of a complete conversion,

EVERY MEMBER'S JOB WILL CHANGE

almost completely. For example:

- A grinder operator sitting in front of his/her grinder will become a “cross-trained” cell operator walking between a variety of machines in a cell.
- As kanban and flow emerge, production control departments come to be seen as “non-value added”.
- As cells begin to handle their own vendor raw material ordering from single sourced vendors on blanket orders, the purchasing department will shrink by 80%.
- A senior manager who has worked hard, achieved success and “has it made”, suddenly has all sorts of “political” problems managing the transition.

“Resistance from the production field was naturally strong – they strongly resisted change.”

Taiichi Ohno

ANSWER #3:

The core concepts of lean manufacturing are not complex ideas, but they are difficult to apply because they are **OPPOSITE** of what we currently believe:

Traditional

Batch production

Economic Order Quantity

A supervisor's "natural urge" to redeploy the lowest performer from a work team whose area has been kaizened.

It costs money to put quality problem solving teams to work

Lean

One-piece Flow

All setups can be reduced by 97%

Always redeploying the best team members

A "gut level" understanding that solving quality problems results in improved productivity and flow

Traditional

In a capacity crunch, the fast way to grow output is to add more machines, space and manpower

I like having “some” inventory

3 shifts are necessary for capacity utilization

We need a fast, high capacity machine to handle all our capacity plus growth

Lean

Applying lean tools as a far faster way to grow capacity

Inventory causes waste and also “hides waste” and prevents improvement in productivity, quality and flow

2 shifts with time between each shift results in higher uptime, increased productivity and improved communications/ problem solving

We need many small “right sized” machines that cannot cycle faster than takt time and fit into cellular layouts

Traditional

We need to “fire fight” today’s problems quickly

We need to operate in a team environment

Once we have improved an operation we are done

Lean

We need to do a root cause solution to problems to work our way out of fire fighting

Successful lean leaders have to be both a dictator AND a coach

Every time you apply the lean tools to an operation you will find more waste!

You can only really learn lean production by O.J.T. (the “dirty hands” method)

- If you spend a full week on a kaizen event, improving a small area of your operation, it will take you a dozen weeks of this OJT to get **“basic training”** in lean production (i.e., at a one kaizen event/month pace, this takes one year).
- If you continue to gain personal experience in full-time, week-long “doses”, it will take about 36 weeks of OJT before you are **competent** with most of the lean “tools”.
- It will take about 60 weeks of OJT (about 5 years) for you to be fully competent with the “tools” and also fully **believe** in the application.

“Understanding theory in the head is NOT the problem. The problem is to remember it in the body, to make it instinctive. To have the spirit to endure the training is the road toward the winning in competition.”

Taiichi Ohno

PRINCIPLES

- One Piece Flow
- Standardized Work
- Kanban
- Quick Changeover
- Jidoka
- Heijunka

FLOW

- Maximize Value Added
- Minimize Essential Support
- Eliminate Waste
 - Overproduction
 - Waiting
 - Transport
 - Processing
 - Inventory
 - Motion
 - Correction

Achievement of the full results of a lean conversion will take several years.

The magnitude of improvement will typically revolutionize a company's position in the industry.

However, the typical pattern for the first couple of years is not one of consistent progress...

WHAT TO EXPECT

- **Year 1**
 - Progress Slow “2 steps forward-one back”
 - Individual Projects show greatest Potential
- **Year 2**
 - Major Resistance Year: anti-change agents hard at work!
 - Change agents are inexperienced and will make implementation “errors”
 - “The jury is still out”
- **Year 3**
 - Managers gain skill in managing the process
 - Compounding improvements in inventory turns, productivity, quality and delivery
 - “We are making Progress!!”
- **Year 4**
 - Change is the “New Norm”
 - Change process becoming institutionalized
 - Positive momentum as the organization begins to “make its own good luck”

*“The best guide is one who has
already made the journey”*



Metals Service Center Institute

8550 Bryn Mawr Avenue, Suite 550
Chicago, Illinois 60631
773-867-1300 Voice 773-867-8750 Fax
www.msci.org

Officers

Chairman

Michael F. Petersen

President & CEO

M. Robert Weidner, III

Vice Chairmen

William J. Bresnahan

Bill Jones

Donald R. McNeeley

Treasurer

G. Thomas McKane

Directors

Wayne K. Bassett

Jimmie TG Coulson

W. Byron Dunn

H. Wayne Ferguson

Todd Fogel

Norman E. Gottschalk, Jr.

