

APPROACH TO THE PROJECT

Information from Knight's proprietary data sources and recent marketing projects related to the United States production and consumption of static cast steel castings was reviewed, analyzed, and accumulated as related to the states of Illinois, Indiana, Michigan, Ohio, Pennsylvania, and Wisconsin. These data were then updated to reflect the present economic condition of each market as to current production, consumption, pricing, and import volume effect.

Consumers of steel castings in each of the major market segments located in the subject six-state area were selected for telephone interview. The purpose of these interviews was to establish current purchase volumes; industry changes or trends projected to affect the use of steel castings; preference toward direct supplier contact or use of agents when purchasing steel castings; purchasing policies as to the relative importance of price, quality, and delivery; and policies regarding use of imported supply and prevailing purchase prices of steel castings.

Some major consumers of steel castings, of course, are not located in the subject six-state area. The demand of these major manufacturers situated in states adjacent or close to the subject six-state region has been included in regional tonnage figures and is identified in the exhibits of this report. Two large Kentucky valve producers are included, one in Indiana statistics and one in Ohio statistics. The Pennsylvania demand tonnages include one New York valve producer, one New Jersey valve producer, and one New York pump manufacturer.

The information contained in this report regarding current demand, projected consumption, product pricing, and the impact of imported steel castings is related to each individual market segment and not to the industry as a whole. It has been developed using interview data, Knight's experience in the industry, and information from Knight proprietary sources. The projections are based on our knowledge of industry trends and communication with producers and consumers of steel castings and may not agree with data published by the U.S. Department of Commerce, the Bureau of Industrial Economics, or the various industry trade associations.

All monetary references in this report are expressed in current United States dollars.