Statement of
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Company Overview

Accuride Corporation is a $1.4 billion component supplier to the commercial vehicle market primarily serving original equipment manufacturers and the aftermarket within the NAFTA region. We operate 17 manufacturing locations within North America employing over 4,800 associates. Our facilities are located in Indiana (2), Illinois (1), Wisconsin (1), Ohio (1), Pennsylvania (1), Virginia (1), Alabama (1), Tennessee (2), Texas (2), Kentucky (1), California (1), Washington (1), Mexico (1), and Canada (1). Accuride is headquartered in Evansville, Indiana, and incorporated in Delaware.

Our company operates metal processing businesses involved in basic industries utilizing forging, casting, metal forming, metal machining, and assembly operations to produce products for commercial vehicles. We find ourselves facing enormous changes to the competitive landscape, which are driven, in large part, by impacts from Chinese producers, the Chinese government, the US Government, and the extreme growth of the Chinese economy.

In an effort offset these changes to the competitive landscape and to remain competitive in the industry, which we operate, Accuride has consistently invested significant dollar amounts into automating our facilities to reduce our operating costs. The result of these investments has been our ability to lower direct labor expense to less than 6% of our total product cost in several of our plant operations. We are very proud of this achievement; however, it falls far short of creating an effective barrier to entry of Chinese competition.

The predominant issue we face, unlike most industries, is not labor cost based. Our issue relates to the significant under-valuation of Chinese currency, the widening gap between Chinese steel costs vs. the US market, the impact of China's rapid expansion, export incentives to Chinese manufacturers, Intellectual Property Rights Protection, and the current US tariff policies.

Before addressing the specifics of the business impact, I would like to expound upon the significance of our investment efforts and the positive results that have been achieved. First, I would like to highlight our steel wheel manufacturing plant in Henderson, Kentucky. Over the past 10 years, the facility has been implementing initiatives to improve its competitive position by reducing its labor cost per wheel manufactured while achieving and maintaining world-class performance metrics. Over this period of time the facility has made significant investment in automation, trained its employees heavily, and focused its management team very effectively. The results are that the facility has grown output by 20 percent while significantly increasing efficiency and decreasing cost per unit. The facility's on-time delivery to its customers is 100 percent, the quality rating is world class with below 50 parts per million (PPM), and the

safety record is running near perfect and has for several years. Most would agree these are impressive numbers, as the performance result in the Henderson facility being deemed the most productive heavy wheel manufacturing plant in the world. However, it is ironic that the most productive facility is not the lowest cost facility. The reason - steel price in the United States.

Labor cost advantages in the Chinese market are significant and would be an issue had it not been for our aggressive investment in automation and the transportation costs from China to the US. However, the protection offered by our investment in US automation is no longer providing an effective barrier to entry.

The issue now rests with steel cost and US tariff issues. Steel cost, which comprises roughly 75 percent of the product cost of a steel wheel produced in the US, was at parity in September 2005. Since that time, the price of hot rolled coil steel in China has reduced significantly while US steel prices have risen. The effect of these price movements is that Chinese steel is now 33 percent cheaper (FOB Port of Export) than steel sold in North America. If all factors were equal, we could simply import Chinese steel and offset a significant portion of this difference. The fact is, all things are not equal.

Existing US duties on Chinese steel equate to between 30 and 50 percent, making it impossible to economically import steel from China. This duty effectively creates a price support for the US steel industry which, when coupled with our extremely low steel wheel duty of 2.5 percent, results in the unintended consequence of creating an incentive for US commercial vehicle builders to purchase steel wheel products from China. As a result, displacement occurs in both steel jobs and wheel manufacturing jobs from the US economy. Unfortunately, this situation primarily has a negative impact on the US market alone, since our duties on steel wheels are the lowest of any major economy in the world and the only economy where such a disparity exists between steel and steel components.

It is important to point out that our steel purchasing power in the world market is significant in that we purchase 350,000 tons of steel per year to support our wheel making operations alone. However, if current business economics related to the Chinese market do not shift, that number is significantly at risk going forward. It is important that I underscore the fact that the number is at risk not because of steel coil imports but because of the import of products with significant steel content.

I think it can be argued that several years ago the US economy was facing a recession in industrial production and the demands for anti-dumping duties from the US steel industry for many people seemed appropriate. In today's healthy and growing US economy the effect of the current tariffs to, on the one hand, restrict competitive steel exports from China and on the other hand, encourage and support the import of Chinese steel products which take away US manufacturing jobs.

