



“So this is a Recovery?”

Southwest Association of Rail Shippers
The Woodlands, Texas
October 1, 2009

Michael Obermire
USS-POSCO Industries



North American Rail Shippers Association
www.railshippers.com





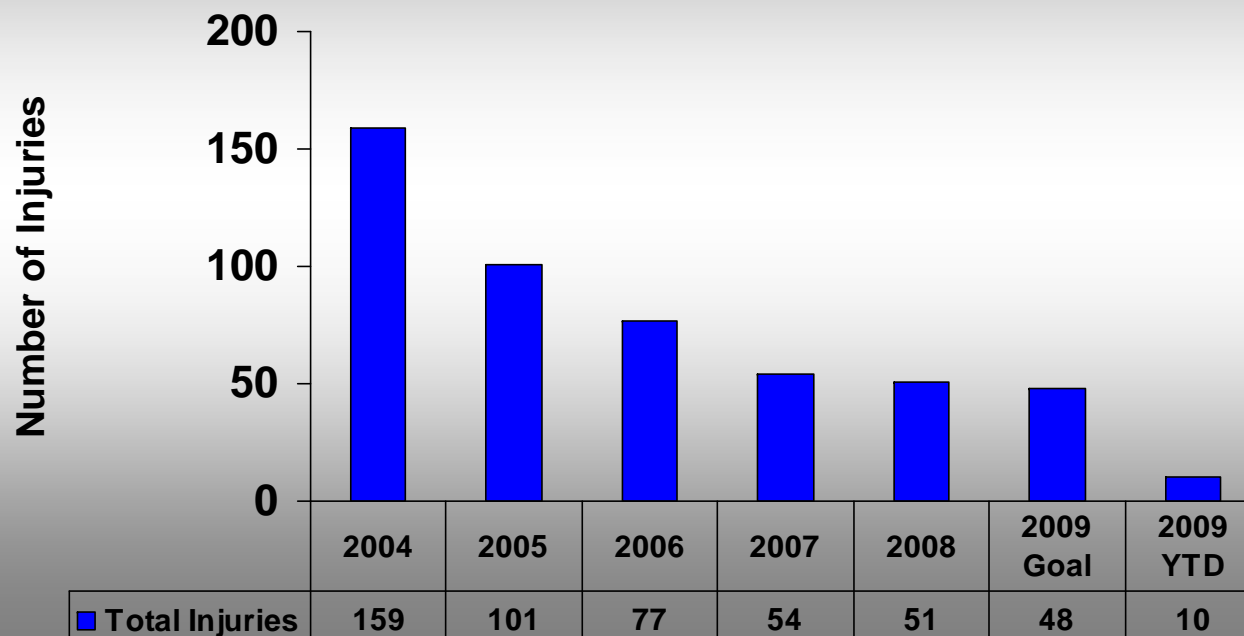
USS-POSCO Industries





Safety Performance On Track for our Best Year Ever

**UPI's Most Important Value
The Safety Of All Employees Is Our First Priority**





UPI Raw Material Logistics

Rail Receipts – Inbound Hot Bands



RRPictureArchives.NET Image Copyright Christopher Palmieri

- >UPI Supplied By U. S. Steel's Gary Works, Granite City Works, and Fairfield Works
- >Receive 8,000 Rail Cars Annually
- >Total Hot Band Tonnage Received Is Approximately 720,000 Tons Annually
- >Over 100,000 Rail Cars Have Been Unloaded Since The Venture's Formation



UPI Raw Material Logistics Ship Receipts – Inbound Hot Bands

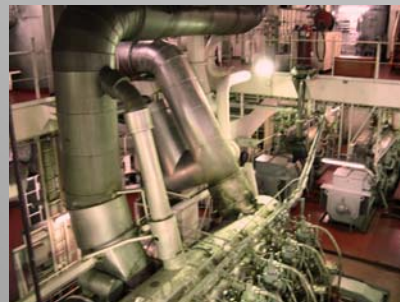


>Unloading Dock Owned By UPI And Operated By The United Steel Workers

>Receive 24 POSCO Vessels Per Year

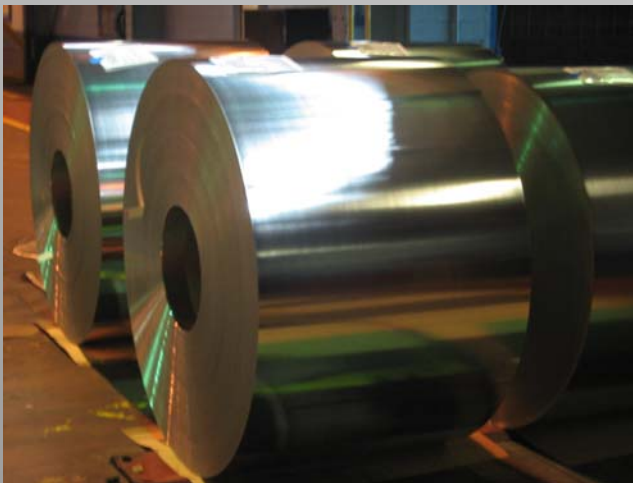
>Total Hot Band Tonnage Received Is Approximately 720,000 Tons Annually

