

Steel Industry Update

Steel Prices, Capacity Utilization, Raw Materials Costs and Employment

March 10, 2004



United Steelworkers of America®

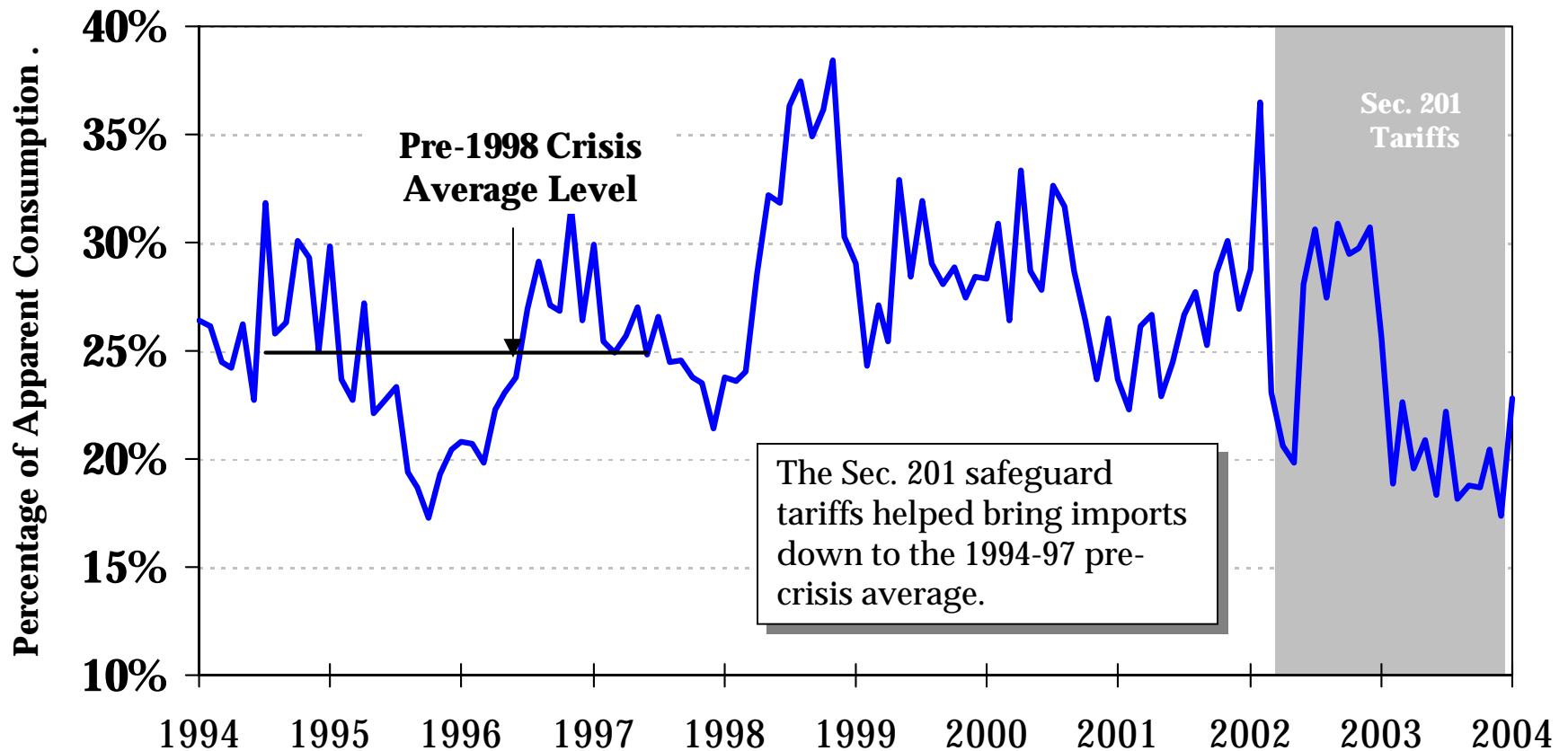
Status of Steel Prices

- The spot price for hot-rolled steel rose 38% from a low of \$260 per ton in July 2003 to \$360 per net ton in Feb. 2004, but is only slightly above the 23-year historic average of \$340 per ton. The spot price for cold-rolled sheet remains below its historic average.
- According to the broader contract prices measures published by the BLS, the price of hot rolled steel has risen only slightly since July 2003 and is only 4.5% higher than in January 2000.
- Pressure on steel prices driven by rising input costs (scrap, natural gas prices, coke and iron ore), reduced steel inventories, reduced domestic steel capacity and the weakened U.S. Dollar.

Summary of the State of Industry

- While steel prices have recovered from the steel crisis, the industry has yet to recover from the steel crisis:
- Steel companies lost \$11 billion between 2000 and 2003.
- The industry continues to report reporting net and operating losses -- a nearly \$600 million net loss in the third quarter of 2003.
- 44 bankruptcies (14 bankruptcies since 2002).
- 18 steelmaking facilities with 14.6 million tons of raw steel capacity remain shutdown or idled in the United States.
- 55,000 steelworker jobs lost.
- 16 distress pension plan terminations by PBGC, involving over 250,000 participants and \$10 billion in underfunded benefits.

