Casteel Commentary Highlights:

World-class producers are often thought to be the low cost producer. In an excess capacity marketplace like in our industry for the past twenty-five years that may be true, but in a limited supply marketplace, this is not the case. World Class producers provide the most efficient, highest quality, most reliable and shortest delivery. When capital equipment purchasers need outstanding performance and equipment producers need superior suppliers, world class become driven by performance and not cost. This is the topic of the Casteel Commentary this month.

International

SFSA is organizing a tour of progressive steel foundries operating in China for members, October 20-November 1. The tour will include about 12 plant tours all over China. Details are included for registrations have been emailed to SFSA members and are attached to this newsletter.

Technical Innovation

As a trial with AFS, SFSA provided a seminar over the web on porosity in steel castings. This seminar is available free with the presentation slides and a recorded audio. This is a unique training opportunity for our members and you should utilize this resource. The link is here; http://www.castingdefects.com/recordedporosity.htm.

I had great response to the question posed separately on the use of binder and sand for producing castings with 24 plants responding. If only chemically bonded sand is considered the results are in the following table. If the typical sand to metal ratio is 5 and the binder content is 125 the typical binder level is 1.25%. It seems that we use a lot of sand by volume, sand is 1/5 the density of steel so a 5/1 sand to metal ratio means 25 volumes of sand for each casting volume shipped or at 50% yield more than ten volumes of sand to steel poured. I failed to ask but some contributed the amount of new sand needed to produce a casting, 0.5 based on weight.

<table>
<thead>
<tr>
<th>Binder Lbs/ton Castings shipped</th>
<th>Sand Tons/ton Castings shipped</th>
<th>New sand Tons/ton Castings shipped</th>
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<tbody>
<tr>
<td>Average</td>
<td>136.9</td>
<td>5.3</td>
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<tr>
<td>Median</td>
<td>126.0</td>
<td>5.1</td>
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<tr>
<td>SD</td>
<td>48.1</td>
<td>2.4</td>
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<tr>
<td>range</td>
<td>193.5</td>
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Specification Note

Defining the surface finish or visual standards for steel castings is problematic. The traditional MMS SP55 included drawings that attempted to show unacceptable conditions. The ASTM A 802 used the SCRATA comparator plates as a way of defining surface conditions. The plates were expensive and have not been widely used even though they are also permitted under MMS SP 55. ACI had a small scale that defined four different surface finishes and while we no longer have the standard it is still available from GAR. The investment casting industry has a scale that has 9 surface conditions, most too fine for use in sand casting. The French
have a standard but it also is not commonly used. As a result of some sponsored research, SFSA has distributed, from work at ISU, working standards that can be used by members.

It is not clear that these visual requirements have any effect on part performance but seem to be primarily an aesthetic requirement. Any ASTM order requires conformance to standard workmanship paragraphs of A781 or A703. This requires freedom from adhering sand and cracks. Because of this requirement it is hard to see where any value is improved by the addition of other requirements. Work by Frank Peters at ISU demonstrates that grinding and welding to meet arbitrary and meaningless visual requirements is expensive and uncontrolled. Different inspectors will make different assessments. One approach is for the foundry to provide rough machined parts and eliminate most of the surface improvement by removing the surface. In any case, working closely with the customer and managing the finishing area can reduce cost, improve delivery, and avoid unnecessary work.

**John A. McMellon**

John A. McMellon, passed away September 5, at the age of 85. He spent his entire career in the steel foundry industry, starting with the former J.B. Baird Company in Shreveport, Louisiana in the pattern shop. He worked his way up through many of the jobs in the foundry at Mid-Continent Steel Casting Company, then at Texas Steel in Fort Worth, where he was Vice-President, Operations. He was instrumental in the building of Texas Steel of Canada, and finished his career at Southwest Steel in Longview, Texas.

He was a veteran of WWII, serving as a radio/gunner on a B-17, was shot down and was a POW in Germany. He was interred at Arlington National Cemetery.

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**SFSA Foundation**

SFSA would like to thank MAGMA (http://www.magmasoft.com) for their contribution of $10,000 to the Schumo Foundation.