>POSCO Maintains A Four Vessel Fleet, All Equipped With Selective Catalytic Reduction





USS-POSCO Industries Finished Products





UPI Market Composition

Dominated By Construction And Containers

DISTRIBUTION – 31%
Service Centers

CONTAINERS – 32%
Drums
Sanitary Food Cans

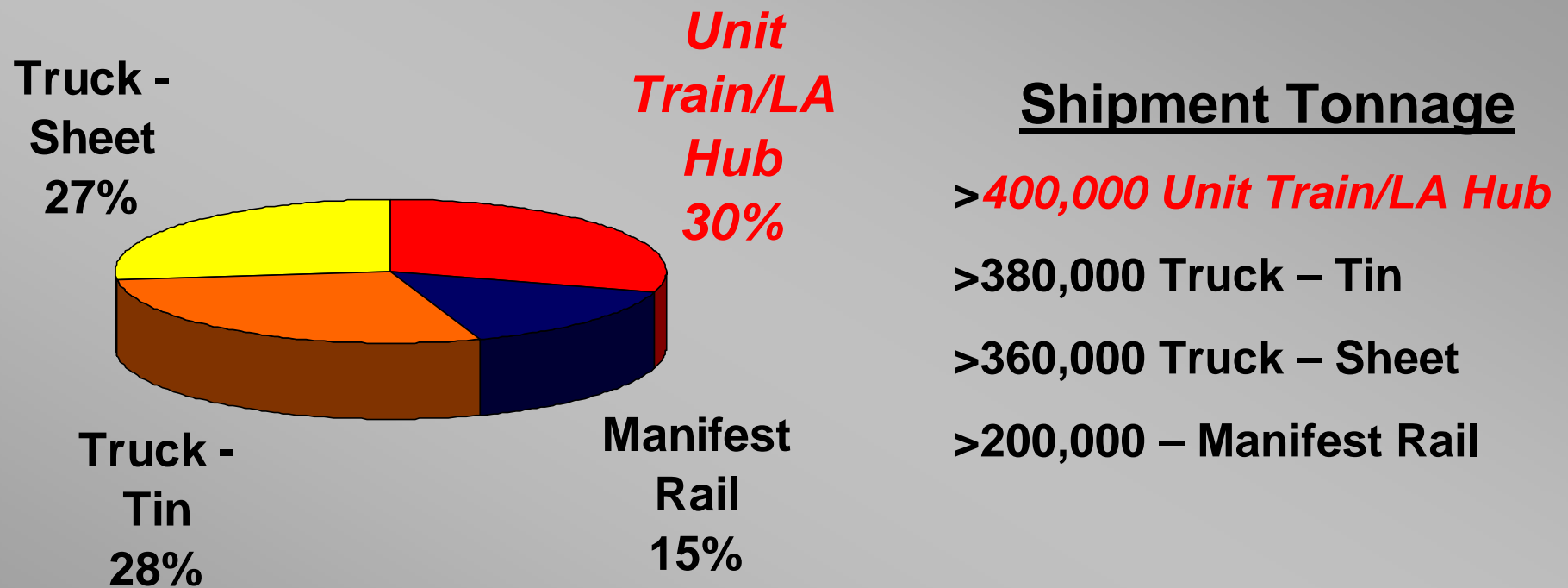
CONSTRUCTION PRODUCTS – 37%

Studs
Decking
Roofing
HVAC
Conduit
Culvert





Shipment Profile and Tonnage





What Has Happened to the Domestic Steel Industry?