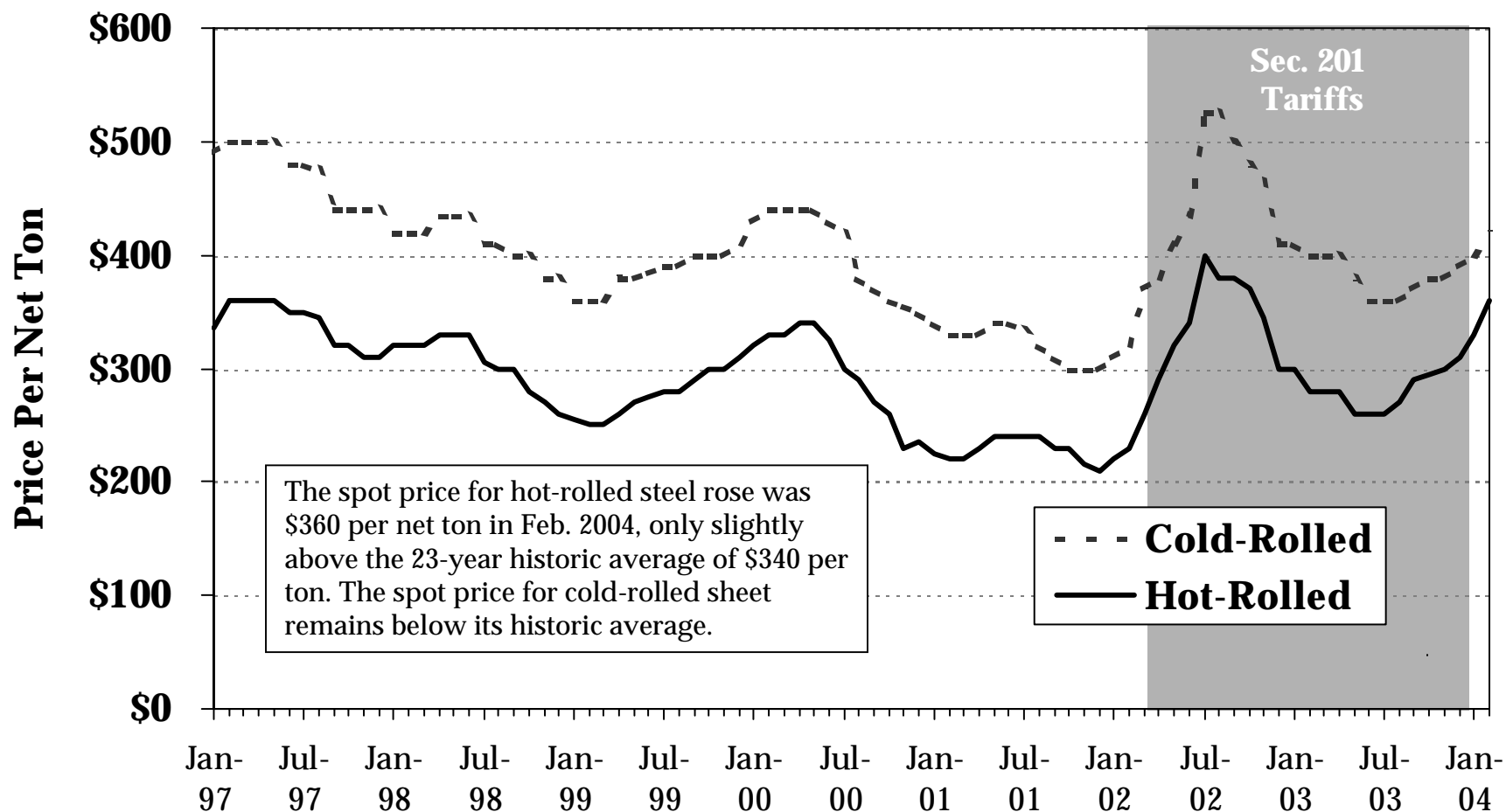
Import Share of U.S. Market for Steel Mill Products January 1994 - January 2004



Note: Total imports of Steel Mill Products as a share of apparent consumption (total domestic shipments plus total imports less total exports and semi-finished steel imports). Pre-1998 crisis period defined as 1994 to 1997.

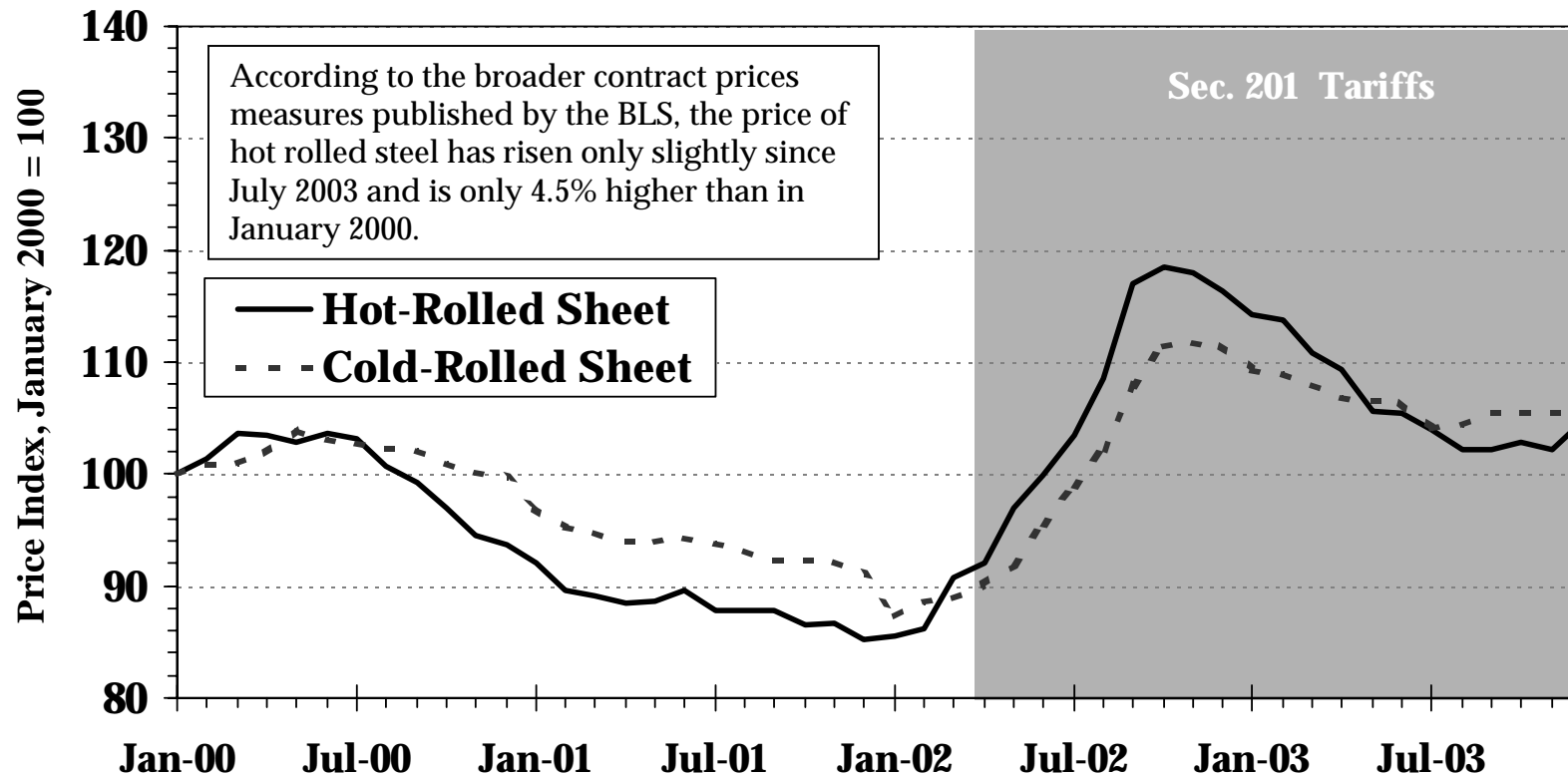
Source: American Iron and Steel Institute.

