February — 2009

Casteel Commentary Highlights:
This month’s Casteel Commentary discusses the “Buy America” provisions of the stimulus package. Whether you support or oppose this provision, some form of this will likely be in the final bill. While it may not be the best public policy, it does have the merit of drawing attention to the long term neglect of manufacturing and the low priority we get in policy making in DC. Hopefully there will be a growing recognition that we need policies that promote and support manufacturing in America.

Persons Available
A1224 has a BS in Materials Engineering from Iowa State and seeks a career in Materials Engineering.
A1225 seeks a metallurgist position, has a BS in Metallurgical Engineering, is pursuing an MS in Materials Science and has considerable experience as a steel foundry metallurgist.
A1226 has a BS and MS in Engineering Science and an MBA. Extensive sales and management experience.
A1227 is a hard working freshman student in Industrial Engineering seeking a summer internship.

Future Leaders
The Future Leaders group will be meeting at Pacific Steel Casting Company in Berkeley, CA March 17-18. Please contact David Poweleit for more information. poweleit@metalsteam.aticorp.org

Barriers to Trade - Europe
The European Union has developed a regulatory scheme to control the importation of hazardous materials. This is not intended to apply to products but steel is not clearly a product since welding or other operations might create exposure. The US Department of Commerce and USTR are interested with any evidence that these provisions are being applied as a barrier to trade. If you know of an example of any of the items listed below, please share it with me so I can use it for our interest. (This would also be helpful from members in Mexico or Canada since you face the same restrictions)

- New legal provisions in contracts imposing REACH-related obligations on suppliers up and down the supply chain
- Letters from customers refusing to provide confidential business information (e.g., formulations) or changing business relationships due to onerous information requirements of REACH
- Evidence of European Union (EU) suppliers seeking to capture business from non-EU suppliers based on claims of greater simplicity/certainty of doing business with EU suppliers due to REACH
- Evidence of EU manufacturers/importers replacing non-EU sources in favor of EU suppliers
- Explanations of supply chain complications that make REACH compliance impractical for specific industry sectors (e.g., distributors in the supply
chain who can’t hire an Only Representative (OR), impossibility of obtaining data from certain suppliers)

• Call sheets showing lost sales to EU suppliers, with REACH issues cited as a reason by customers

• Evidence of non-EU manufacturers shifting production to the EU due to greater simplicity/certainty of doing business with EU suppliers under REACH

• Evidence of cost premiums due to REACH compliance

• Letters from customers requiring that an OR be appointed or that all chemicals in a product be registered

• Letters from non-EU suppliers indicating that they will no longer supply substances destined for the EU due to costs/burdens of REACH

• The number and volume of non-EU substances that have been on the EU market but do not qualify as “phase-in substances” under REACH, particularly in the following categories: cosmetics, pesticide intermediates, and pharmaceutical intermediates

Performance Benchmarking

Benchmarking your plant operation will reveal the strengths and weaknesses of your operation. Knowing how your results compare with other steel casting plants can give you the information needed to transform your business. Each year, SFSA is invited to participate in a benchmarking survey at no cost to members. If we can get 20 participating plants, the results will be steel casting specific. Dan Luria who compiles the survey shared the tabulated results and they were presented in 2007 at the T&O (paper attached). I would urge you to participate. This is an excellent and no cost opportunity.

Call me if you have questions or need additional information,

Survey forms are here;

http://www.sfsa.org/misc/pbs.html

Market News

Falling off a cliff. This is what is happening to the steel industry, worldwide. Steel demand is down by something like 50% year over year. So far steel casting demand has not fallen as far or as rapidly but significant reductions in demand are likely to result from the economic conditions. Commodity prices are one key indicator for us. Oil prices are trading around $40 a barrel. This price is too low to sustain the current level of investment in energy products. Copper prices are trading around $1.50 a pound, near the level that would justify added investment.

For November, the SFSA trend cards show a very strong high alloy market. Many report near record business still in this market segment. Carbon And Low alloy castings show sharp drops in bookings and shipments for October and November. The census numbers show a drop from September through November of 5%. Steel shipments for November are down to 5.7 million tons from a twelve month average of 8.5 million tons a month. Capital goods orders without aircraft are lower than anytime in the past two years. Inventories grew significantly and will slow any improvement in business climate.

Political and financial uncertainty will continue to inhibit market responses. Additional financial information concerning our business can be found in the Steel Guru document located on the Casteel Reporter web page.
"Buy America" has been the subject of lively debate within our Board of Directors for the past month. No consensus decision on a position for SFSA has emerged from this debate. Individual members may wish to engage in the debate by emailing or writing their congressional delegation.

