Steel Industry Update/267 — October 2011

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Table 1: Selected U.S. Steel Industry Data, August & Year-to-Date, 2011

	Month of August			*Year-to-Date*		
(000 net tons)	**2011**	**2010**	**% Chg**	**2011**	**2010**	**% Chg**
Raw Steel Production	8,199	7,296	12.4%	63,375	59,835	5.9%
Capacity Utilization	75.7	68.1	--	74.7	71.3	--
Mill Shipments	8,305	7,224	15.0%	60,494	56,014	8.0%
Exports	1,189	957	24.2%	8,659	8,076	7.2%
Total Imports............................	2,462	2,176	13.1%	19,727	16,307	21.0%
Finished Steel Imports	1,834	1,689	8.6%	15,021	12,681	18.5%
Apparent Steel Supply*.............	8,950	7,956	12.5%	66,856	60,619	10.3%
Imports as % of Supply*	20.5	21.2	--	22.5	20.9	--
Average Spot Price** ($/ton)......	$821	$682	20.4%	$898	$711	26.2%
Scrap Price# ($/gross ton)	$436	$345	26.4%	$440	$341	29.0%

*Sources: AISI, SteelBenchmarker *Excl semi-finished imports **Avg price of 4 carbon products #shredded*

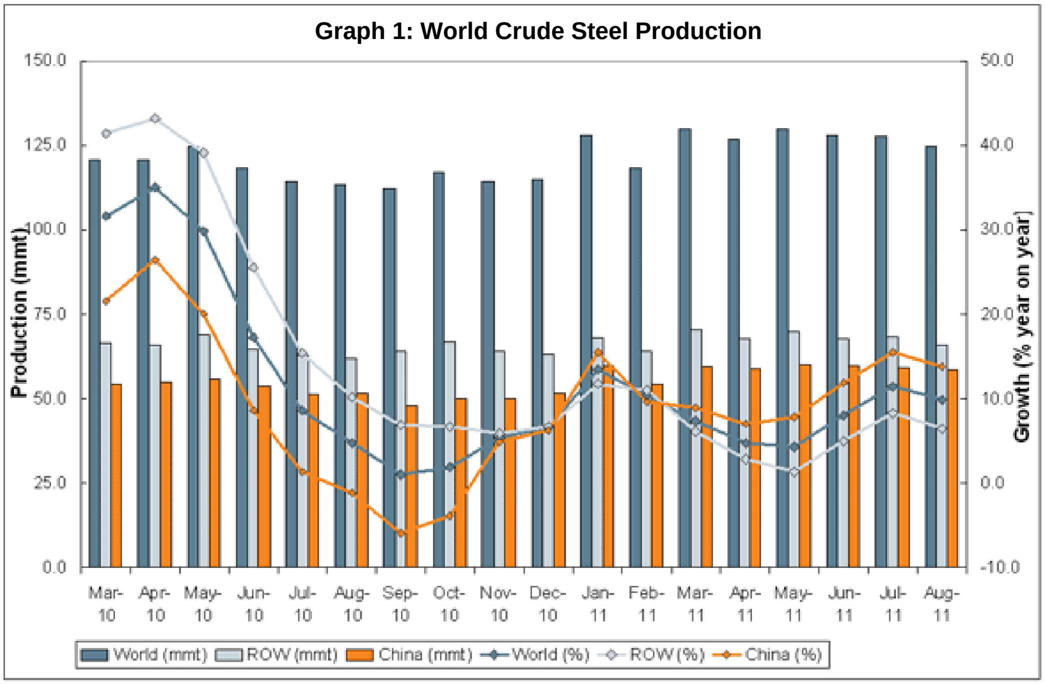
Table 2: U.S. Spot Prices for Selected Steel Products, October & Year-to-Date, 2011