Dramatic Decline in Volume

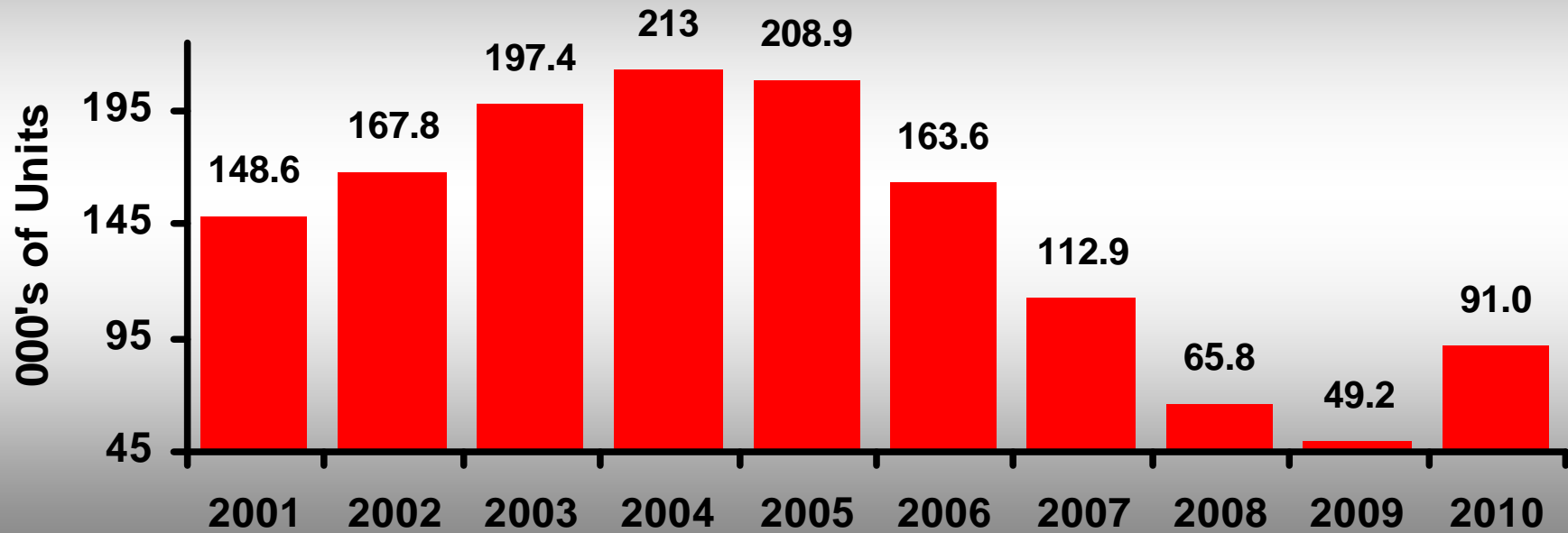
Dramatic Decline in Pricing



Residential Building Permits

Thousands Of Units

California