The Foundation, established in 2002 sponsors internships in the steel casting industry. If you would like more information or would like to contribute, contact Raymond Monroe at SFSA.

**MACT, what MACT?**

James E. Schifo, P.E.
Vice President, Industrial Services
Keramida Environmental, Inc.

(Iron and Steel Maximum Achievable Control Technology (MACT) – National Emission Standards for Hazardous Air Pollutants, Part 63, Subpart EEEEEE)

The following are a few of the requirements you need to consider as the Iron and Steel MACT compliance date approaches. They are not all inclusive and you will need to read the rule itself to understand all of the compliance requirements.

Those of you who are considered major sources of hazardous air pollutants (HAPs) should be preparing to comply with the requirements of the Iron and Steel MACT (MACT) regulations prior to the April 23, 2007 compliance date. If you are intending to avoid the requirements of MACT through permit changes to reduce your potential to emit HAPs, you should have already submitted permit modifications or you may already be too late. Permit changes that you might consider vary from production limits to process changes that must be reflected in Federally enforceable permit limits prior to April 23, 2007.

To meet the requirements of the MACT rules you may need to do performance testing (stack testing) or meet the requirements of work practice standards. Each has its own set of recordkeeping and reporting requirements. Performance testing could be performed immediately,
however must be performed within 180 days of the April 23, 2007 compliance date. Your Operation and Maintenance Plan (O&M) and Start-up, Shutdown and Malfunction Plan (SSM) must be in place for the performance tests. You must also send in your Notification of Compliance Status along with your test results 60 days after performance testing. It is important to remember that the “notification of intent to perform a performance test” must be sent in 60 days prior to performance testing, not by the dates normally applied under individual state requirements.

Be very aware of the performance testing requirements. Opacity tests of “fugitive emission sources” are required to overlap and be performed during PM stack testing. Remember, the rule requires PM testing, or inorganic HAPs testing, not PM10. If you have regulated sources using the same control device as unregulated sources, you must follow a specific testing plan to determine compliance of the regulated source. In other words, if you have a melting furnace subject to the MACT rules exhausting to the same baghouse as other sources, multiple simultaneous tests may need to be performed to prove that the melting furnace itself is meeting its individual emission limit. A different set of requirements apply to volatile organic HAPs, such as TEA, so read that section carefully.

The remaining work practice standards are required by the April 23, 2007 compliance date and your Notification of Compliance Status is due 30 days after this compliance date. (This is poorly stated in the rule.)

For those of you that are subject to the requirements of MACT this is the time to make sure you understand all the requirements of the rule. The many required plans and notifications make it easy to miss a requirement or a deadline.

In closing, also remember that as a major source of HAPs other MACTs may also apply to you. For example, for those of you who perform surface coating operations (painting) the final compliance date for the Miscellaneous Metal Parts and Products MACT (Part 63, Subpart MMMM) the compliance deadline is January 2, 2007. And also remember that if one MACT applies to you, such as the surface coating MACT, it does not mean that you cannot avoid the requirements of the Iron and Steel MACT prior to its individual deadline of April 23, 2007.

Assistance on complying with MACT, developing strategies to avoid MACT, and implementing effective compliance tracking techniques can be discussed with Jim Schifo at Keramida Environmental, Inc. at 800-508-8034 or jschifo@keramida.com.

Defense Procurement Opportunities

Are you interested in broadening your business portfolio? Would you like to provide castings for government solicitations? Are you aware that the government offers support to small businesses (under 400 employees) and has specific procurements that are set aside to be made by small businesses only? Then make plans to attend the Metalcasting Training Knowledge Opportunities session at Defense Supply Center Columbus, Columbus, OH this November 14th and 15th! The first day, November 14th, will cover the process for working with the government, what resources are available through the Defense Logistics Agency’s casting program and government agencies, and what it takes to start providing parts. The second day, November 15th, will cover additional material on utilizing government systems to identify opportunities and get work in a half-day. These events are held several times a year, but this is the first TKO to focus specifically on partnering with the metalcasting industry. Take advantage of this opportunity to provide your services direct to the government!
Market News
Market demand for steel castings remained strong through June. The SFSA trend cards showed continued 20% growth in both bookings and shipments. The Department of Commerce Census figures show some modest decline in iron and steel casting activity. It does show orders well ahead of shipments. Steel makers show strong recent growth in shipments. Capital goods orders and shipments remain high. Raw material shortages are sustaining high prices that are stimulating a broad demand for capital equipment needed for expanding production.