Most political initiatives are blunt instruments. Because of the need to get approval of many individual congressional delegates and the support of the President, the messy compromises do not generally make clear and detailed provisions. If public policy was balanced creating a competitive business environment for manufacturing, then it might be poor policy to support a "Buy America" effort.

Public policy should provide support for a competitive business environment. Prosperity of the country depends on a successful business investment. Public policy provides legal protection of property, educated workforce, transportation infrastructure, etc. Many of these traditional benefits of public policy are not as effective as they once were and often other countries have superior policies. For example, our high school education system is not the best. We are falling behind in investment in science and technology. Our tax structure is relatively high. Because our taxes are not applied directly to products like a value added tax, the WTO agreement does not allow border adjustability. This penalizes our business competitiveness. Many environmental regulations and worker provisions burden manufacturing unduly. Our healthcare system relies on burdening manufacturing with much of the cost.

When the balance between effective public policies that aid competitiveness and policy burdens laid on businesses is unfavorable; foreign producers can take advantage of our situation through exporting into our markets.

Our tools to manage trade so we are not disadvantaged are currency exchange rates, trade remedies, border adjustable taxes and tariffs. Public policy makers of both parties have willingly traded away these tools for our competitive position and failed to provide alternate support.

Though manufacturing has been identified as problematic, no one in a policymaking role has been willing to act.

"Buy America" is a blunt tool not ideally suited for resolving the systemic problem but will allow us some possible relief and more important demonstrates the political muscle. Hopefully; this debate will get the political support to deal with the underlying currency and trade issues. Our future will depend on creating a competitive environment for successful business and we are not yet there.

Raymond
<table>
<thead>
<tr>
<th>Month</th>
<th>Date</th>
<th>Committee/Event</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>March</td>
<td>11</td>
<td>C&amp;LA Research Committee</td>
<td>Rolla, MO</td>
</tr>
<tr>
<td></td>
<td>17-18</td>
<td>Future Leaders Meeting</td>
<td>Berkeley, CA</td>
</tr>
<tr>
<td>April</td>
<td>15</td>
<td>High Alloy Research Committee</td>
<td>State College, PA</td>
</tr>
<tr>
<td>May</td>
<td>13-14</td>
<td>Southern Division / Heavy Section Product Group</td>
<td>Birmingham, AL</td>
</tr>
<tr>
<td></td>
<td>19</td>
<td>Specifications Committee</td>
<td>Vancouver, BC, Canada</td>
</tr>
<tr>
<td>August</td>
<td>13-14</td>
<td>Western Division T&amp;O Meeting</td>
<td>Salt Lake City, UT</td>
</tr>
<tr>
<td>September</td>
<td>19-22</td>
<td>SFSA Annual Meeting</td>
<td>Sunriver, OR</td>
</tr>
<tr>
<td>November</td>
<td>10</td>
<td>Specifications Committee</td>
<td>Atlanta, GA</td>
</tr>
<tr>
<td>December</td>
<td>9-12</td>
<td>National T&amp;O Conference</td>
<td>Chicago, IL</td>
</tr>
</tbody>
</table>
## STEEL FOUNDERS' SOCIETY OF AMERICA
### BUSINESS REPORT

### SFSA Trend Cards

<table>
<thead>
<tr>
<th></th>
<th>12 Mo Avg</th>
<th>3 Mo Avg</th>
<th>Nov</th>
<th>Oct</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(%-12 mos. Ago)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Carbon &amp; Low Alloy</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipments</td>
<td>-1.7</td>
<td>-11.6</td>
<td>-14.0</td>
<td>-12.9</td>
</tr>
<tr>
<td>Bookings</td>
<td>8.1</td>
<td>8.4</td>
<td>-27.5</td>
<td>-20.5</td>
</tr>
<tr>
<td>Backlog (wks)</td>
<td>11.2</td>
<td>12.8</td>
<td>14.0</td>
<td>12.0</td>
</tr>
</tbody>
</table>

|                  |           |          |     |     |
| **High Alloy**   |           |          |     |     |
| Shipments        | 35.5      | 140.0    | 440.0 | 11.0 |
| Bookings         | 36.0      | 99.3     | 88.0  | 103.0 |
| Backlog (wks)    | 12.1      | 13.0     | 14.0  | 12.0  |

### Department of Commerce
### Census Data

### Iron & Steel Foundries (million $)

<table>
<thead>
<tr>
<th></th>
<th>Shipments</th>
<th>New Orders</th>
<th>Inventories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,776.6</td>
<td>1,771.4</td>
<td>2,647.6</td>
</tr>
<tr>
<td></td>
<td>1,805</td>
<td>1,784</td>
<td>2,800</td>
</tr>
<tr>
<td></td>
<td>1,678</td>
<td>1,738</td>
<td>2,778</td>
</tr>
<tr>
<td></td>
<td>1,809</td>
<td>1,673</td>
<td>2,830</td>
</tr>
</tbody>
</table>