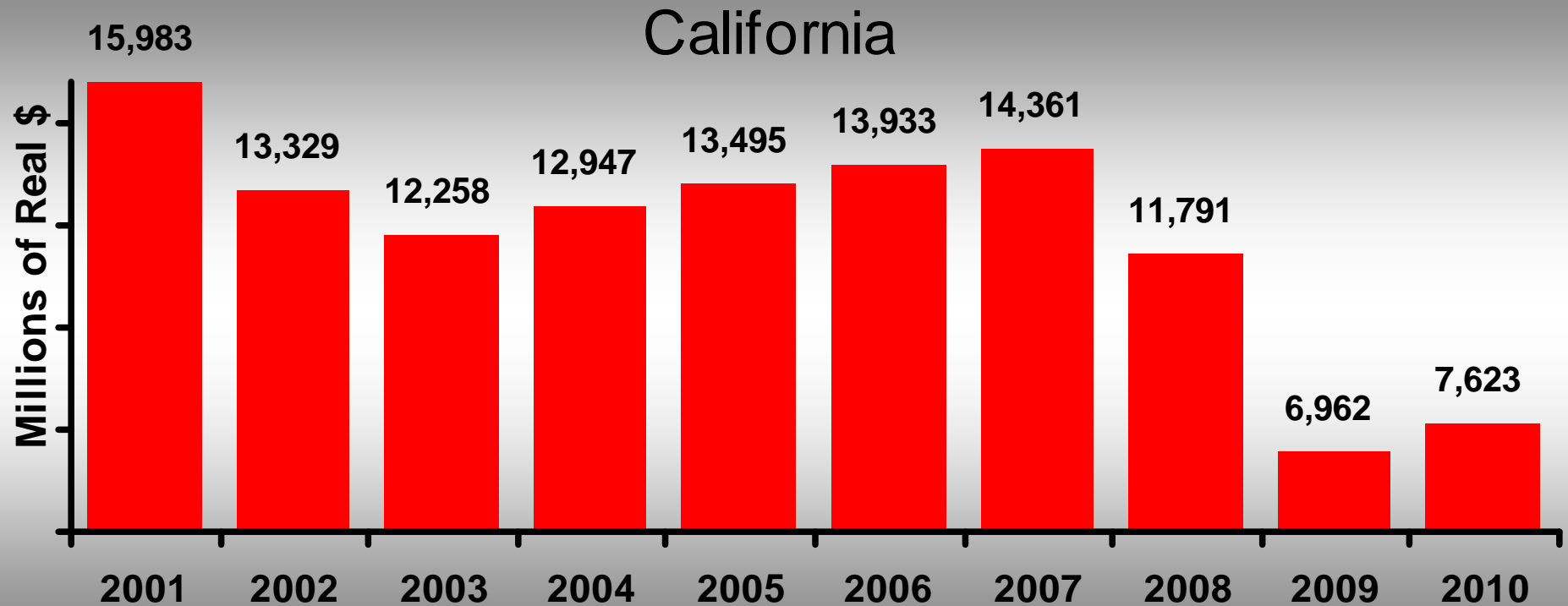


Source: UCLA Anderson School – June 2009



Non Residential Permit Valuations

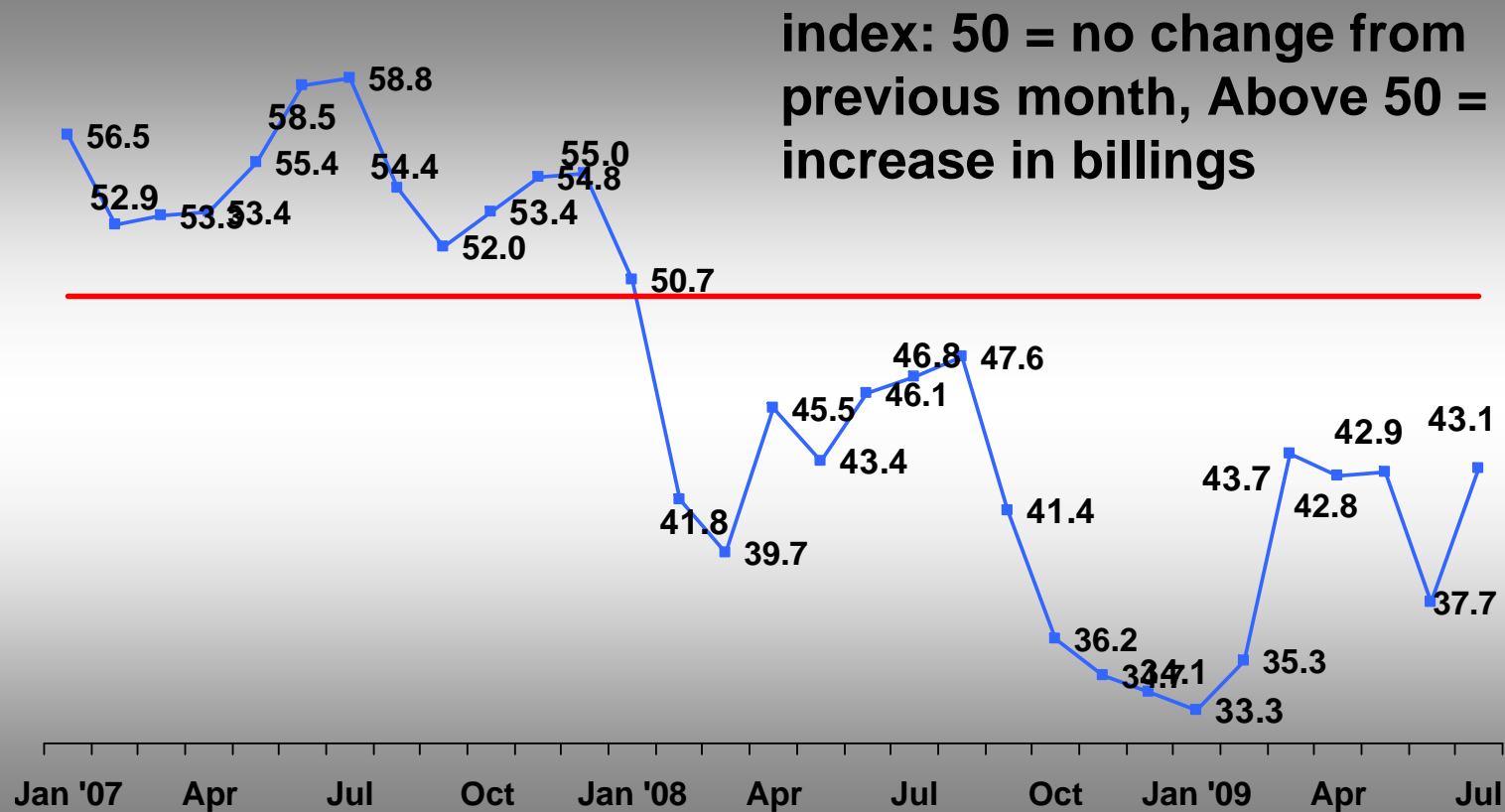