Robert B. Haigh

Derek A. Halecky

David H. Hannah

Holman Head

J. Craig Horan

Harrison P. Jones

Larry F. Jones

Clifford G. Kane

Robert M. Kaniecki

Paul Kelly

Tim Lafontaine

Larry J. Liebovich

John Lusdyk

Stephen E. Makarewicz

Jack Malec

Neil McCaffery

Daniel J. McCallin

Richard F. Owen

Michael Parrish

Stuart N. Ray

Stephen C. Rogers

John H. Schmitt

Michael Siegal

Bert Tenenbaum

Paul Thomas

James T. Thompson

John Tulloch

David Wolfort

Jack Yellen

Dear Fellow Business Leader:

On Monday, May 17, 2004, the Texas Chapter will hold the eighth MSCI Town Hall Meeting on Manufacturing. I'm writing to encourage you to attend. Because our interests in this arena - preserving our North American manufacturing base - are identical, I'm writing to encourage you and members of your trade association to attend. Please forward this invitation on to your members.

The Town Hall Meeting is an important way for MSCI to convey to political leaders how important it is to take steps, now, to preserve the U.S. manufacturing base. You know better than I how seriously your members' customer base has eroded in the last several years. Overseas currency manipulation, competition from low-wage countries, scarce investment capital, adverse trade policies, rapidly rising health insurance costs and more have taken a serious toll on the ranks of manufacturers, large and small.

MSCI and a broad coalition of trade associations are determined to alert policy makers and political leaders to the crisis in manufacturing and to insist that they do their part to reverse the alarming recent trend. We invite you to be a part of the metals alliance for manufacturing.

So this Town Hall Meeting, sponsored by our Texas Chapter, is of critical importance to help us make our point. We've invited the entire congressional delegation from Texas and Louisiana.

A critically important part of the meeting will be when we open the floor for audience comments. Your personal experiences can make a real difference in a meeting of this kind. We encourage you to come prepared to talk about the erosion of our manufacturing base as seen through your eyes, your members' eyes and the eyes of your members' customers.

Even if you don't want to speak, your presence at the meeting will send an important message about the commitment of our membership and the crisis faced by our industry. The Town Hall Meeting will begin at 1:00 p.m. at Brady's Landing, located at 8505 Cypress Street in Houston, TX - admission is free. To accommodate those interested, an optional buffet luncheon beforehand will begin at 11:30 a.m. - luncheon is \$30.00.

Please RSVP using the attached form to Jennifer Childress, Texas Chapter Administrator. Please also address any questions or comments to Jennifer at tjchildress@pdq.net or Julie Thane, MSCI Texas Chapter Liaison at 469.293.6511, or me. I can be reached at 773.867.1300 x112.

I hope to see you there.

Best regards,



Metals Service Center Institute

Texas Chapter

U.S. Crisis in Manufacturing Town Hall Meeting

Monday, May 17, 2004

Brady's Landing
8505 Cypress Street
Houston, TX
713-923-9488

11:30 a.m. – 1:00 p.m. Registration and optional Buffet Luncheon
1:00 p.m. Town Hall Meeting

The Town Hall Meeting is an important way for MSCI to convey to political leaders how urgent it is to take steps, now, to preserve the U.S. manufacturing base. Overseas currency manipulation, competition from low-wage countries, scarce investment capital, adverse trade policies and more have taken a serious toll on the ranks of manufacturers, large and small. MSCI and a broad coalition of trade associations are determined to alert policy makers and political leaders to the crisis in manufacturing and to insist that they do their part to reverse the alarming recent trend. We invite you and your customers to be a part of the metals alliance for manufacturing. Your presence at the meeting will send an important message about the crisis faced in the metals and other manufacturing industries.