	Month of October			*Year-to-Date*		
($ per net ton)	**2011**	**2010**	**% Chg**	**2011**	**2010**	**% Chg**
Hot Rolled Band................	681	551	23.6%	773	619	24.9%
Cold Rolled Coil................	773	667	15.9%	869	726	19.6%
Coiled Plate........................	975	766	27.3%	1,008	768	31.4%
Average Spot Price..........	**$810**	**$661**	**22.4%**	**$883**	**$704**	**25.4%**
#1 Heavy Melt..................	396	309	28.2%	403	310	29.7%
Scrap Steel-Shredded.......	440	339	29.8%	440	342	28.7%
#1 Busheling....................	485	383	26.6%	477	409	16.5%

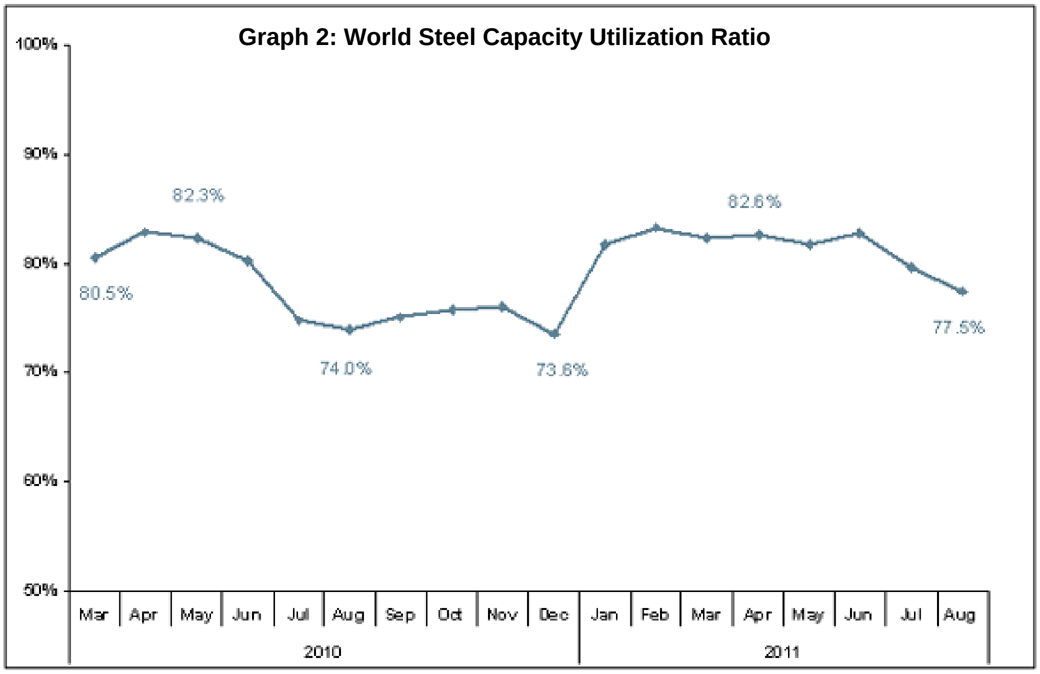
Sources: World Steel Dynamics' SteelBenchmarker