Millions Of Dollars



Source: UCLA Anderson School – June 2009

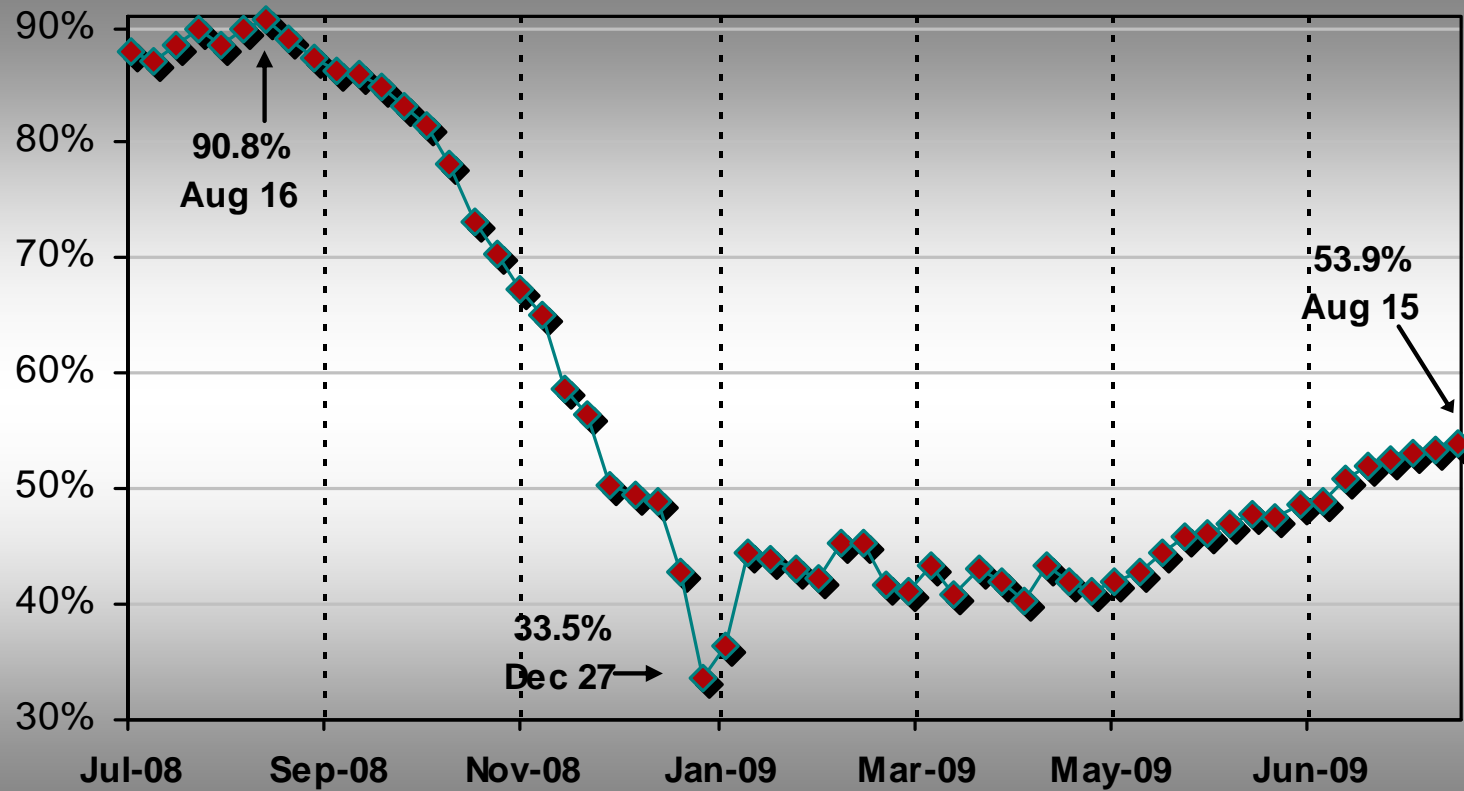


Architecture Billings Index (ABI)