Spot Steel Prices Hot-Rolled and Cold-Rolled Sheet



Source: *Purchasing Magazine*, Transaction Price Service.

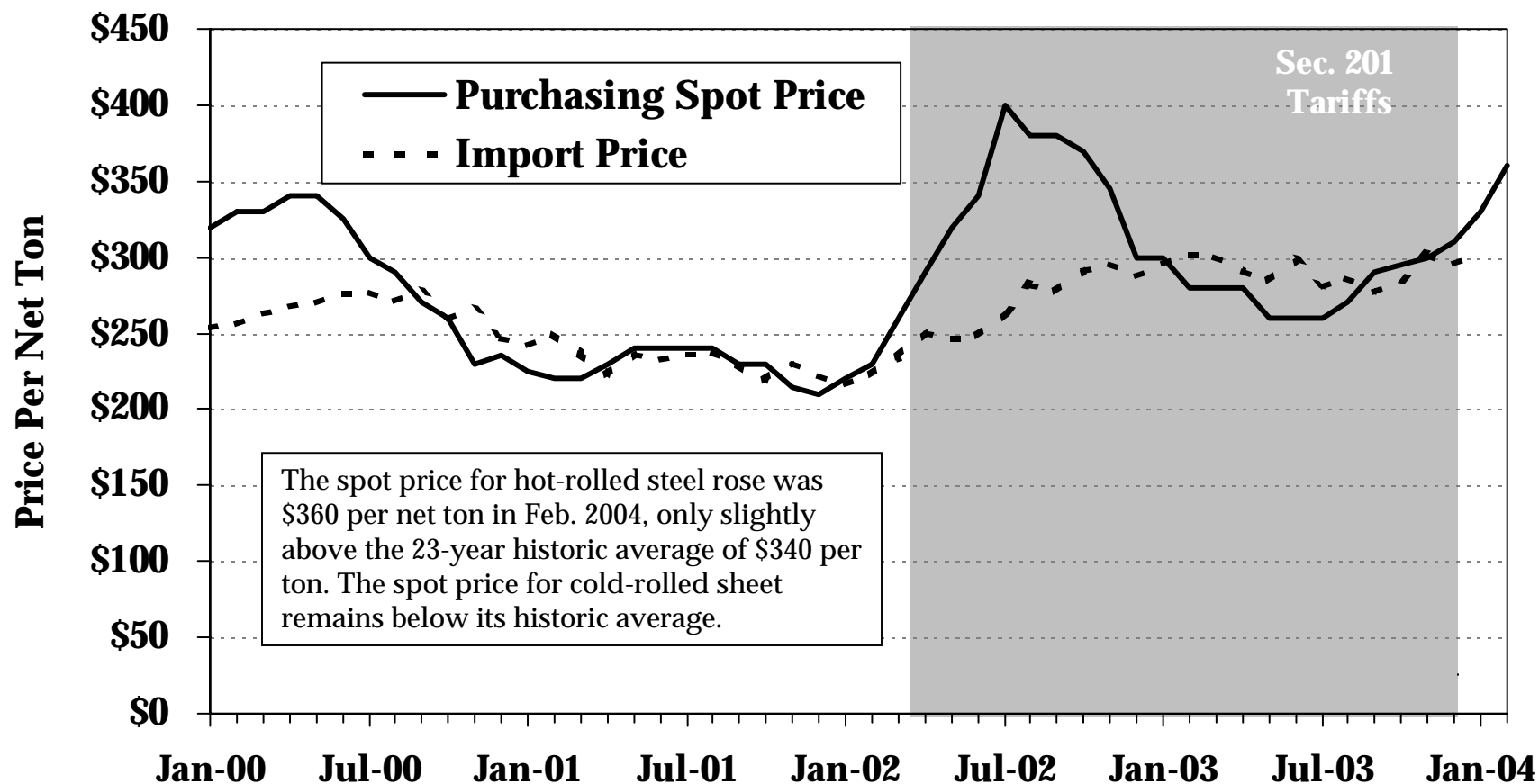
BLS Producer Price Indices Hot-Rolled and Cold-Rolled Sheet