Table 3: World Crude Steel Production, August & Year-to-Date, 2011						
(000 metric tons)	*Month of August*			*Year-to-Date*		
Region	**2011**	**2010**	**% Chg**	**2011**	**2010**	**% Chg**
European Union…….	12,740	12,215	4.3%	120,865	115,727	4.4%
Other Europe……….	3,021	2,825	6.9%	24,188	20,297	19.2%
C.I.S…………………	9,445	8,969	5.3%	75,381	71,010	6.2%
North America………	10,490	9,303	12.8%	79,820	74,963	6.5%
South America……..	4,125	3,936	4.8%	32,822	29,007	13.2%
Africa………………..	1,200	1,360	-11.8%	9,368	11,044	-15.2%
Middle East…………	1,686	1,560	8.0%	13,628	12,440	9.6%
Asia…………………..	81,282	72,548	12.0%	649,871	593,473	9.5%
Oceania……….……..	600	744	-19.3%	5,169	5,454	-5.2%
Total…………………	**124,589**	**113,459**	**9.8%**	**1,011,113**	**933,413**	**8.3%**
Country						
China…………….......	58,752	51,639	13.8%	469,283	424,448	10.6%
Japan………………....	8,908	8,898	0.1%	72,132	72,698	-0.8%
United States………..	7,535	6,619	13.8%	57,590	54,281	6.1%
India(e)………………	6,160	5,737	7.4%	47,956	45,525	5.3%
Russia(e)……………	5,850	5,655	3.4%	46,290	44,012	5.2%
South Korea……..….	5,502	4,613	19.3%	45,029	37,849	19.0%
Germany…………….	3,623	3,440	5.3%	30,486	29,657	2.8%
Brazil……….….……..	2,960	2,917	1.5%	23,908	22,182	7.8%
Turkey………………..	2,800	2,658	5.3%	23,313	21,817	6.9%
Ukraine(e)…………...	2,799	2,597	7.8%	22,061	18,514	19.2%
All Others…………....	19,700	18,686	5.4%	173,065	162,430	6.5%

Source: World Steel Association, 10/11; e=estimate



Source: World Steel Association, 10/11; in million metric tons



Source: World Steel Association, 10/11; in million metric tons

Table 4: US Steel Imports by Country, Year-to-Date 2011			
Country	**YTD'11**	**YTD'10**	**% Chg**
Japan	1,364	1,000	36.4%
EU	2,940	2,837	3.6%
Canada	4,081	4,730	-13.7%
Brazil	2,011	533	277.3%
Korea	2,013	1,283	56.9%
Mexico	2,106	1,998	5.4%
Russia	1,043	1,006	3.7%
China	841	569	47.8%
Australia	585	390	49.9%
South Africa	117	68	72.1%
Indonesia	41	16	158.2%
Turkey	536	453	18.3%
Ukraine	264	54	388.4%
India	551	611	-9.9%
Others	1,212	759	59.6%
Total	**19,705**	**16,307**	**20.8%**

Source: World Steel Association, 10/11; in 000 tons

Table 5: US Steel Industry Political Contribution Trends, 1990-2012								
Election Cycle	**Rank+**	**Total Contributions**	**Individual Contributions**	**PAC Contributions**	**Donations to Dems**	**Donations to Reps**	**% to Dems**	**% to Reps**
2012*	68	$688	$417	$272	$147	$541	21%	79%
2010*	73	$2,544	$1,623	$863	$941	$1,566	38%	62%
2008*	68	$3,737	$2,566	$1,170	$1,188	$2,536	32%	68%
2006*	71	$2,148	$1,350	$797	$582	$1,529	28%	72%
2004*	71	$2,244	$1,671	$569	$584	$1,655	26%	74%
2002	71	$2,323	$1,098	$431	$785	$1,536	34%	66%
2000	69	$2,826	$1,381	$429	$718	$2,100	25%	75%
1998	73	$1,612	$919	$325	$610	$1,000	38%	62%
1996	67	$2,146	$1,087	$336	$775	$1,370	36%	64%
1994	68	$1,427	$725	$338	$644	$780	45%	55%
1992	69	$1,486	$862	$302	$538	$946	36%	64%
1990	69	$770	$477	$293	$388	$381	50%	50%
Total	**71**	**$23,951**	**$14,174**	**$6,123**	**$7,900**	**$15,941**	**33%**	**67%**

*Source: OpenSecrets.org, 10/14/11; +These numbers show how the industry ranks in total campaign giving as compared to more than 80 other industries. *Figures do not include donations of "Levin" funds to state and local party committee which were created by the Bipartisan Campaign Reform Act of 2002. 2012 contributions are year-to-date as of 10/14/11*