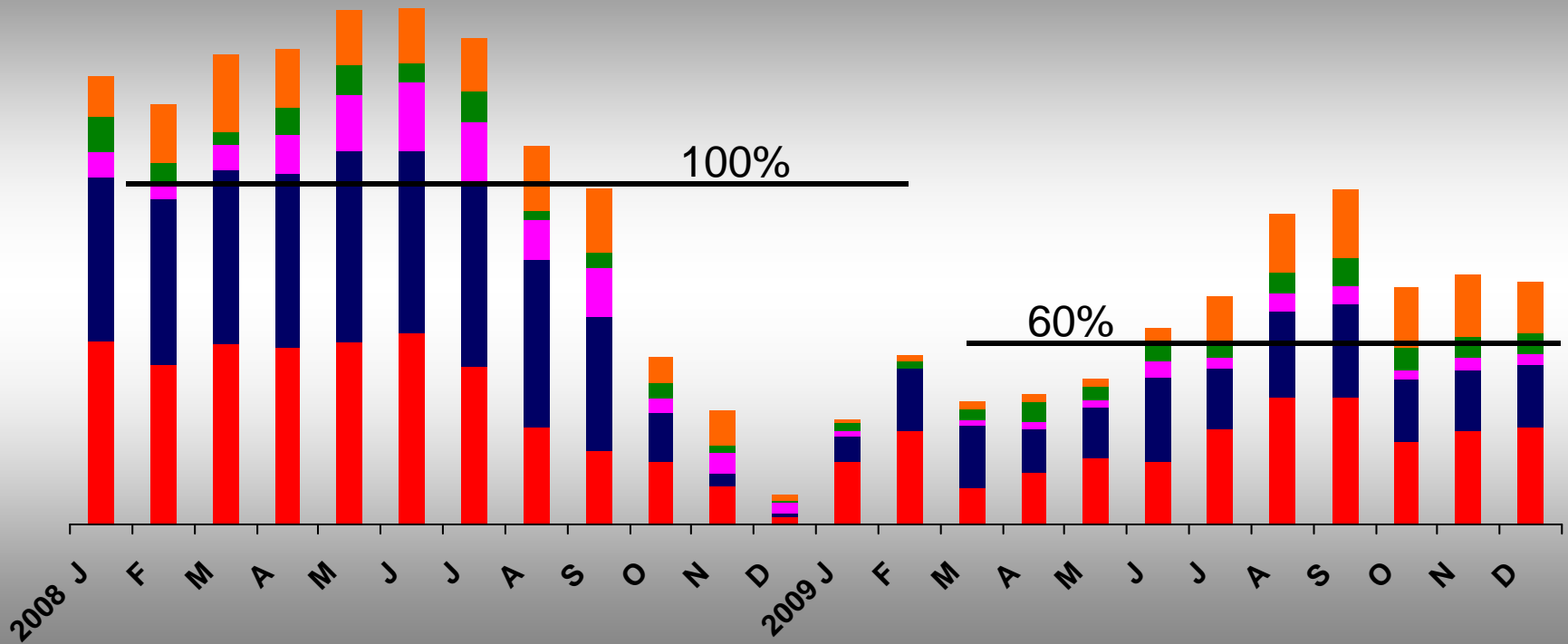


North American Steel Mill Utilization





Sheet Order Book Summary 2008 - 2009



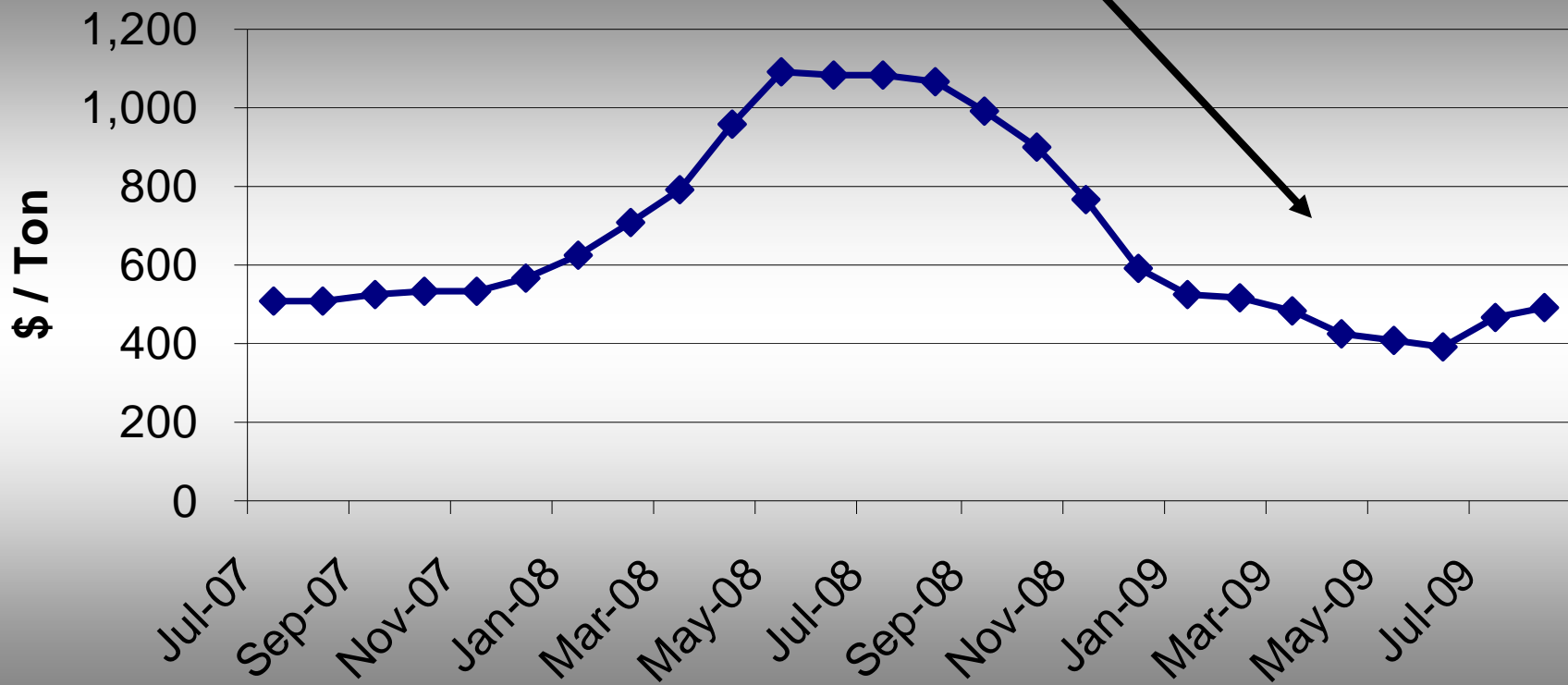


Just When We Thought Things Were Bad

This Rapid and Deep Decline in
Volume was Paralleled by an Equal
Change in Pricing.....