Note: Producer Price Index, not seasonally adjusted. Index bases adjusted to January 2000 from original December 1989 and 1982 bases

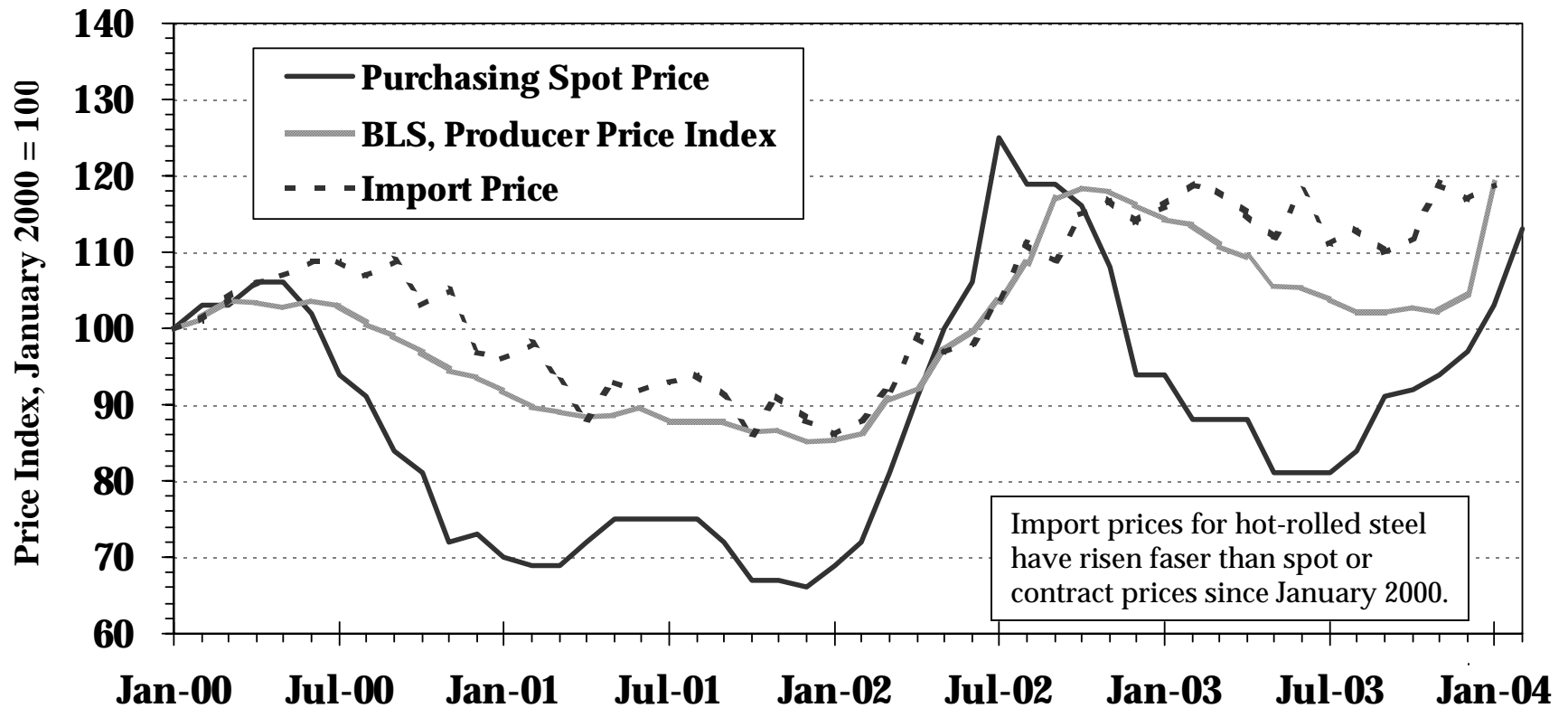
Source: Department of Labor, Bureau of Labor Statistics Sheets, Hot-Rolled, Carbon, Not Seasonally Adjusted Series WPU10170311 and Sheet, Cold-Rolled, Carbon, Not Seasonally Adjusted Series WPU10170711.

Hot-Rolled Steel Prices Domestic Spot and Import Prices



Source: *Purchasing Magazine*, Transaction Price Service.