Notes on the broader markets are found on the Steel Guru pages attached to the PDF version of this newsletter.

Casteel Commentary
A final competitive strategy for the North American producer dealing with a global marketplace is to become a world class producer. That is the plant would have the productivity, quality and technology to dominate their marketplace. Often this is seen as being the low cost producer but that is not necessarily the case.

In the past few years, strong commodity prices have lead producers to strive for higher levels of production. Downtime, reliability, efficiency, and performance are more critical than price for the equipment these producers need to succeed. Making demanding castings for expensive equipment or critical equipment with reliable deliveries is world class.

All of the factors previously discussed except regional supplier help make a producer world class, unique technology, value added services, equipment or processes. However, plants in North America will also continue to compete on cost. It may be cost of use for consumable goods like grinding or wear parts or cost per unit of performance like weight or power density. There will also be North American producers that will compete directly on cost.

Plants that drive down the labor content or improve the value added by their workers will be able to compete on price alone. The barriers of language and culture combined with the cost and time for transportation cripple the offshore competitor in the long run. The regional strength of experts and infrastructure in North America to make special complex demanding castings will be a long-term market advantage. If the labor cost advantage can be off set so that it is less than 30% it will be inadequate to move the work off shore.

North American World Class producers will continue to be challenged by aggressive OEMs, market distorting unfair trade practices by developing countries, and burdensome domestic requirements and regulations. Nevertheless as in prior threatening markets, we will find a way commercially, technically, and competitively to succeed.

Raymond
# STEEL FOUNDERS’ SOCIETY OF AMERICA
## MEETINGS CALENDAR

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<tr>
<td></td>
<td>December</td>
<td>National Technical &amp; Operating Conference, The Drake Hotel, Chicago, IL</td>
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<tr>
<td>2007</td>
<td>December</td>
<td>National Technical &amp; Operating Conference, The Drake Hotel, Chicago, IL</td>
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STEEL FOUNDERS’ SOCIETY OF AMERICA  
BUSINESS REPORT

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<th>May</th>
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<td>11.0</td>
<td>11.7</td>
</tr>
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**Department of Commerce**  
Census Data

**Iron & Steel Foundries (million $)**

| Shipments | 1,651 | 1,676 | 1,647 |
| New Orders | 1,695 | 1,741 | 1,666 |
| Inventories | 2,097 | 2,117 | 2,101 |

**Nondefense Capital Goods (billion $)**

| Shipments | 65.9 | 66.3 | 66.3 |
| New Orders | 71.1 | 71.3 | 70.2 |
| Inventories | 109.1 | 110.1 | 108.5 |

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

| Shipments | 61.2 | 61.0 | 61.1 |
| New Orders | 62.6 | 63.2 | 62.5 |
| Inventories | 91.7 | 92.3 | 91.3 |
| Inventory/Orders | 1.46 | 1.46 | 1.46 |
| Inventory/Shipments | 1.50 | 1.51 | 1.49 |
| Orders/Shipments | 1.02 | 1.04 | 1.02 |

**American Iron and Steel Institute**

| Raw Steel Shipments | 9.6 | 9.7 | 9.9 |
Raw Steel Shipments
3 month average

Iron and Steel Castings
3 month average

SFSA
AISI urges for trade action on China

The American Iron and Steel Institute, on behalf of its US member companies, submitted a written statement that expresses serious concerns to the interagency Trade Policy Staff Committee about China’s non compliance with the commitments it has made to the World Trade Organization. The comments by AISI highlight the U.S. Administration’s need to address the unprecedented surge in imports and unfair trade from China.

AISI submitted that Chinese subsidies, currency manipulation, overcapacity and non market behavior are undermining the US manufacturing base. Thus, there is an urgent need for the US government to consider taking WTO action to deal with Chinese subsidies that are prohibited by the WTO and continue to treat China as a non market economy under US antidumping law.