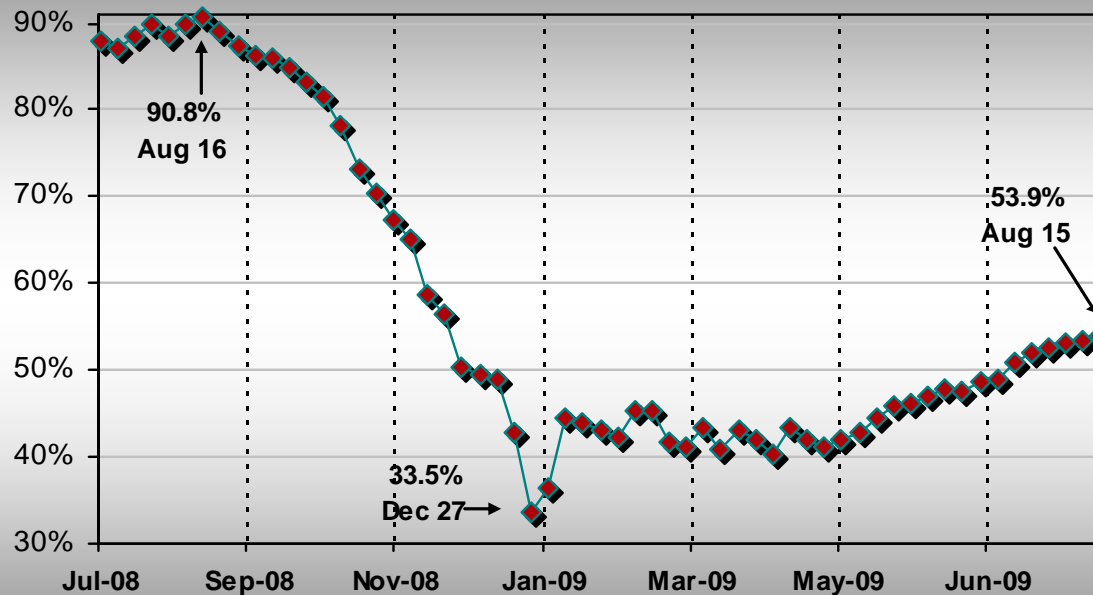
Hot Rolled Pricing July '07 to July '09



AMM average monthly pricing – Midwest.



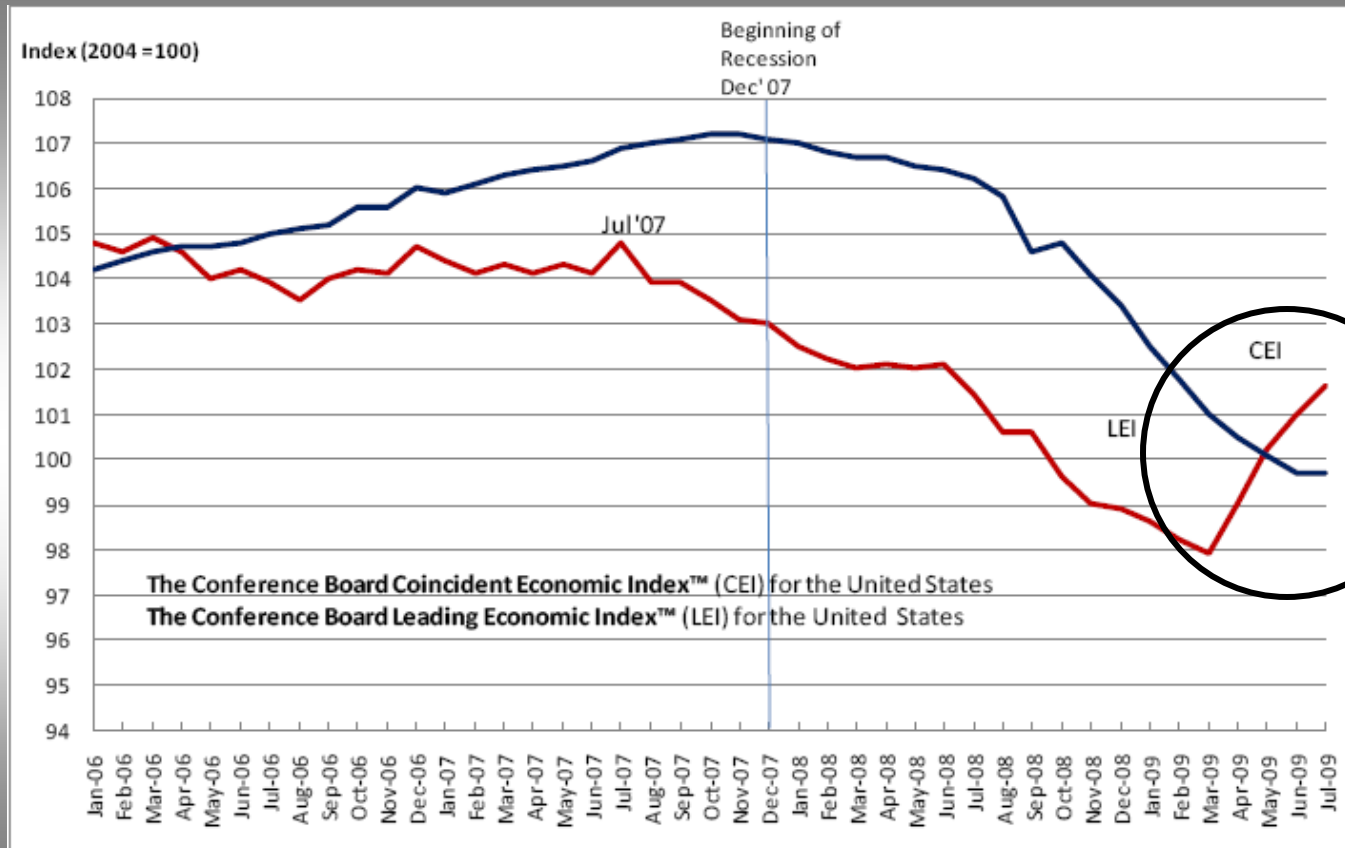
Are We Past The Bottom Yet?