Hot-Rolled Steel Prices Domestic Spot and Import Prices



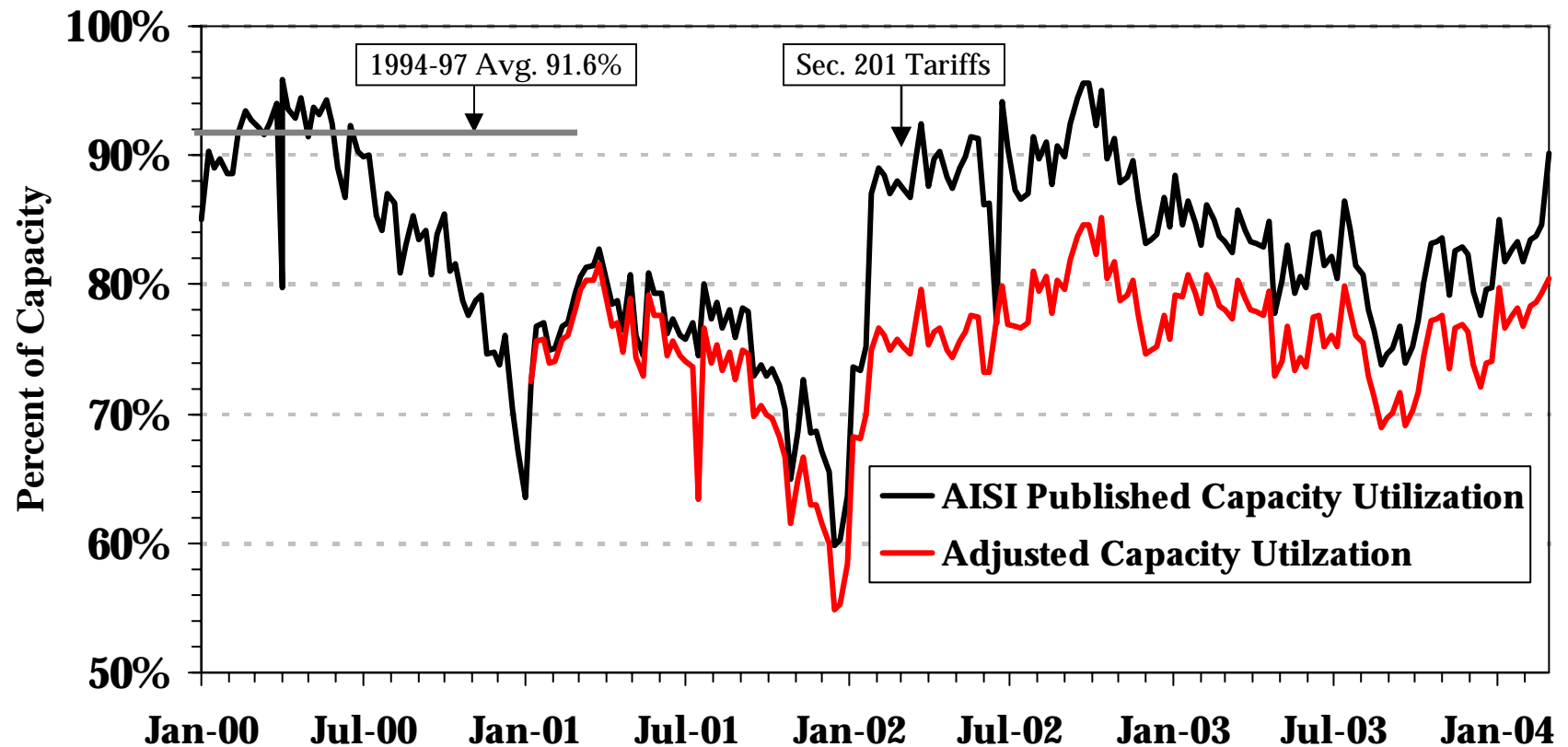
Note: Producer Price Index, not seasonally adjusted. Index bases adjusted to January 2000 from original base.
Import value per net ton, non-alloy carbon hot-rolled sheet.

Source: Department of Labor, Bureau of Labor Statistics Sheets, Hot-Rolled, Carbon, Not Seasonally Adjusted Series WPU10170311.
Purchasing Magazine, Transaction Price Service.

U.S. Department of Commerce, Bureau of the Census, Economic and Statistics Administration.

Raw Steel Capacity Utilization

January 2000 - February 2004



Note: The AISI reported capacity utilization reached 90% in the week ended February 28, 2004. It has revised its estimate of domestic steelmaking capacity from 130.3 in 2000 to 118 during the first quarter of 2004 to exclude idled and shutdown capacity. If these facilities were included, the industry capacity utilization would have been 80% or 10% lower.

Source: American Iron and Steel Institute and the United Steelworkers of America.