Table 6: Top 20 US Steel Industry Political Contributions, 2011				
Rank	**Organization**	**Amount**	**Dems**	**Reps**
1	Nucor Corp	$113,750	30%	70%
2	US Steel	$82,245	22%	78%
3	AK Steel	$39,000	21%	79%
4	DOVE	$34,800	0%	100%
5	American Iron & Steel Institute	$34,500	39%	61%
6	Kenwal Steel	$26,000	4%	96%
7	ArcelorMittal	$23,750	47%	53%
8	Ellwood Group	$23,000	0%	100%
9	Permian Enterprises	$22,000	0%	100%
10	Worthington Industries	$21,200	0%	100%
11	Grossman Iron & Steel	$18,250	1%	99%
12	Sebulsky Industries	$15,200	0%	100%
13	San Antonio Steel	$13,000	0%	100%
14	Bella International	$10,000	0%	100%
15	General Iron Industries	$10,000	100%	0%
16	Isaacson Structural Steel	$10,000	0%	100%
17	NH Steel Fabricators	$10,000	0%	100%
18	Structural Steel	$10,000	0%	100%
18	Morris Iron & Steel	$9,000	100%	0%
20	Stupp Brothers	$8,000	0%	100%

Source: OpenSecrets.org, 10/14/11; in US$; Note: Data is based on contributions from PACs and individuals giving $200 or more. In many cases, the organizations themselves did not donate money; rather the money came from the organization's PAC, its individual members or employees or owners and those individuals' immediate families. Totals include subsidiaries and affiliates. All donations took place during the 2010-2011 election cycle and were released by the Federal Election Commission on October 14, 2010

Table 7: Top Recipients of US Steel Campaign Contributions, 2011			
Rank	**Candidate**	**Office**	**Amount**
1	Romney, Mitt (R)	Candidate	$38,000
2	Boehner, John (R-OH)	House	$22,500
3	Hatch, Orrin G (R-UT)	Senate	$21,730
4	Murphy, Tim (R-PA)	House	$20,000
5	Brown, Sherrod (D-OH)	Senate	$19,250
6	Lugar, Richard G (R-IN)	Senate	$16,000
7	Guinta, Frank (R-NH)	House	$15,000
8	Pawlenty, Tim (R)	Candidate	$15,000
9	Steelman, Sarah H (R-MO)	Candidate	$12,500
10	Stivers, Steve (R-OH)	House	$11,500

Source: OpenSecrets.org, 10/14/11; Note: Data is based on contributions from PACs and individuals giving more than $200 during the 2012 election cycle (Presidential election), released by the FEC on 10/14/11

Table 8: US Steel Industry Political Donations, 2011			
House	**# of Members**	**Average Contribution**	**Total Contributions**
Democrats	30	$2,845	$85,375
Republicans	71	$2,992	$212,481
Total	**101**	**$2,949**	**$297,856**
Senate			
Democrats	9	$4,083	$36,750
Republicans	15	$4,638	$69,580
Total	**24**	**$4,430**	**$106,330**

Source: OpenSecrets.org, 10/14/11; Note: Data is based on contributions from PACs and individuals giving more than $200 during the 2012 election cycle (Presidential election), released by the FEC on 10/14/11

Table 9: Big Three Auto Sales, September & Year-to-Date 2011						
	Sept'11	Sept'10	% Chg	YTD'11	YTD'10	% Chg
General Motors						
Total Cars	68,895	61,298	12.4%	764,196	628,339	21.6%
Domestic Cars	67,484	54,746	23.3%	735,216	593,053	24.0%
Import Cars	1,411	6,552	-78.5%	28,980	35,286	-17.9%
Total Light Trucks	138,250	111,733	23.7%	1,137,953	1,006,392	13.1%
GM Total	**207,145**	**173,031**	**19.7%**	**1,902,149**	**1,634,731**	**16.4%**
Ford Motor Corp						
Total Cars	49,876	54,601	-8.7%	568,970	524,645	8.4%
Total Light Trucks	124,984	105,774	18.2%	1,030,741	912,092	13.0%
Ford Total	**174,860**	**160,375**	**9.0%**	**1,599,711**	**1,436,737**	**11.3%**
Chrysler Corp						
Total Cars	33,217	29,550	12.4%	258,239	236,469	9.2%
Total Light Trucks	94,117	70,527	33.4%	751,172	583,751	28.7%
Chrysler Total	**127,334**	**100,077**	**27.2%**	**1,009,411**	**820,220**	**23.1%**