According to AISI Chinese government’s currency manipulation constitutes an export subsidy of the type that is strictly prohibited under Article 3 of the WTO Agreement on Subsidies and Countervailing Measures.

AISI serves as the voice of the North American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI also plays a lead role in the development and application of new steels and steelmaking technology. AISI is comprised of 33 US based member companies, including integrated and electric furnace steelmakers and 125 associate and affiliate members who are suppliers to or customers of the steel industry. AISI’s member companies represent approximately 75% of both US and North American steel capacity.

Universal Stainless increases nickel surcharge

Universal Stainless & Alloy Products Inc announced that it is increasing the nickel premium component of its surcharge mechanism to $0.38 per pound over the London Metal Exchange price for nickel from $0.30 per pound. The change in the surcharge will go into effect with shipments beginning October 1st 2006 and all other factors in the calculation will remain unchanged.

Mr Richard Hack VP of sales and marketing said "Strong market demand for nickel based products has contributed to the rise in nickel premiums charged to us by our suppliers, which we need to pass on to our customers in order to maintain our profitability and continue to reinvest in our operations to serve our customers' needs."

Universal Stainless & Alloy Products Inc, headquartered at Bridgeville in Pennsylvania, manufactures and markets a broad line of semi finished and finished specialty steels, including stainless steel, tool steel and certain other alloyed steels.

Global spending on exploration up by 45% to $7.1 billion in 2006

Bloomberg citing a report by Metals Economic Group said that the world’s mining companies will boost spending on exploration by 45% to $7.1 billion this year.

A survey of 1,600 mining companies pointed that the gain is underpinned by a surge in the value of most minerals and metals and shows that exploration spending on base metals is outpacing that for gold. It said "In the current exploration cycle, with metal prices at record highs, late stage exploration has become increasingly important, as companies push to bring projects to a production decision."
The report added that Latin America was the most popular destination for exploration of non ferrous metals followed by Canada.

**Mr LN Mittal bullish over 2007 outlook for steel industry**  
- 19 Sep 2006

Mr LN Mittal president of Arcelor Mittal said that selling conditions in the world steel industry are getting better and better and the sector is likely to avoid the downturn next year that many expect.

Mr LN Mittal during an interview with the Financial Times said he views the outlook for the industry for 2007 with cautious optimism. However, he added that the cyclical steel industry is always going to be challenging in terms of ensuring that profits stay fairly high during periods of weak demand.

**SS production growth to reduce to 5.56% in 2006-2010**  
- 19 Sep 2006

Mr Dieter Ameling president of the German Steel Federation at the CRU’s 9th World Stainless Steel Conference at Dusseldorf in Germany presented that as against compound annual growth rate of stainless crude steel production of 6.18% during 1990 to 2005 the growth rate would dip to 5.56% during 2006 to 2010.

Figures from the International Stainless Steel Federation forecast total stainless crude steel production to reach 32.5 million tonnes by 2010.

**Japan asks China to cut steel capacity to avoid price slide**  
- 18 Sep 2006

Japanese government has repeatedly asked China to cut crude steel output capacity amid fears that a delay in China's capacity reduction efforts may result in a global glut and a sharp price fall although it is highly unusual for one country to ask another country to scrap industrial production facilities.

As per reports Mr Tetsuhiro Hosono DG of the Japan’s manufacturing industries bureau of the economy, trade and industry ministry last week visited Beijing to make the request again to Mr Liu Tienan, director of the industry department of China's National Development and Reform Commission.

Mr Hosono asked the Chinese government to abolish small blast furnaces with a capacity of 300 cubic meters or less. He said that in exchange, Japan would help scrap the facilities, offer environmental protection assistance and energy saving technologies via major Japanese steelmakers.

Japanese government is worried over China's ever increasing crude steel output and believe that it may cause steel prices to plunge across the world, which would affect steelmakers worldwide and also the economy of Japan.

**Westpac forecast nickel price crash in 2007**  
- 18 Sep 2006

Despite the booming demand, surge in prices and low stocks of nickel, an analyst has forecasts that its prices will plunge in 2007 due to slower US growth, mine & smelter expansions increase supplies and rising interest rates globally.