### Nondefense Capital Goods (billion $)

<table>
<thead>
<tr>
<th></th>
<th>Shipments</th>
<th>New Orders</th>
<th>Inventories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>67.1</td>
<td>71.6</td>
<td>135.8</td>
</tr>
<tr>
<td></td>
<td>65.0</td>
<td>63.9</td>
<td>142.0</td>
</tr>
<tr>
<td></td>
<td>63.1</td>
<td>60.1</td>
<td>143.8</td>
</tr>
<tr>
<td></td>
<td>64.5</td>
<td>63.5</td>
<td>141.9</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Shipments</th>
<th>New Orders</th>
<th>Inventories</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>62.6</td>
<td>63.9</td>
<td>106.1</td>
</tr>
<tr>
<td></td>
<td>61.7</td>
<td>60.0</td>
<td>108.9</td>
</tr>
<tr>
<td></td>
<td>60.4</td>
<td>59.0</td>
<td>109.0</td>
</tr>
<tr>
<td></td>
<td>61.2</td>
<td>58.4</td>
<td>109.0</td>
</tr>
<tr>
<td>Inventory/Orders</td>
<td>1.82</td>
<td>1.85</td>
<td>1.87</td>
</tr>
<tr>
<td>Inventory/Shipments</td>
<td>1.76</td>
<td>1.80</td>
<td>1.78</td>
</tr>
<tr>
<td>Orders/Shipments</td>
<td>0.97</td>
<td>0.98</td>
<td>0.95</td>
</tr>
</tbody>
</table>

### American Iron and Steel Institute

<table>
<thead>
<tr>
<th></th>
<th>Raw Steel Shipments</th>
<th>8.5</th>
<th>6.7</th>
<th>5.2</th>
<th>7.0</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(million net tons)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Carbon & Low Alloy Casting
Market Trends

High Alloy Casting
Market Trends

SFSA Postcards
Nondefense Capital Goods less Aircraft
3 month average

Nondefense Capital Goods New Orders
3 month average
Lower costs and increase margins when you ship with YRC! Yellow and Roadway have integrated to give you YRC - the genuine heavyweight expert with the most comprehensive network available. As a benefit of your SFSA membership, you receive a 62% discount on qualifying less-than-truckload (LTL) shipments. YRC offers flexible, efficient solutions, including comprehensive regional and national coverage with a full suite of guaranteed, expedited and specialized services. More customers rely on YRC than any other provider. Take advantage of your YRC discount today by contacting your association benefits coordinator at 800.647.3061, associations@yrcw.com, or enroll online at www.enrollhere.net.

The Integration of Yellow and Roadway

The recently announced integration of the Yellow Transportation and Roadway networks is under way, and moving forward smoothly. Integrating the networks will help us continue to bring you the best transportation and logistics services in the industry. We want to share some advance information, and assure you that we are always available to answer any questions you have.

We are currently in the process of establishing shared service centers that will coordinate both Yellow and Roadway shipments. By creating shared service centers, we are able to offer more direct service points, introduce new service solutions, and operate more efficiently. While it may seem different at first, listed below are many customer benefits to integration into a single network:

- We will serve about 21,000 more direct points through our unified network versus the individual Yellow and Roadway networks.
- Reliability will improve on all lengths of haul, enabling us to offer more service commitments and unique solutions.
- Our professional drivers will handle both Roadway and Yellow shipments, simplifying your supply chain.
- Yellow and Roadway pickups and deliveries will be coordinated through one service center.
- Faster introduction of new solutions and services.
- Expanded customer service, allowing for quicker answers to your questions and resolution of any issues.

We greatly appreciate your business, and we'll make sure you have all the information you need as additional enhancements are made. YRC Worldwide is building on more than 80 years of success and both Yellow and Roadway are part of YRC Worldwide, honored by Fortune as the most admired company in our industry for six consecutive years. If you have any questions, please contact your association benefits coordinator at 800.647.3061 or associations@yrcw.com.
SFSA Members, Yellow and Roadway are Integrating Networks, Services and Capabilities to become YRC.