REGISTRATION FORM

Photocopy form for additional participants:

Name: _____

Title _____

Company: _____

Address _____

City State Zip _____

Phone _____ Fax: _____

Email _____

Special dietary or physical needs: _____

Check one:

Yes, I would like to attend the buffet luncheon as well as the Town Hall Meeting. Enclosed is a check in the amount of \$30.00 (per person) made payable to the MSCI (Chapter Name) Chapter.

No, I cannot attend the luncheon but I would like to attend the Town Hall Meeting. (No charge for Town Hall Meeting only.)

Mail Form and Payment to:

MSCI Texas Chapter
c/o Jennifer Childress
PMB #525
14019 SW Freeway, Suite 301
Sugar Land, TX 77478

Questions: (Jennifer Childress –
tjchildress@pdq.net)



Metals Service Center Institute

8550 Bryn Mawr Avenue, Suite 550
Chicago, Illinois 60631
773-867-1300 Voice 773-867-8750 Fax
www.msci.org

Officers

Chairman

Michael F. Petersen

President & CEO

M. Robert Weidner, III

Vice Chairmen

William J. Bresnahan

Bill Jones

Donald R. McNeeley

Treasurer

G. Thomas McKane

Directors

Wayne K. Bassett

Jimmie TG Coulson

W. Byron Dunn

H. Wayne Ferguson

Todd Fogel

Norman E. Gottschalk, Jr.

Robert B. Haigh

Derek A. Halecky

David H. Hannah

Holman Head

J. Craig Horan

Harrison P. Jones

Larry F. Jones

Clifford G. Kane

Robert M. Kaniecki

Paul Kelly

Tim Lafontaine

Larry J. Liebovich

John Lusdyk

Stephen E. Makarewicz

Jack Malec

Neil McCaffery

Daniel J. McCallin

Richard F. Owen

Michael Parrish

Stuart N. Ray

Stephen C. Rogers

John H. Schmitt

Michael Siegal

Bert Tenenbaum

Paul Thomas

James T. Thompson

John Tulloch

David Wolfort

Jack Yellen

Dear Fellow Business Leader:

On Monday, May 24, 2004, the Pittsburgh Chapter will hold the ninth MSCI Town Hall Meeting on Manufacturing. I'm writing to encourage you to attend. Because our interests in this arena - preserving our North American manufacturing base - are identical, I'm writing to encourage you and members of your trade association to attend. Please forward this invitation on to your members.

The Town Hall Meeting is an important way for MSCI to convey to political leaders how important it is to take steps, now, to preserve the U.S. manufacturing base. You know better than I how seriously your members' customer base has eroded in the last several years. Overseas currency manipulation, competition from low-wage countries, scarce investment capital, adverse trade policies, rapidly rising health insurance costs and more have taken a serious toll on the ranks of manufacturers, large and small.

MSCI and a broad coalition of trade associations are determined to alert policy makers and political leaders to the crisis in manufacturing and to insist that they do their part to reverse the alarming recent trend. We invite you to be a part of the metals alliance for manufacturing.

So this Town Hall Meeting, sponsored by our Pittsburgh Chapter, is of critical importance to help us make our point. We've invited the entire congressional delegation from Pennsylvania and West Virginia.

A critically important part of the meeting will be when we open the floor for audience comments. Your personal experiences can make a real difference in a meeting of this kind. We encourage you to come prepared to talk about the erosion of our manufacturing base as seen through your eyes, your members' eyes and the eyes of your members' customers.

Even if you don't want to speak, your presence at the meeting will send an important message about the commitment of our membership and the crisis faced by our industry. The Town Hall Meeting will begin at 6:30 p.m. at the Embassy Suite Hotel Pittsburgh Airport, located at 550 Cherrington Parkway in Caraopolis, PA - admission is free. To accommodate those interested, an optional reception beforehand will begin at 5:00 p.m.

Please RSVP using the attached form to David Yundt, Pittsburgh Chapter programming/membership chair. Please also address any questions or comments to Dave at 724.941.3565 or me. I can be reached at 773.867.1300 x112.

I hope to see you there.