Mr Justin Smirk senior economist with Sydney based Westpac Banking said “The key is the downturn in US dwelling activity and the impact of a more cautious US consumer. In 2007, industrial production growth will turn from being a pillar of base metal price inflation to a drag.’’
Westpac Banking believes that LME spot nickel prices could end up somewhere between $17,845 per metric ton and $22,919 per metric ton this year and then drop to $14,350 in 2007.

For the first eight months, spot nickel traded on the London Metal Exchange has averaged $20,266. LME spot delivery prices for nickel surged one day in late August to $34,750 per metric ton, its highest level ever.

Ferrochrome heading towards oversupply scenario

Platts citing analysts has reported that expanding ferrochrome industry in South Africa is suffering from oversupply that could last for up to 5 years.

TATA Steel has broken ground for a new 135,000 tonnes ferro chrome smelter near Richards Bay. Kermas and Samancor also had plans to more than double production to 2.7 million tonnes. Xstrata and its BEE partner Merafe have a capacity of 1.4 million tonnes and have confirmed that now 14 out of its 18 furnaces in operation and production was on the increase.

Mr Troye Brady of Nedcor Securities said "I think with the current expansions I think we are looking at oversupply lasting for about 5 years. I think the only way we are going to get high prices in the industry is to keep some of this supply back."

Mr Nick Van Rensburg of Peregrine Capital said that oversupply was a long term problem and said Xstrata's recent shutdown of 7 of its 18 furnaces in response to a slump in demand was a sign of the times. He said "I think when you have taken away 39% of your production just to stabilize the market; it is a sign of how serious things are."

South Africa has around 70% of the world's ferrochrome reserves and produces more than 7 million tonnes of ferrochrome per year.

Nucor expects 2006 profits to be record high

US’s 2nd largest steel maker Nucor Corp said that its 2006 profit probably will rise to a record for a third straight year as metal demand keeps prices close to 18 month highs.

Mr Terry Lisenby CFO of Nucor said "We expect to set a new quarterly earnings record in the third quarter and 2006 should be our third consecutive record earnings year."

Nucor’s profit was $1.31 billion in 2005 and its H1 of 2006 net income rose to $832 million from $677 million a year earlier.

Carpenter changes nickel surcharge mechanism

Carpenter Technology Corp announced that its specialty alloys unit is changing its surcharge mechanism to raise the nickel premium component to 38 cents per pound from 30 cents effective October 1st 2006.

Carpenter said that strong market demand for nickel based super alloys and stainless products have contributed to rising nickel premiums.

Carpenter makes corrosion resistant materials, including stainless steel products and alloys that provide special heat or wear resistance or special conductive properties for aerospace, automotive, medical and industrial companies.
Japanese ferrous scrap price hits 30 months high

- 16 Sep 2006

JMB has reported that Japanese ferrous scrap export price reached to 27,000 yen per tonne for the first time in 2 years and 6 months as Taiwanese steel makers increase scrap purchase from Japan after the summer time maintenance outage.

It said that at the monthly export tender for October shipment held by Kanto Tetsugen on Tuesday successful bid averaged at FAS 27,300 yen up by 2,030 yen from previous tender.

Tokyo Steel Manufacturing and other Japanese electric furnace steel makers are trying to secure scrap under the tight supply situation.

Global crude steel production grows by 11% in August 2006

- 22 Sep 2006

World crude steel production for the 62 countries reporting to the International Iron and Steel Institute was 101.640 million tons in August 2006, which is 11% higher than for the same month of 2005. The production during January to August 2006 amounted to 798.767 million tonnes an increase of 9.3% over corresponding period of 2005.

The growth in crude steel production during August 2006 among regions was again led by Asia which registered growth of 13.1%. European Union (25), CIS, North America, South America, Oceania and Middle East also registered positive growth of 10.5%, 9.7%, 9.8%, 6.7% and 2.6% and 0.7% respectively in August 2006 YOY. Only Africa witnessed negative growth of 4.9% in August 2006.

The crude steel production during January to June 2006 was led by Asia, which produced 421.112 million tonnes registering a growth of 13.3%.