The under-valuation of China's currency creates the third significant issue regarding the competitive landscape with Chinese products. Until recently, China has had its currency pegged to the dollar but since allowing it to "float" we have seen very little movement. While I am not in a position to debate the current under-valuation of Chinese currency, a number of experts estimate the Chinese currency is under-valued by 30 to 40 percent. This under-valuation has allowed Chinese firms to compete with Accuride despite the significant barriers to entry formed by Accuride's improved plant efficiency and transportation costs from China.

In addition to these very significant competitive issues there are additional remaining issues. The first of these adds to the competitive disadvantage of US products when competing with Chinese products exported to the US. Products produced in China for export have the added advantage a value added tax rebate reducing costs related to export production in that country by roughly 17 percent.

The second is related to the very rapid growth of the Chinese market and the resulting increase in their imports of scrap metals to support both their steel making operations and their casting operations. Scrap exports to China have risen by approximately 350 percent in just the past 5 years. This of course occurs as the US economy is coming out of an industrial recession in 2001 and 2002. The scrap metal market in the US (Cast Scrap) has risen by approximately 115 percent from 2000 to 2005 to record price of $300/ton, a record high by more than $100/ton. In our foundry operations we use 350,000 tons of scrap materials annually. As you can quickly understand our operating costs have risen by $56 million since 2000. This cost must be passed through to our customers resulting in higher commercial vehicle prices and therefore import pressures in their markets also. These scrap prices have also had a negative impact on the world steel pricing since this material is also used in several steel making operations. In this same time frame, US steel prices for hot rolled coil steel have risen from $300/ton in 2000 to $540/ton in the first quarter of this year. These costs are expected to continue to rise to $600/ton by late 2006 based on current projections.

The third remaining area of concern is the protection of our intellectual property rights. This concern manifests itself in several areas of our business. First, there is the direct copying of our products and the theft of our brand name. I attended a conference held by the Heavy Duty Manufacturers Association in January of this year and found a Chinese company advertising a duplicate product of my company's' brake drum including the design, part number, and the use of our "Gunite" brand name. As US companies have shifted production to China, a number of them including Accuride are forced to compete against duplicate products due to China's ineffective protection of intellectual property rights. It is important to understand that the product may be a duplicate in style but the quality of some of the imported product falls far short of the standards required to protect the safety of the American motorist. The warranty claims, filed as a result of these knock-off products, are creating a negative economic and safety impact. This is in addition to the resources needed to identify and segregate the counterfeit product. It is very difficult to estimate the negative impact of these knock-off products in lost market share, damage of brand name and overall value, but it is fair to say it is very significant.

In summary, the impact of the aforementioned key issues to our US businesses is that our costs are rising rapidly due to raw material cost increases. As we pass these costs through, we put our customers into the position of searching for lower cost alternatives overseas. Because of the steel market price imbalance, the very low tariff on steel wheel products from China, the currency valuation issue, and export incentives we are now facing significant competitive pressure from Chinese suppliers who enjoy all these advantages. In addition to these pressures, we are significantly increasing our sourcing to low cost countries to favorably alter our manufacturing cost in an effort to remain competitive due to the scrap metal impact on our foundry businesses.

The situation for Accuride's wheel business is such that we are forced to look seriously at relocating part of our manufacturing base to China to retain and grow market share going forward. I want to make it clear that we are looking to make investment into China to manufacture products not because of labor costs, but instead because of commodity cost manipulation through duties, because of currency

manipulation by the Chinese that has gone unrecognized by our government, and because of the incentives offered in the form of value-added tax rebates. Our evaluation of this investment will also look at the Chinese market for long-term growth opportunities for our company. The impact however could be to displace US manufacturing jobs to China. The impact will be to reduce steel making jobs, foundry jobs, machining jobs, manufacturing and assembly jobs. This will lead to the elimination of white-collar jobs as they too are displaced into China.

Let me make it clear that, as CEO of a large manufacturing company, I am not in favor of tariff trade barriers as a way to keep US manufacturing competitive. I believe that as manufacturing executives, it is our role to keep US manufacturing competitive through investment and aggressive management. In speaking on behalf of other US manufacturers, we can effectively compete with foreign competition on a level playing field. However, in return, it is expected that our government and the government of our employees initiate the proper action to ensure that a level playing field is created and maintained. Without a level playing field, US industry and ultimately the US workforce is at risk. We therefore request that action be taken to remove burdensome tariffs or in the alternative provide tariffs that are consistent and do not favor one industry over another.