

Our operating units purchase most of the raw materials (such as steel) and semi-processed or finished items (such as forgings and castings) used in our products from suppliers located within the same geographic regions. Generally, these materials are available from numerous qualified sources in quantities sufficient for our needs. Temporary shortages of a particular material or part occasionally occur, but we do not consider the overall availability of materials to be a significant risk factor for our operations.

A number of our steel suppliers implemented a price surcharge during the fourth quarter of 2003. Because this is a recent development, we have been unable to project the duration of these price surcharges or estimate the impact on our future results of operations.