<table>
<thead>
<tr>
<th>Region</th>
<th>Aug'05</th>
<th>Aug'06</th>
<th>Change</th>
<th>J-A'05</th>
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<td>780</td>
<td>2.6%</td>
<td>5759</td>
<td>5778</td>
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In ‘000 tonnes

Source IISI
Among the top 20 nations, China as usual stood first with 36.7 million tonne production of crude steel.

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<tr>
<th>Sl</th>
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<td>11.1%</td>
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<tr>
<td>12</td>
<td>Taiwan, China</td>
<td>1508</td>
<td>1770</td>
<td>17.4%</td>
<td>12687</td>
<td>13340</td>
<td>5.1%</td>
</tr>
<tr>
<td>13</td>
<td>Italy</td>
<td>1549</td>
<td>1764</td>
<td>13.9%</td>
<td>19280</td>
<td>20270</td>
<td>5.1%</td>
</tr>
<tr>
<td>14</td>
<td>Canada</td>
<td>1197</td>
<td>1349</td>
<td>12.7%</td>
<td>10290</td>
<td>10475</td>
<td>1.8%</td>
</tr>
<tr>
<td>15</td>
<td>Spain</td>
<td>1366</td>
<td>1300</td>
<td>-4.8%</td>
<td>11933</td>
<td>11795</td>
<td>-1.2%</td>
</tr>
<tr>
<td>16</td>
<td>Mexico</td>
<td>1294</td>
<td>1270</td>
<td>-1.9%</td>
<td>11059</td>
<td>10494</td>
<td>-5.1%</td>
</tr>
<tr>
<td>17</td>
<td>France</td>
<td>1235</td>
<td>1193</td>
<td>-3.4%</td>
<td>12954</td>
<td>13528</td>
<td>4.4%</td>
</tr>
<tr>
<td>18</td>
<td>UK</td>
<td>1057</td>
<td>1180</td>
<td>11.6%</td>
<td>8940</td>
<td>9522</td>
<td>6.5%</td>
</tr>
<tr>
<td>19</td>
<td>Belgium</td>
<td>730</td>
<td>920</td>
<td>26.0%</td>
<td>7025</td>
<td>7524</td>
<td>7.1%</td>
</tr>
<tr>
<td>20</td>
<td>Poland</td>
<td>658</td>
<td>900</td>
<td>36.8%</td>
<td>5512</td>
<td>6665</td>
<td>20.9%</td>
</tr>
</tbody>
</table>

In ‘000 tonnes
Source IISI

Carpenter announces strategic initiatives

Carpenter Technology Corporation last week announced its strategic initiatives to drive long term growth and further enhance total shareholder return.

The initiatives include

1. Accelerated growth in certain core markets, in particular aerospace, medical, and energy, resulting in a greater mix of higher value materials and products
2. Profitable growth through complementary acquisitions that can be quickly integrated
3. Establishment of a share repurchase program
4. More competitive dividend
Carpenter has previously committed to at a minimum
- Sales growth of 5%
- Operating margin of 12%
- Return on Net Assets of 10%
- Debt-to-Capital of 35% or less
- Economic Profit

Mr Robert J Torcolini chairman president and CEO said "Our success over the last few years has been achieved by focusing on operational excellence and by investing capital with greater financial discipline. Through a comprehensive review process led by Carpenter's Vice Chairman Mike Fitzpatrick, we have identified significant growth opportunities close to our core business. Our strong financial position will allow us to grow profitably, organically and through acquisitions while at the same time providing our shareholders with increased cash returns through dividends and share repurchases."
FORTUNE's 100 Fastest Growing Companies List

Each year, Fortune's ranking of Fastest Growing Companies provides a snapshot of America's economy, and this year the picture is drenched in oil. Last year 18 energy firms cracked the top 100 up from four in 2000. However following metal companies have made to the list.