Best regards,



Metals Service Center Institute

Pittsburgh Chapter

U.S. Crisis in Manufacturing Town Hall Meeting

Monday, May 24, 2004
Embassy Suites Hotel – Pittsburgh Airport
550 Cherrington Parkway
Coraopolis, PA 15108
412-269-9070

The Town Hall Meeting is an important way for MSCCI to convey to political leaders how urgent it is to take steps, now, to preserve the U.S. manufacturing base. Overseas currency manipulation, competition from low-wage countries, scarce investment capital, adverse trade policies and more have taken a serious toll on the ranks of manufacturers, large and small. MSCCI and a broad coalition of trade associations are determined to alert policy makers and political leaders to the crisis in manufacturing and to insist that they do their part to reverse the alarming recent trend. We invite you and your customers to be a part of the metals alliance for manufacturing. Your presence at the meeting will send an important message about the crisis faced in the metals and other manufacturing industries.

REGISTRATION FORM

Reception 5:00 PM to 6:30 PM
(Cash bar and Complimentary Hors D'Oeuvres)
Town Hall Meeting begins at 6:30 PM

There is no Registration Cost to attend the reception or Town Hall Meeting, but we do request your registration so we can anticipate the number of participants.

Photocopy form for additional participants:

Name: _____

Title _____

Company: _____

Address _____

City State Zip _____

Phone _____ Fax: _____

Email _____

Check one:

- Yes, I would like to attend the reception as well as the Town Hall Meeting.
- No, I cannot attend the reception but I would like to attend the Town Hall Meeting.

While there is no cost to attend, my Company would like to make a contribution to help defray the cost of the Town Hall Meeting. Companies contributing \$100.00 or more will be acknowledged as a Sponsor of the Town Hall Meeting, so please supply your Company name if you would like to be listed as a Sponsor. Enclosed please find a check in the amount of _____ made payable to the MSCCI Pittsburgh Chapter and please acknowledge my company _____ as a Sponsor.

Fax Registration or Mail Registration and Sponsorship Payment to:

MSCI Pittsburgh Chapter
c/o David P. Yundt
87 Nancy Drive
McMurray, PA 15317
Phone 724-941-3565 Fax 724-941-6168
Email: dyundt@maincompanies.com

Initial Notification Report

NOTIFICATION FORM TO MEET COMPLIANCE WITH 40 CFR 63 Subpart A, §63.9(b)

Applicable Rule: 40 CFR Part 63, Subpart A — National Emission Standards for Hazardous Air Pollutants for Source Categories, Subpart A — General Provisions. Initial notification is being made in accordance with §63.9(b).

Note: Initial notification reports are due not later than 120 calendar days after the effective date of the relevant standard, or within 120 calendar days after the source becomes subject to the relevant standard. Sources may also use the application for approval of construction or reconstruction under §63.5(d) to fulfill the initial notification requirement.

If you are a new or reconstructed major source, you must also include information required under 63.5(d) and 63.9(b)(5) - the Application for Approval of Construction or Reconstruction. You may use the Application for Approval of Construction and Reconstruction as your initial notification. (§63.5(d)(1)(ii)).

**SECTION I
GENERAL INFORMATION**

A. Print or type the following information for each facility for which you are making initial notification: (§63.9(b)(2)(i)-(ii))

| | | | |
|---|--|---------------------------------|------------------|
| Operating Permit Number (OPTIONAL) | | Facility I.D. Number (OPTIONAL) | |
| Responsible Official's Name/Title | | | |
| Street Address | | | |
| City | | State | ZIP Code |
| Facility Name (if different from Responsible Official's Name) | | | |
| Facility Street Address (If different than Responsible Official's Street Address) | | | |
| Facility Local Contact Name | | Title | Phone (OPTIONAL) |
| City | | State | ZIP Code |

B. Indicate the relevant standard or other requirement that is the basis for this notification and the source's compliance date: (§63.9(b)(2)(iii))

| | |
|--|--|
| Basis for this notification (relevant standard or other requirement) | Anticipated Compliance Date (mm/dd/yy) |
| 40 C.F.R. part 63, subpart EEEEE – NESHAP for Iron and Steel Foundries | April 22, 2007 |

SECTION II

SOURCE DESCRIPTION

A. Briefly describe the nature, size, design, and method of operation of the source. (§63.9(b)(2)(iv))

Sample Response:

This facility is responsible for the maintenance, repair, and rework of military and commercial aircraft. The facility occupies approximately 1500 acres and contains 12 maintenance shops and one aircraft hangar where aircraft cleaning, painting, priming, depainting, and chemical milling maskant operations are performed. All painting, priming, and milling maskant operations, except for minor touch-up operations, are performed in enclosed areas where dry particulate filters are utilized. Depainting of aircraft parts is performed using plastic media blasting where emissions are controlled by the use of HEPA filters. Depainting of parts not normally removed from the aircraft are performed using mechanical or hand sanding. Minor amounts of chemical stripping may be performed in areas where mechanical or hand sanding is not feasible. Approximately 65% of HAP emissions from this plant come from painting and priming operations; 5% from chemical milling maskant operations; 25% from cleaning operations; and 5% from depainting operations. The facility is capable of operating 24 hours per day, 365 days per year but currently operates 16 hours per day (two 8 hour shifts). Approximately 181 aircraft are maintained per year, however, the plant can accommodate up to 300 aircraft per year for maintenance and repair. Approximately 60% of the work performed at this location involves minor maintenance and repair of internal and external aircraft parts. Approximately 30% involve major rework of the aircraft exterior.

B. Briefly describe the types of emission points within the affected source and the types of hazardous air pollutants emitted. (§63.9(b)(2)(iv))

Types of Emission Points

Sample Response:

Emission points at this facility include aircraft hangars where aircraft are sanded mechanically and by hand and/or hand-wiped after sanding operations; paint shops with walk-in paint booths used for primer and topcoat application; paint shops and hangars with enclosed spray gun cleaning areas; depaint shops with walk-in contained booths used for plastic media blasting; aircraft hangars used for chemical milling maskant application; and hangars used for waste handling and storage.

Types of HAPs Emitted

Sample Response:

HAPs emitted at this facility include toluene, xylene, xylene (mixed) MEK, ethylbenzene, methylene chloride, phenol, epichlorohydrin, ethylbenzene, formaldehyde, glycol ethers, methanol, MIBK, cadmium compounds, and lead.

C. Check the box that applies: (§63.9(b)(2)(v))

- My facility is a major source of Hazardous Air Pollutants (HAPs)
- My facility is an area source of HAPs

NOTE: A major source is a facility that emits or has the potential to emit greater than 10 tons per year of any one HAP or 25 tons per year of multiple HAPs. All other sources are area sources. The major/area source determination is based on all HAP emission points inside the facility fence line, not just inside the facility itself.

SECTION III

CERTIFICATION *(Note: you may edit the text in this section as deemed appropriate)*

Based upon information and belief formed after a reasonable inquiry, I, as a responsible official of the above-mentioned facility, certify the information contained in this report is accurate and true to the best of my knowledge.

| Name of Responsible Official (Print or Type) | Title | Date (mm/dd/yy) |
|--|-------|-----------------|
| | | |
| Signature of Responsible Official | | |
| | | |

Note 1: Initial notification forms should be sent to the EPA Regional Office servicing your area and to your State or local Air Pollution Control Agency. Part 70 permit applications can be used in lieu of an initial notification provided: (1) the same information is contained in the permit application as required by this rule; (2) the State has an approved Title V program under Part 70; (3) the State has received delegation of authority by the EPA; and (4) the Title V permit application has been submitted to the permitting authority. (§63.9(a))

Note 2: Responsible official is defined under §63.2 as any of the following: the president, vice-president, secretary, or treasurer of the company that owns the plant; the owner of the plant; the plant engineer or supervisor; a government official if the plant is owned by the Federal, State, city, or county government; or a ranking military officer if the plant is located on a military installation.

BERNARD LASHINSKY

CONSULTING ECONOMIST

**A CLOSER LOOK AT
THE ECONOMIC RECOVERY**

Steel Founders Society of America

Milwaukee, Wisconsin

April 23, 2004

THINGS ARE LOOKING UP

The China Syndrome Has Many Ramifications, Among Them:

Worldwide Short Supply Situations for Steel and Most other Commodities

Sharply Higher Prices for Steel and Most other Commodities

The Dollar Has Declined Against Major Currencies

Rising Prices Stimulate Inventory Accumulation

Tax Revisions Have Improved Investment Incentives

After Four Years, Equipment is Just Plain Wearing Out

ADJUSTMENTS IN FERROUS METAL SUPPLY DURING THE CHINA BUBBLE

SCRAP PRICES APPEAR TO HAVE PEAKED

Foreign Demand is Lower

Domestic Supply is Higher

It pays to demolish obsolete industrial buildings, etc.