Is This the
Beginning of a
“Green Shoot?”



Leading Indicators Tipping Up





The \$64,000 Question

What Will the **Steel Industry** Recovery
Look Like?

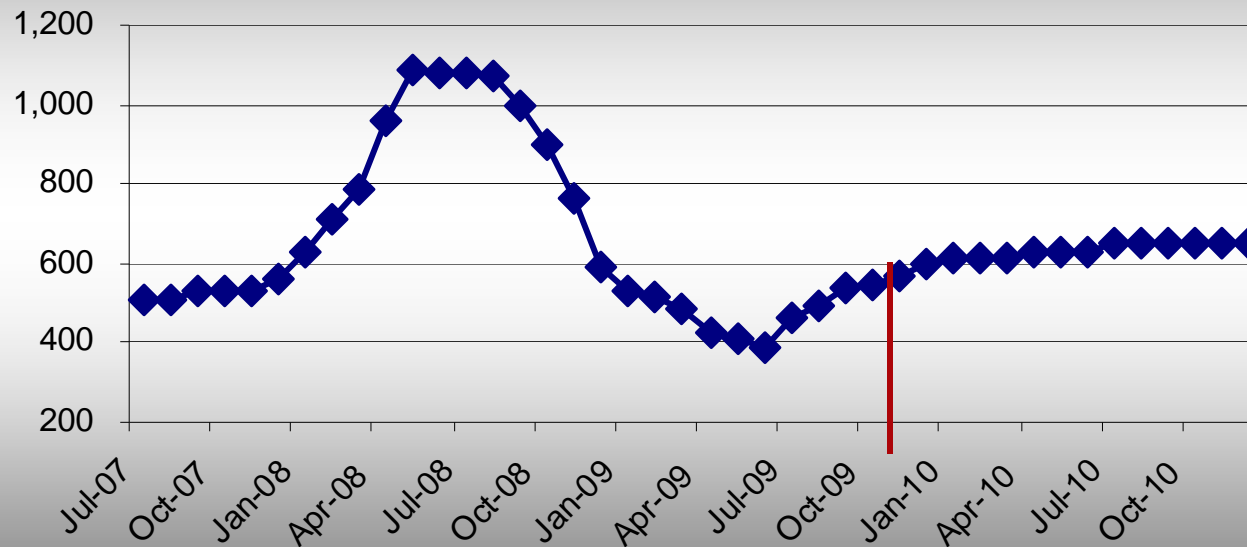




Pricing? Who Knows?

+ Pricing as Compared to 2007/2008

* An Even Slower Climb...Maybe





A Steel Economist's Forecast on Profit

Peter Marcus' **Outlook For Steel Profits**

2009 = Terrible
2010 = Fair At Best
2012 = Good
2014 = Highly Favorable

WORLD **STEEL** DYNAMICS

**2009: Steel's Frightening
New World**
Or
**Speed Bump, and a Big One, in the
New Continuum**



Conference Highlights
STEEL SUCCESS STRATEGIES
Europe VI

Le Meridien Etoile
Paris, France
December 1-3, 2008



Consumers Must Start Spending





Required for a Real Recovery

+ **Civilian Job Creation**

- * Then People Will Buy Non-Essentials More Freely

+ **Increase in Consumer Confidence**

- * Reduced the Fear of Job Loss and People are More Confident.....Confident People Spend Money

+ **Commercial Access to Credit Market**

- * Needed to Tighten, However Banks Went Too Far

Jobs = Confidence = More Business