Steel Industry Update

44 Companies Have Filed for Bankruptcy Since the Steel Crisis Began

#	Company	Headquarters	Bankruptcy Filing	Steelmaking Capacity	Segment	Employees
44	Keystone Consolidated Industries	Peoria, IL	2/26/2004	1.0	Steel production	1,580
43	Rouge Industries, Inc.	Dearborn, MI	10/23/2003	3.2	Steel production	2,600
42	Republic Engineered Products, LLC	Fairlawn, OH	10/6/2003	2.2	Steel production	2,350
41	WCI Steel	Warren, OH	9/17/2003	1.5	Steel production	1,800
40	Fort Wayne Specialty Alloys	Fort Wayne, IN	6/3/2003	0.1	Steel production	370
39	Weirton Steel	Weirton, WV	5/19/2003	3.0	Steel production	3,500
38	EvTac Mining	Eveleth, MN	5/1/2003	-	Iron Ore	450
37	Kentucky Electric Steel	Ashland, KY	2/6/2003	0.3	Steel production	326
36	Bayou Steel	LaPlace, LA	1/23/2003	0.6	Steel production	510
35	Cold Metal Products	Youngstown, OH	8/16/2002	-	Processing	494
34	Birmingham Steel	Birmingham, AL	6/3/2002	2.5	Steel production	1,300
33	Calumet Steel	Chicago Heights, IL	3/19/2002	0.2	Steel production	210
32	National Steel	Mishawaka, IN	3/6/2002	7.0	Steel production	9,283
31	Huntco Inc.	Town and Country, MO	2/4/2002	-	Processing	553
30	Action Steel	Indianapolis, IN	12/28/2001	-	Processing	140
29	Sheffield Steel	Sand Springs, OK	12/7/2001	0.6	Steel production	610
28	Metals USA	Houston, TX	11/15/2001	-	Distribution	4,700
27	Bethlehem Steel	Bethlehem, PA	10/15/2001	11.3	Steel production	13,000
26	GalvPro	Jeffersonville, IN	8/10/2001	-	Processing	60
25	Riverview Steel Corp.	Glassport, PA	8/7/2001	-	Processing	60
24	Edgewater Steel Ltd.	Oakmont, PA	8/6/2001	0.04	Specialty Prods	140
23	Excaliber Holdings Corp.	St. Louis, MO	7/18/2001	-	Processing	800
22	Precision Specialty Metals Inc.	Los Angeles, CA	7/16/2001	-	Specialty	200
21	Freedom Forge Corp.	Burnham, PA	7/13/2001	0.2	Specialty Prods	1,120
20	Great Lakes Metals LLC	East Chicago, IN	4/11/2001	-	Processing	40
19	Republic Technologies	Akron, OH	4/2/2001	2.2	Steel production	4,600
18	Trico Steel	Decatur, AL	3/23/2001	2.2	Steel production	320
17	American Iron Reduction	Convent, LA	3/23/2001	-	Direct Reduced Iron	70
16	GS Industries, Inc.	Charlotte, NC	2/7/2001	2.0	Steel production	1,750
15	Heartland Steel Inc.	Terre Haute, IN	1/24/2001	-	Processing	175
14	CSC Ltd.	Warren, OH	1/12/2001	0.4	Steel production	1,225
13	LTV Corp.	Cleveland, OH	12/29/2000	7.6	Steel production	18,000
12	Erie Forge & Steel	Erie, PA	12/22/2000	0.1	Specialty Prods	300
11	Northwestern Steel & Wire	Sterling, IL	12/20/2000	2.4	Steel production	1,500
10	Wheeling-Pittsburgh Steel Corp.	Wheeling, WV	11/16/2000	2.2	Steel production	4,800
9	Vision Metals Inc.	Ann Arbor, MI	11/13/2000	-	Processing	610
8	J&L Structural Steel Inc.	Aliquippa, PA	6/30/2000	-	Processing	275
7	Gulf States Steel	Gadsden, AL	7/1/1999	1.1	Steel production	1,900
6	Qualitech Steel SBQ LLC	Pittsboro, IN	3/24/1999	0.6	Steel production	350
5	Worldclass Processing Inc.	Ambridge, PA	3/24/1999	-	Processing	80
4	Geneva Steel Co.	Vineyard, UT	2/1/1999	2.6	Steel production	1,650
			1/25/2002			
3	Laclede Steel Co.	St. Louis, MO	11/30/1998	1.0	Steel production	1,475
			7/30/2001			
2	Acme Metals	Riverdale	9/29/1998	1.2	Steel production	1,781
1	Al Tech Specialty Steel Corp.	Dunkirk, NY	12/31/1997	0.1	Specialty Steel Production	790
	Total			57.1		85,497

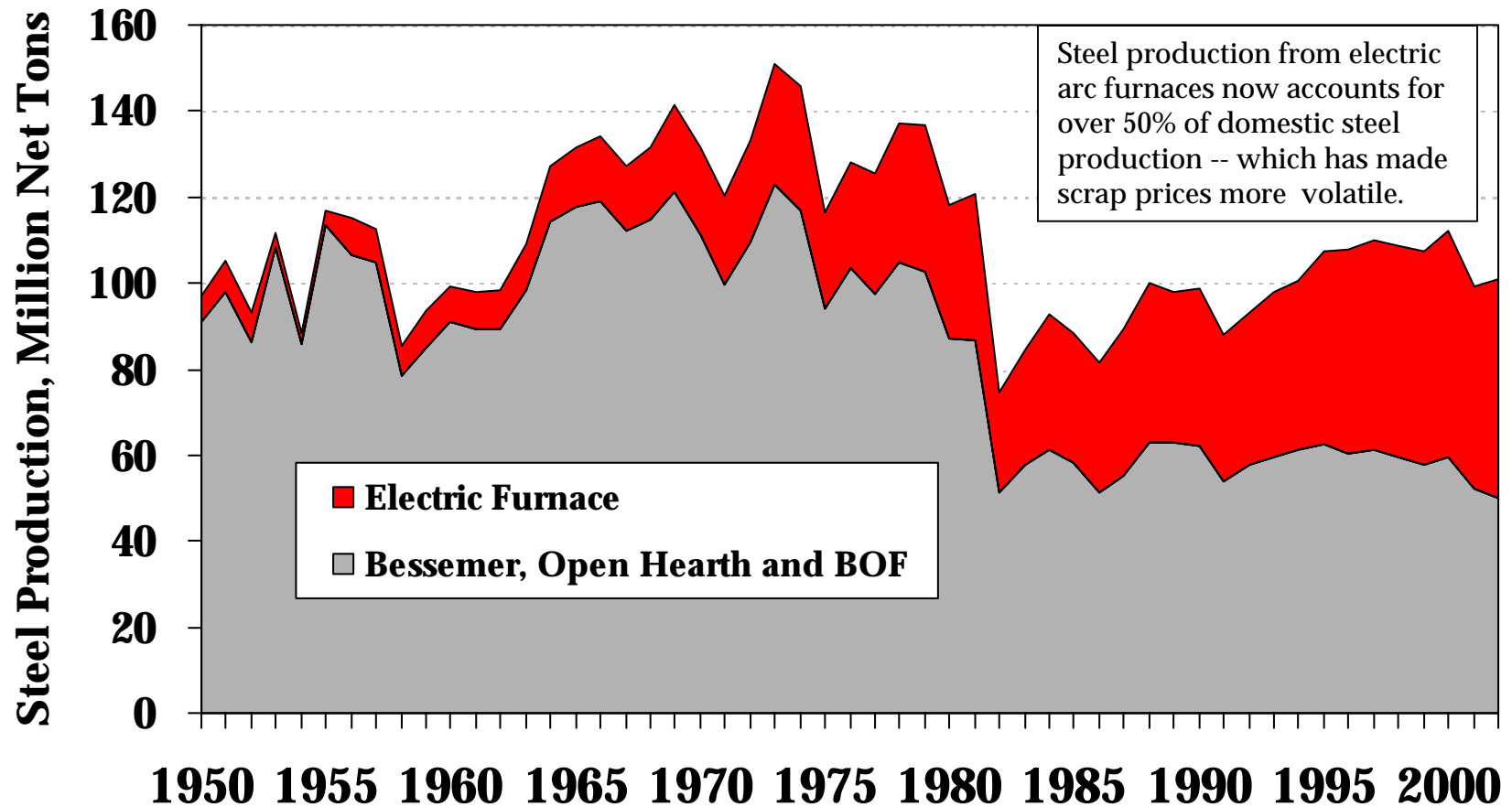
Source: American Metal Market and news reports.