Source: Wall Street Journal, 10/3/11

Table 10: Japanese Automakers Production, July 2011					
	July, 2011	June, 2011	% Chg	YTD 2011	% Chg
Toyota Motor Corp					
Japan	326,244	320,452	1.8%	1,685,465	-31.6%
Overseas	354,567	360,516	-1.7%	2,371,038	-9.1%
World	680,811	680,968	--	4,056,603	-20.0%
Nissan Motor Co					
Japan	111,790	102,390	9.2%	561,282	-13.2%
Overseas	276,890	317,441	-12.8%	1,972,143	22.2%
World	388,680	419,831	-7.4%	2,533,425	12.1%
United States	38,209	46,909	-18.5%	313,018	7.4%
Mexico	33,220	57,614	-42.3%	321,527	14.2%
Honda Motor Co					
Japan	70,809	43,289	63.6%	337,282	-41.6%
Overseas	135,918	125,084	8.7%	1,172,160	-23.8%
World	206,727	168,373	22.8%	1,509,442	-28.7%
North America	49,323	62,900	-21.6%	559,980	-25.8%
United States	37,555	45,531	-17.5%	416,954	-24.9%
Mazda Motor Corp					
Japan	79,486	80,114	-0.8%	436,277	-17.9%
Overseas	23,898	33,672	-29.0%	215,133	0.4%
World	103,384	113,786	-9.1%	651,410	-12.7%
Mitsubishi Motors Corp					
Japan	50,808	59,069	-14.0%	355,476	-3.9%
Overseas	47,054	47,198	-0.3%	327,912	11.6%
World	97,862	106,267	-7.9%	683,388	2.9%
Total Global Output	**1,477,464**	**1,489,225**	**-0.8%**	**9,430,268**	**na**

Source: American Metal Market, 8/31/11

Table 11: Comparison Price Index, October 2011				
	Hot-rolled	**% Chg**	**Cold-rolled**	**% Chg**
Steel Market Update	$670	-10%	$780	-10%
CRU	$681	-3%	$793	-16%
Steel Benchmarker	$696	--	$794	--
Steel Orbis	$670	-10%	$780	No change
Platts	$670	-15%	$780	-10%
	Galvanized	**% Chg**	**Galvalume**	**% Chg**
Steel Market Update	$843	No change	$1,096	-5%
CRU	$858	-17%	na	na
Steel Benchmarker	na	na	na	na
Steel Orbis	$838	-10%	$1,081	-10%
Platts	na	na	na	na

Source: As compiled by Steel Market Update, 10/9/11; percent change is from one week prior

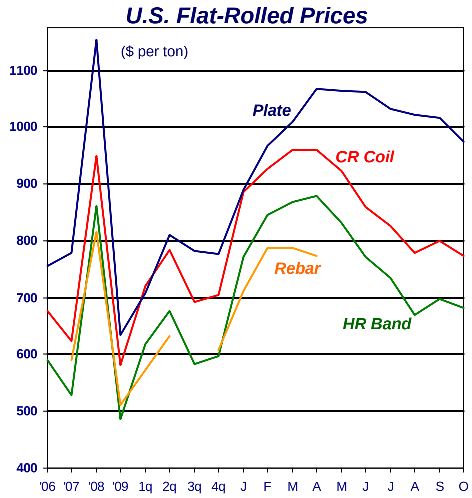
Table 12: China Import Iron Ore Reference Prices*		
Date	**62% Fe Content**	**58% Fe Content**
9/30/11	$171.30	$151.7
10/3/11	$171.30	$151.7
10/4/11	$171.30	$151.7
10/5/11	$169.60	$151.7
10/6/11	$170.00	$151.7
10/7/11	$170.00	$151.7
Wk Change	**-$1.30**	**no change**