It pays to expand scrapyards capacity and activity

ADJUSTMENTS TO FINISHED STEEL SUPPLY

Raw Materials

Coke supply has increased with re-opening of the Pinnacle mine

Iron ore is heading for a big shipping season

Rolled Steel

Raw steel production is at 89% of capability.
maximum is probably 92% to 93%

Imports of steel for conversion is restrained by high import prices

Imports of finished steel are up

FAIR WARNING

THE CHINA SYNDROME IS A
BUBBLE AND BUBBLES BURST

UNLIKE SOAP BUBBLES,
THE AFTERMATH OF
ECONOMIC BUBBLES IS
VERY MESSY

BASIC U.S. ECONOMIC DEVELOPMENTS

FINANCIAL MARKETS

The Economy Is Still Lousy with Capital

Any Project or Equipment That Can Be Justified, Allowing for Credit Risk, Can Be Financed

Interest Rates Are Still Extremely Low

Possibly More Important:

**RISK AVERSION HAS
DROPPED DRAMATICALLY**

IMPLICATIONS OF REDUCED RISK AVERSION

TRANSPORTATION EQUIPMENT
LEASING IS WIDE OPEN AGAIN

RAILROAD CARS

CLASS EIGHT TRUCKS

HIGHWAY TRAILERS

EVEN MOBILE HOME FINANCING HAS
OPENED UP

GMAC IS FINANCING MOBILE
HOMES

WARREN BUFFET HAS PURCHASED
TWO MOBILE HOME BUILDERS

WHOLE SECTORS OF CAPITAL INVESTMENT ARE STILL CONSTRAINED

CHEMICAL PROCESS INDUSTRIES

METALS INDUSTRIES

MACHINERY

ELECTRICAL MACHINERY

INDUSTRIAL EQUIPMENT

INDUSTRIAL CONSTRUCTION
PUT-IN-PLACE CONTINUES TO DECLINE

PLANS FOR NEW PROJECTS IN
AFFECTED INDUSTRIES ARE NOT
VISIBLE

MANUFACTURERS CHANGED R & M POLICIES IN THIRD QUARTER 2003

FROM: DEFERRED MAINTENANCE /
"Let The Equipment Go To Hell"

TO: ACTIVE REPAIR AND
MAINTENANCE

REPLACEMENT OF SOME
COMPONENTS

ACTIVE AREAS OF CAPITAL INVESTMENT

CONSUMER SECTOR

HOUSING

LIGHT VEHICLES

**APPLIANCES, GRILLS, MOWERS,
PRESSURE TOOLS, AUXILIARY
GENERATORS, POWER TOOLS, ETC**

FORECAST OF CONSUMER MARKETS

(Million Units)

| | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>%Ch</u> |
|----------------|-------------|-------------|-------------|------------|
| Housing Starts | 1.70 | 1.79 | 1.83 | +2.2 |
| Light Vehicles | 16.7 | 16.7 | 17.6 | +5.4 |

Memo: Companion Recreational Trailer Markets Should Follow Along

| | | | | |
|-----------------|------|------|------|------|
| Core Appliances | 42.0 | 42.2 | 44.3 | +5.0 |
|-----------------|------|------|------|------|

Memo: Other Household Durables and Lawn & Garden Move in Tandem

ACTIVE AREAS OF CAPITAL INVESTMENT

TRANSPORTATION EQUIPMENT

RAILROAD CARS

RAILROAD EQUIPMENT

HEAVY TRUCKS

RAILROAD CARS & HEAVY TRUCKS

| | <u>2002</u> | <u>2003(E)</u> | <u>2004(F)</u> |
|----------------------|--------------------|-----------------------|-----------------------|
| Railroad Cars | 17.7 | 33.0 | 36.3 |
| Heavy Trucks | 216 | 225 | 275 |