Steel Industry Update

Nearly 15 Million Tons of Steelmaking Capacity Remains Shutdown or Idled

#	Company	Location	Shutdown	Restarted	Steelmaking		Products
					Capacity Million Tons	Process	
Idled Steelmaking Facilities							
1	Birmingham Steel	Memphis, TN	1/1/2000	n.a.	1.00	EAF	SBQ Blooms and Billets
2	North Star Steel	Kingman, AZ	1/8/2001	n.a.	0.50	EAF	Reinforcing Bar and Wire Rod
3	Geneva Steel	Vineyard, UT	11/14/2001	n.a.	2.60	BOF	Flat Rolled Steel and Welded Pipe
4	Beta Steel	Portage, IN	11/8/2001	n.a.	0.80	EAF	Flat Rolled Steel
					4.90		
Shutdown Steelmaking Facilities							
1	Green River Steel	Owensboro, KY	4/1/2000	n.a.	0.06	EAF	Steel Billets
2	Republic Technologies	Johnstown, PA	8/12/2000	n.a.	0.77	EAF	Steel Billets
3	Gulf States Steel	Gadsden, AL	8/21/2000	n.a.	1.10	BOF	Flat Rolled Steel
4	Acme Metals	Riverdale, IL	10/25/2001	n.a.	1.20	BOF	Flat Rolled Steel
5	Austeel Lemont	Lemont, IL	2/28/2001	n.a.	0.35	EAF	Rebar and Merchant Bar
6	Newport Steel	Newport, KY	3/30/2001	n.a.	0.70	EAF	Hot Rolled Steel
7	GS Industries, Inc.	Kansas City, MO	4/8/2001	n.a.	1.10	EAF	Rod and Wire
8	CSC Ltd.	Warren, OH	4/13/2001	n.a.	0.70	EAF	Bar Products
9	LTV Steel - Cleveland West	Cleveland, OH	6/16/2001	n.a.	2.00	BOF	Flat Rolled Steel
10	Laclede Steel Co.	Alton, IL	8/1/2001	n.a.	1.00	EAF	Flat Rolled Steel
11	Edgewater Steel Ltd.	Oakmont, PA	9/28/2001	n.a.	0.04	EAF	Railroad Wheels and Axles
12	Allegheny Technologies	Houston, PA	12/11/2001	n.a.	0.25	EAF	Stainless Steel
13	Calumet Steel	Chicago Heights, IL	3/19/2002	n.a.	0.15	EAF	Merchant Bar, SBQ, Light Shapes
14	Kentucky Electric Steel	Ashland, KY	12/27/2002	n.a.	0.30	EAF	SBQ, Flats, Near Squares
					9.72		
	Total Idled/Shutdown			31.42	14.62		