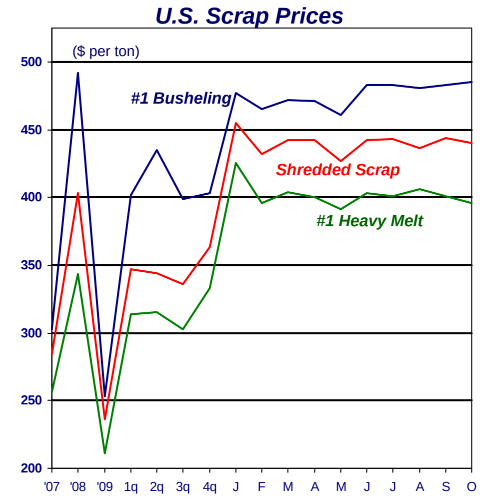
*Source: Steel Market Update, 10/9/11; *CFR Tianjin Port; $/dmt*

Table 13: Platts Daily Iron Ore Price Assessment*	
Date	**62% Fe Content**
9/30/11	$170.50
10/3/11	$170.00
10/4/11	$169.50
10/5/11	$169.50
10/6/11	$169.50
10/7/11	$169.50
Wk Change	**-$1.00**

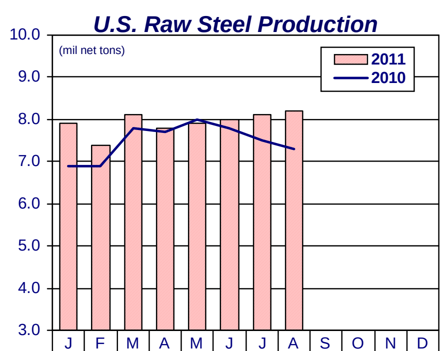
*Source: Steel Market Update, 10/9/11; *CFR North China;$/dmt*