OTHER TRANSPORTATION EQUIPMENT

Highway Trailers

Back in Action

Barges

Off the Bottom

Oil Tankers

**Two each on
Gulf Coast**

ACTIVE AEAS OF CAPITAL INVESTMENT

ENERGY PROJECTS AND EQUIPMENT

OIL & GAS DRILLING

PETROLEUM PIPELINES BUT NOT NATURAL GAS PIPELINES

**Nat Gas Construction Mileage / Spending
Cut in Half for 2004**

LNG PROJECTS: SET TO GO TO PROCUREMENT IN 2004; CONSTRUCTION IN 2005

COAL FIRED ELECTRIC POWER PLANTS

**One Hundred Projects Are on the Drawing
Boards**

**At Least Three Will Go to Procurement in
2004**

CANADIAN TAR SANDS

CONSTRUCTION MACHINERY AND OFF-HIGHWAY EQUIPMENT MARKETS ARE ALL IMPROVING

| | |
|--|------------------------------|
| Construction Equipment | Strongest |
| Agricultural Equipment | Holding Its Own |
| Mining Equipment | Rebounding |
| Material Handling Equipment | Replacement Is up |

OTHER END MARKETS

**Large Engines and
Transmissions**

Up Strongly

Fluid Power

**Feeding
Off-Highway
Eqpt. Markets**

Military

**In Hyper-
procurement
Mode**

CONSTRUCTION

RESIDENTIAL CARRIES ON

INFRASTRUCTURE MOVES ON MOMENTUM

**COMMERCIAL ASSOCIATED WITH
RESIDENTIAL MOVES AHEAD**

SCHOOLS AND HOSPITALS ARE LINED UP

INSTITUTIONAL IS ON HOLD

INDUSTRIAL

LIFE SCIENCES

OTHER: NEW PLANTS NOT YET IN SIGHT

COLLECTING TERMS FOR FOUNDERS

AN EXCELLENT YEAR AHEAD FOR
MAJOR STEEL FOUNDERS MARKETS

RAILROAD CARS

HEAVY TRUCKS

OFF-HIGHWAY EQPT AND COMPONENTS

OIL COUNTRY EQUIPMENT AND VALVES

WEAR PLATES AT IRON ORE MINES AND
COAL PROCESSING PLANTS

REPLACEMENT EQUIPMENT AT
MANUFACTURING PLANTS INCLUDING
STEEL AND OTHER METAL MILLS

BERNARD LASHINSKY

CONSULTING ECONOMIST

U.S. STEEL INDUSTRY APPARENT DOMESTIC SUPPLY – ALL PRODUCTS (Million Tons)

2003(E) – 2004(F)

| | 2003(E) | | 1-Q | 2-Q | 3-Q | 4-Q | 2004 | % Ch Y-0-Y |
|-----------------------|---------|-------|------|------|------|------|-------|---------------|
| | 4-Q | Year | | | | | | |
| Shipments | 26.8 | 105.6 | 27.0 | 27.5 | 26.2 | 26.3 | 107.0 | +1.3 |
| +Imports | 5.6 | 23.1 | 6.4 | 7.4 | 7.5 | 6.7 | 28.0 | +21.2 |
| -Exports | 1.8 | 8.2 | 1.6 | 1.5 | 1.5 | 1.4 | 6.0 | -26.8 |
| Ap Dom Sply | 30.6 | 120.5 | 31.8 | 33.4 | 32.2 | 31.6 | 129.0 | +7.1 |
| Im. for Conv | 1.2 | 4.8 | 1.7 | 1.7 | 1.8 | 1.8 | 7.0 | +45.8 |
| Net Supply | 29.4 | 115.7 | 30.1 | 31.7 | 30.4 | 29.8 | 122.0 | +5.4 |
| Ch Inventory | +0.5 | +0.5 | +0.5 | +0.5 | +0.5 | +0.5 | +1.0 | |
| Consumption | 28.9 | 115.2 | 29.6 | 31.2 | 29.9 | 29.3 | 121.0 | +5.0 |
| Memo: Im. for Cons | 4.4 | 18.3 | 4.7 | 5.7 | 5.7 | 4.9 | 21.0 | +14.8 |

Ads-2004