<table>
<thead>
<tr>
<th>Rank</th>
<th>Company</th>
<th>EPS growth*</th>
<th>Revenue growth*</th>
<th>Total return*</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Maverick Tube</td>
<td>350%</td>
<td>52%</td>
<td>49%</td>
</tr>
<tr>
<td>13</td>
<td>Commercial Metals</td>
<td>163%</td>
<td>42%</td>
<td>81%</td>
</tr>
<tr>
<td>10</td>
<td>Nucor</td>
<td>172%</td>
<td>44%</td>
<td>68%</td>
</tr>
<tr>
<td>27</td>
<td>Phelps Dodge</td>
<td>199%</td>
<td>35%</td>
<td>68%</td>
</tr>
<tr>
<td>44</td>
<td>United States Steel</td>
<td>182%</td>
<td>28%</td>
<td>64%</td>
</tr>
<tr>
<td>46</td>
<td>Steel Dynamics</td>
<td>66%</td>
<td>45%</td>
<td>69%</td>
</tr>
<tr>
<td>51</td>
<td>Reliance Steel &amp; Aluminum</td>
<td>122%</td>
<td>29%</td>
<td>60%</td>
</tr>
<tr>
<td>71</td>
<td>Schnitzer Steel</td>
<td>98%</td>
<td>41%</td>
<td>34%</td>
</tr>
</tbody>
</table>

From the September 18th 2006 issue of Fortune

Fortune's 100 fastest growing companies list is an annual ranking of US companies by 3 year growth in sales, profits and total return that meet key criteria for sales, profit and market capitalization size and sales and profit growth.

Eramet rules out nickel supply deficit in 2006

French nickel producer Eramet has predicted the world supply and demand of nickel in 2006 will be almost in balance.

Mr Jean-Michel Beysserie president of Eramet while speaking at the Institute of Recycling Industries Nickel Stainless Roundtable in Pittsburgh said that world supply of nickel in 2006 would total 1.335 million tonnes and estimated demand was 1.334 million tonnes.

Mr Beysserie said that one of the biggest threats to the stainless steel industry was a collapse in nickel prices. He said that “The price surges of July and especially August, which were the most violent, would not be reflected in surcharges until September and October respectively. The threat was that service centers may have ordered as much material as possible ahead of the surcharges coming into effect, even to the point of double ordering, some of which may end up getting canceled if nickel prices start falling, creating a problem for stainless steel mills.”

In June, Eramet predicted a 20,000 tonnes surplus in contrast to Canadian producer Inco which had predicted a 30,000 tonnes deficit.
AGENDA:
2006 US Steel Founders’ Delegation to China

October 21, Saturday: Delegates check into Hilton Hotel in Beijing (or hotel of equivalent ranking)

October 22, Sunday:
- Breakfast briefing at the hotel.
- Half day city tour of Beijing
- Fly to Taiyuan in late afternoon (flight departs at 5:10 pm and arrives at 6:20 pm)
- Check into World Trade Center Hotel in Taiyuan (best 5-star hotel in town)

October 23, Monday
- Visit two foundries in Taiyuan
- Stay at the same hotel in Taiyuan

October 24, Tuesday
- Visit one foundry in Taiyuan in the morning
- Fly to Shenyang in the afternoon (flight departs at 2:10 pm and arrives at 3:30 pm)
- Check into Sheraton or Marriott hotel in Shenyang
- Meet with board members of Foundry Institution of Chinese Mechanical Engineering Society (FICMES).

October 25, Wednesday
- Visit two foundries in Shenyang
- Stay at the same hotel in Shenyang

October 26, Thursday
- Visit two steel foundries in Shenyang
- Fly to Hefei in late evening (flight departs at 9:20 pm and arrives at 11:20 pm)
- Check into Sofitel hotel in Hefei

October 27, Friday
- Visit two steel foundries in Hefei
- Stay at the same hotel in Hefei

October 28, Saturday
- Fly back to Beijing in the morning (flight departs at 10:35 am and arrives at 11:50 am)
• Delegates purchasing the one-week package will be dismissed upon flight arrival. Those who purchase the 12-day package will follow the itinerary below

• Half day city tour of Beijing
• Check into Sino-Swiss Hotel, the only 4-star business-leisure hotel near the Beijing Airport

**October 29 – Sunday**
• Fly to Luoyang in early morning (flight departs at 7:25 am and arrives at 9:00 am)
• Check into Hua-Yang Plaza Hotel (the only 5-star hotel in town)
• Half day city tour of Luoyang