Locker Associates Steel Track: Spot Prices

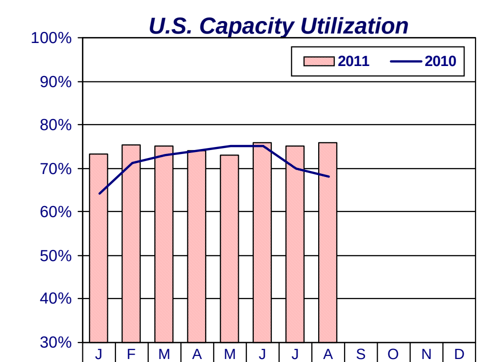




Locker Associates Steel Track: Performance



	J	F	M	A	M	J	J	A	S	O	N	D
2011	7.9	7.4	8.1	7.8	7.9	8.0	8.1	8.2				
2010	6.9	6.9	7.8	7.7	8.0	7.8	7.5	7.3				



	J	F	M	A	M	J	J	A	S	O	N	D
2011	73%	75%	75%	74%	73%	76%	75%	76%				
2010	64%	71%	73%	74%	75%	75%	70%	68%				

Steel Mill Products: US Imports, August & Year-to-Date

Imports: Country of Origin	***Month of August***			***Year-to-Date***		
(000 net tons)	**2011**	**2010**	**% Chg**	**2011**	**2010**	**% Chg**
Canada…………………………..	520	579	-10.2%	4,082	4,730	-13.7%
Mexico…………………………….	240	280	-14.3%	2,106	1,998	5.4%
Other W. Hemisphere………..	443	129	243.4%	2,262	725	212.0%
European Union………………	323	366	-11.7%	2,941	2,837	3.7%
Other Europe*………………..	169	153	10.5%	1,905	1,556	22.4%
Asia…………………………….	739	648	14.0%	5,633	3,940	43.0%
Oceania……………………….	17	6	183.3%	671	450	49.1%
Africa…………………………..	12	15	-20.0%	125	72	73.6%
Total	**2,462**	**2,176**	**13.1%**	**19,727**	**16,307**	**21.0%**
Imports: Customs District						
Atlantic Coast…………………	179	199	-10.1%	2,302	2,132	8.0%
Gulf Coast/Mexican Border…	1,265	814	55.4%	8,717	5,407	61.2%
Pacific Coast………………….	344	443	-22.3%	3,690	3,147	17.3%
Gr Lakes/Canadian Border….	644	703	-8.4%	4,870	5,475	-11.1%
Off Shore………………………	28	16	75.0%	148	145	2.1%

*Source: AISI; *includes Russia*

Locker Associates, Inc.

LOCKER ASSOCIATES is a business-consulting firm that specializes in enhancing the competitiveness of businesses and industries on behalf of unions, corporate and government clients. By combining expert business and financial analysis with a sensitivity to labor issues, the firm is uniquely qualified to help clients manage change by:

- leading joint labor/management business improvement initiatives;
- facilitating ownership transitions to secure the long-term viability of a business;
- conducting strategic industry studies to identify future challenges and opportunities;
- representing unions in strategic planning, workplace reorganization and bankruptcy
- formulating business plans for turnaround situations; and
- performing due diligence for equity and debt investors.

Over the last 28 years, the firm has directed over 225 projects spanning manufacturing, transportation, distribution and mining industries. Typical projects involve in-depth analysis of a firm's market, financial and operating performance on behalf of a cooperative labor-management effort. Locker Associates also produces a widely read monthly newsletter, ***Steel Industry Update*** that circulates throughout the U.S. and Canadian steel industry.

MAJOR CLIENTS

United Steelworkers	Air Line Pilots Association/Delta Air Lines MEC
Bank of Boston	Sharpsville Quality Products
Congress Financial	IPSCO
Santander Investment Securities	International Association of Machinists
AEIF-IAM/AK Steel Middletown	CSEA/AFSCME
Prudential Securities	United Auto Workers
US Steel Joint Labor-Mgmt Comm	Service Employees International Union
LTV Steel Joint Labor-Mgmt Committee	American Fed of Television & Radio Artists
Int'l Union of Electrical Workers	Supervalu
Bethlehem Joint Labor-Mgmt Comm	United Mine Workers
Inland Steel Joint Labor-Mgmt Comm	Algoma Steel
Northwestern Steel and Wire	North American Refractories
Boilermakers	UNITE/HERE
American Federation of Musicians	AFL-CIO George Meany Center
USS/KOBE	Watermill Ventures
Sysco Food Services of San Francisco	Wheeling-Pittsburgh Steel
International Brotherhood of Teamsters	Canadian Steel Trade & Employment Congress
Development Bank of South Africa	Minn Gov's Task Force on Mining
J&L Structural Steel	Special Metals

RECENT PROJECTS

- **Business Plan for High-Tech Startup** (2009-present): drafted detailed business plan to raise capital and promote a new hydrogen battery technology

- **IBT-Supervalu** (2010): assist union and management to identify major operational problems impacting warehouse performance and provide recommendations for joint improvement

- **Institute of Scrap Recycling Industries** (2010): presented a status report on the U.S. steel market before the Institute of Scrap Recycling Industries Commodities roundtable

- **Save the World Air-Marketing** (2009-present): developed a marketing plan to help drive sales of a green technology product, ELEKTRA, an electronic fuel device for trucks that increases fuel economy (mpg's), reduces exhaust emissions and improves engine performance