We’re your
— Heavyweight Shipping Experts

Serving you with
— The Most Trusted Network

To Create
— Flexible, Efficient Solutions

For an Experience that is
— Simply Reliable

More Solutions. More Options!
— Guaranteed, Expedited Precision, International, and Specialized Solutions

Simply Reliable
— Increased Reliability, Quality and Speed

One Network, More Coverage
— One network allows YRC to serve more customers in more areas with more people, service centers, and resources

More Resources, One Provider
— 38,000 employees, 76,000 pieces of equipment, and over 430 service centers to meet your needs

One Call Customer Service
— You call YRC by the same means as today and that translates into responsive, proactive service

New Web Tools, One URL
— my.yrc.com will be able to support, enhance, and make continual improvement easier and faster

The SFSA/YRC Shipping Program is a free member benefit. It’s easy to get started, enroll today by phone, e-mail, or online. 800.647.3061 | Associations@ycw.com | www.enrollhere.net
Welcome to YRC News! We combined the best of Yellow Transportation and Roadway to bring you heavyweight expertise through the industry’s most comprehensive network--creating flexible, efficient solutions that are simply reliable.

We look forward to sharing relevant news with you about YRC, the new brand name for the Yellow Transportation and Roadway network, through YRC News. This new electronic publication replaces previous enewletters you may have received from Yellow and Roadway.

**STRATEGIC UPDATE**

YRC Brand Name is Built on the Distinguished Heritage of Yellow Transportation and Roadway

“With more than 160 combined years of moving big shipments and 38,000 transportation professionals, **YRC represents the most collective expertise in the industry**,“ said Bill Zollars, chairman, president and CEO of YRC Worldwide. “More customers rely on YRC for large shipments than any other provider, and one integrated network allows for even greater coverage and shipment density. By integrating Roadway and Yellow, we gain efficiencies and capabilities that position us to support our customers now and as the economy improves.”

“The visual identity for YRC features the highly recognized and trusted orange of Yellow and blue of Roadway,” said Greg Reid, executive vice president and chief marketing officer for YRC Worldwide. “Back in the 1920s and ’30s, Yellow and Roadway established themselves as innovators, the companies that led the developing transportation industry,” said Reid. “Today, that reputation for **innovative excellence and heavyweight expertise** carries forward with the new brand name. YRC expresses the combined strength of Yellow and Roadway, and represents our integration of networks, services and capabilities.

Integration Ahead Of Schedule

The marketplace is changing. So are we.

Last September we shifted into high gear to accelerate the integration of the Yellow Transportation and Roadway networks. Since then, we’ve been working to bring a new company with new capabilities to a marketplace looking for new transportation solutions.

On March 1, 2009 we are YRC: a unified team with heavy-weight-shipment expertise, a comprehensive network with capabilities from next-day to transcontinental to intermodal, and more service centers closer to more customers than any other providers in our industry.

We combined the best of Yellow and Roadway to create YRC.

The changes promise to continue--and we promise to keep you up-to-date.

Find additional information at: http://www.yrcw.com/integration/

Coming Soon: yrc.com

As part of the integration of Yellow Transportation and Roadway into YRC, we are pleased to bring you an immediate advantage with yrc.com.

Soon to be released, yrc.com will replace roadway.com and myyellow.com. If you are a registered user of the password-protected shipping tools my.roadway.com and/or myyellow.com, you will soon be able to use my.yrc.com for all of your shipping needs without registering again.

my.yrc.com delivers several benefits enabling you to:

• Manage and control multiple shipping locations
• Create custom reports for shipment claims, invoice, manifest shipment status, shipment exceptions and transit analysis

So when does the new site become available?

For roadway.com and my.roadway.com users, your existing my.roadway password will enable you to access my.yrc.com beginning February 2, 2009.

For myyellow.com users, your existing myyellow user name and password will enable you to access my.yrc.com beginning March 2, 2009. Until then, please continue to use myyellow.com.

For my.reimerexpress.com users, there is no change at this time.

If you have a question, feel free to contact webFAQs@yrcw.com.

HELPFUL HINTS

1. SCAC CHANGE: Our Standard Carrier Alpha Code (SCAC) changes March 1, 2009. Yellow Transportation (YFSY) and Roadway (RDWY) become YRC. YRC will be using the “RDWY” SCAC on March 1, 2009 and beyond. If you use the SCAC for internal systems or processes, be sure to inform your internal stakeholders or supply chain partners. For Reimer Express the SCAC will remain REIM.

2. YRC CUSTOMER SUPPORT CENTER: Come to expect the same great level of customer service you do today with the YRC Customer Support Center. You will utilize the same Yellow and Roadway phone numbers you use today to be connected to a YRC Customer Support Center expert. In addition to the enhanced Interactive Voice Response (IVR) customer support system, you also have the following options to self-serve: web, Live Chat, email or fax.

3. YRC EDI SYSTEMS: If you currently use either the Yellow Transportation or Roadway or Reimer Express EDI systems, you’ll find our EDI and technology teams have been working to complete any new set-ups and testing that might be required. If you have a question, feel free to contact EDIHelp@YRCW.com.