**October 30 – Monday**
• Visit two foundries in Luoyang
• Stay at the same hotel in Luoyang

**October 31 – Tuesday**
• Visit one to two foundries in Luoyang and/or Kaifeng
• Stay at the same hotel in Luoyang

**November 1 – Wednesday**
• Fly back to Beijing (flight departs at 9:40 am and arrives at 10:55 am)
• Group will be dismissed upon flight arrival
## Trade Mission Cost and Payment Terms

<table>
<thead>
<tr>
<th>Numbers of Delegates</th>
<th>One-week Trip (excluding Luoyang)</th>
<th>12-day trip (including Luoyang)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 15</td>
<td>15 or above</td>
</tr>
<tr>
<td>Package Price</td>
<td>$7,200</td>
<td>$6,400</td>
</tr>
<tr>
<td>Visits to foundries in Taiyuan, Shenyang and Hefei</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Meeting with China foundry industry and government officials</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Hotel in Beijing on 10/21</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Half-day city tour of Beijing on 10/22</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Two nights’ Hotel in Taiyuan</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Two nights’ hotel in Shenyang</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Two nights’ hotel in Hefei</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Domestic flights between Beijing, Taiyuan, Shenyang and Hefei</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Hotel in Beijing on 10/28/06</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Flights between Beijing and Luoyang</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Visits to foundries in Luoyang</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Three nights’ hotel in Luoyang</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Most meals during the whole trip</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>All ground transportation</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Single-entry Visa application</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>International Flight</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

### Payment Terms
- Registration and non-refundable deposit:
  - $600 for the one-week package
  - $900 for the 12-day package
- Registration and deposits due by 7/28/06
- 50% due by 8/11/06
- Remaining due by 8/25/06
- Additional charges will apply if registration and deposits are received after 7/28/06
Terms and Rules

- The above prices are only good for a group of more than 10 delegates for each package. Package prices will be adjusted based on the final number of delegates if it falls below 10. If more than 10 people sign up for the trip yet less than 10 people choose the 12-day package, the prices for the 12-day package will be adjusted based on the final number of people who choose that package.

- Local tipping not to exceed $80 per person will be collected at the end of the trip. These tips are for China local personnel including bus drivers, tour guides, etc.

- The above prices are subject to change and can’t be guaranteed until at least 50% payment is received.

- Single-entry visa application is included in each package price. Additional fees will apply for double entry or multiple entry visas.

- The hotels, activities and flight schedules listed in the itinerary are for planning purpose only and are subject to change.

- Additional charges will apply for packages secured after 7/28/06.

- Extended travel or customized itinerary can be arranged upon request. Service charges will apply.

- Package prices cannot be discounted for delegates’ late arrival, early withdraw or absence from the delegation’s activities.

- Every delegate should be fully aware of the planned itinerary upon signing up the delegation. It is upon the request of the delegates to visit as many foundries as possible within a short period of time. The inevitable result could be long days with extensive ground and air travel. DragonVenture should not be held responsible for actual itinerary changes due to local traffic or flight delays or cancellations.
SFSA Delegation – China Tour, October 2006.

The following information is required for each individual traveler:

1. Name as appeared on your passport – This must be the exact spelling of the names on your passport, which is required for international travel.

2. Name preferred to be put on the name badge, which you will be wearing throughout the trip.

3. Title

4. Name of the Company

5. Company full address

6. Telephone Number (Please provide extension or direct line number if available)

7. Fax Number

8. Company Website

9. Email address – Please provide email address for each participant from the same company if available

10. Type of package to purchase
    One-Week Package __________ 12-Day Package __________________

11. Preferred room types in the hotel – Our agent will request this for us but can’t guarantee it
    2 twin beds ____________ 1 queen/king bed ____________
    Non-smoking ____________ Smoking __________________

It is important that this information should be sent to Yuelei Zhang <yulei@dragonventure.com>. Remember checks must also be sent, credit cards are not acceptable, there are not any exceptions.

Mailing Address:

Attn: Yulei Zhang / SFSA Delegation
Dragon Venture Inc.
1737 N. 1st Street
Suite 250
San Jose
CA 95112

Envelopes must be marked Attn: Yulei Zhang / SFSA Delegation