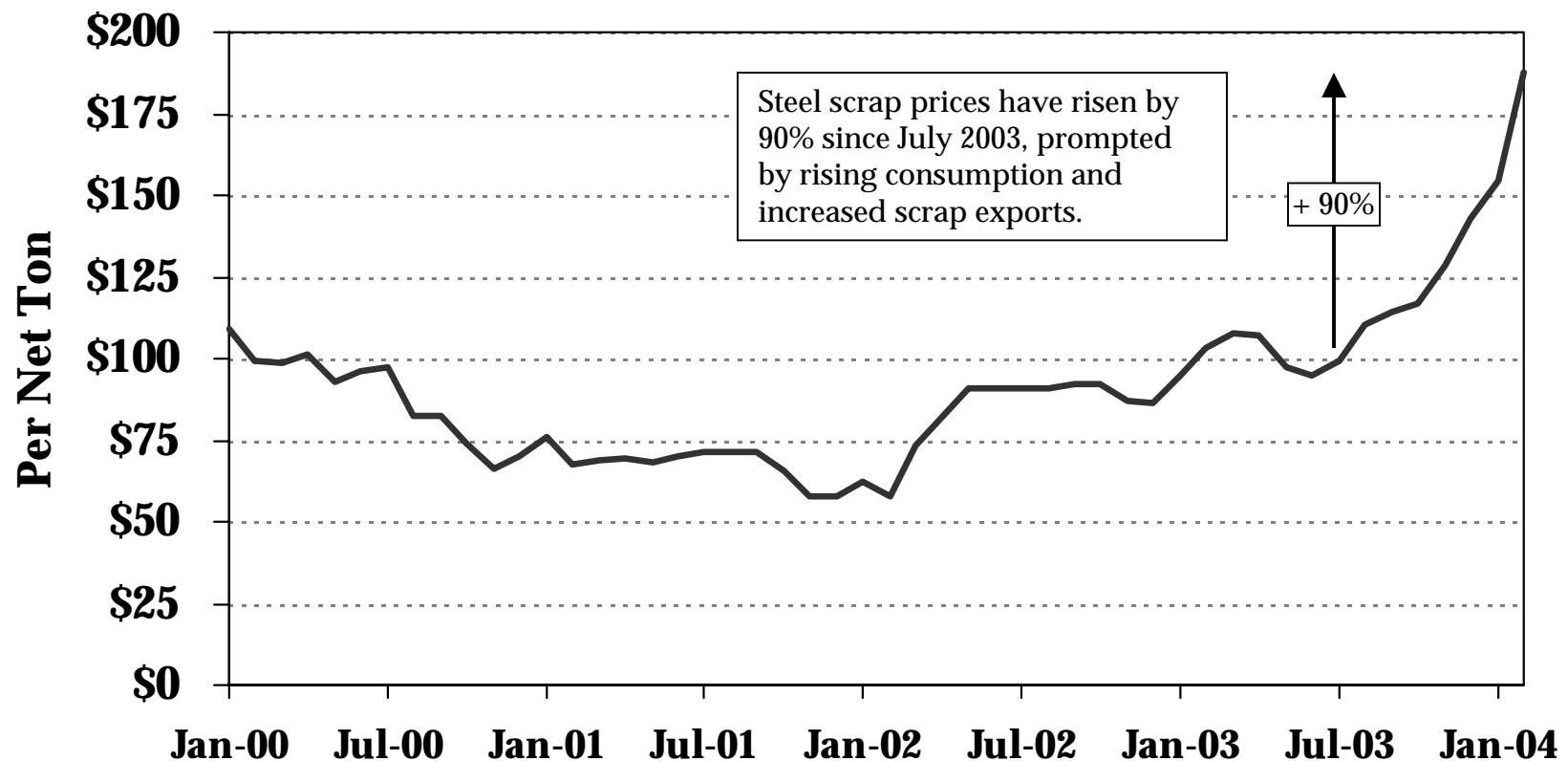
Raw Steel Production by Process



Source: American Iron and Steel Institute.

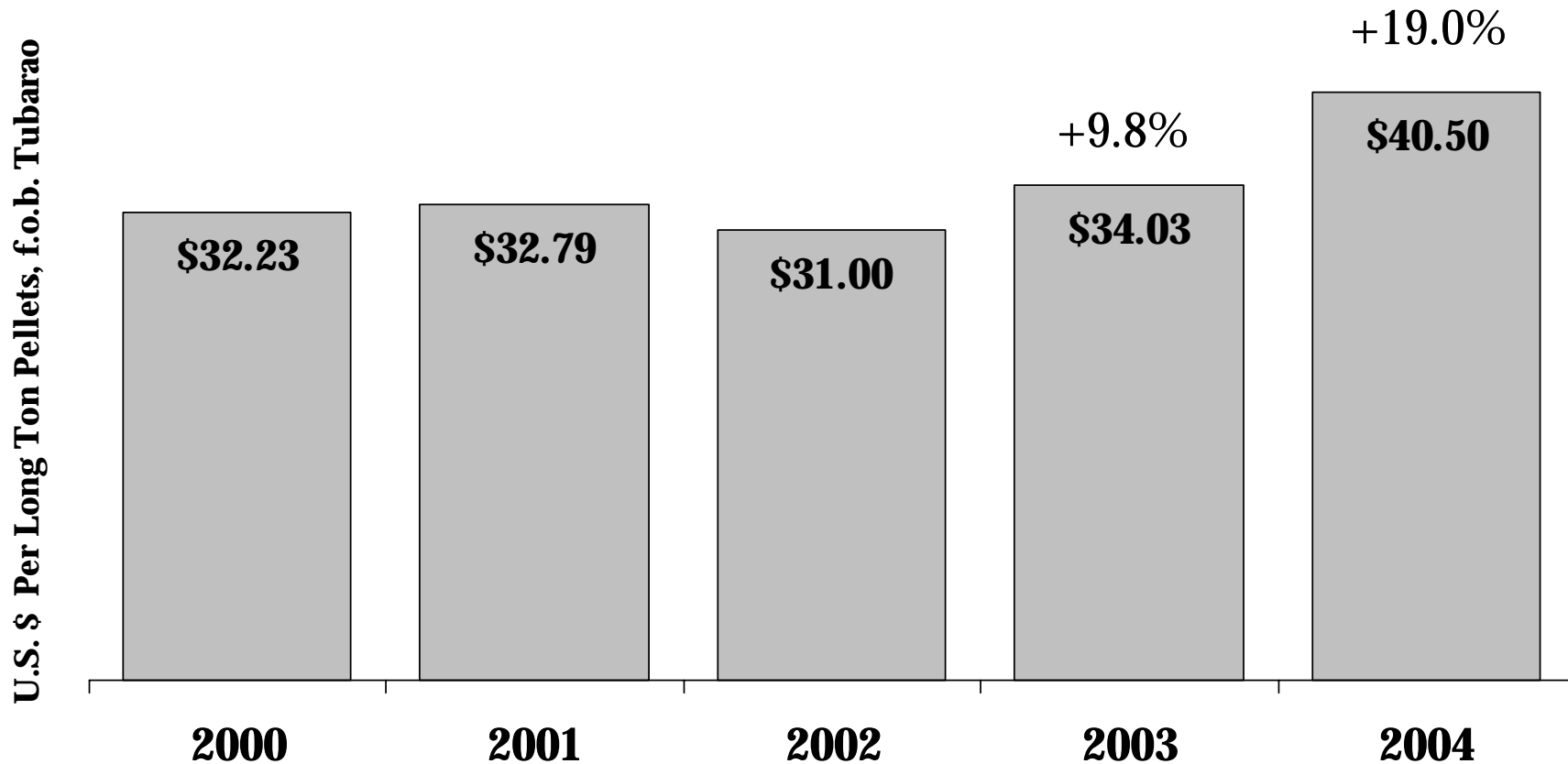
Scrap Price

American Metal Market No. 1 Heavy Melting Scrap



Sources: U.S. Geological Survey, Iron and Steel Scrap, various months.

CVRD Iron Ore Pellet Prices to Europe

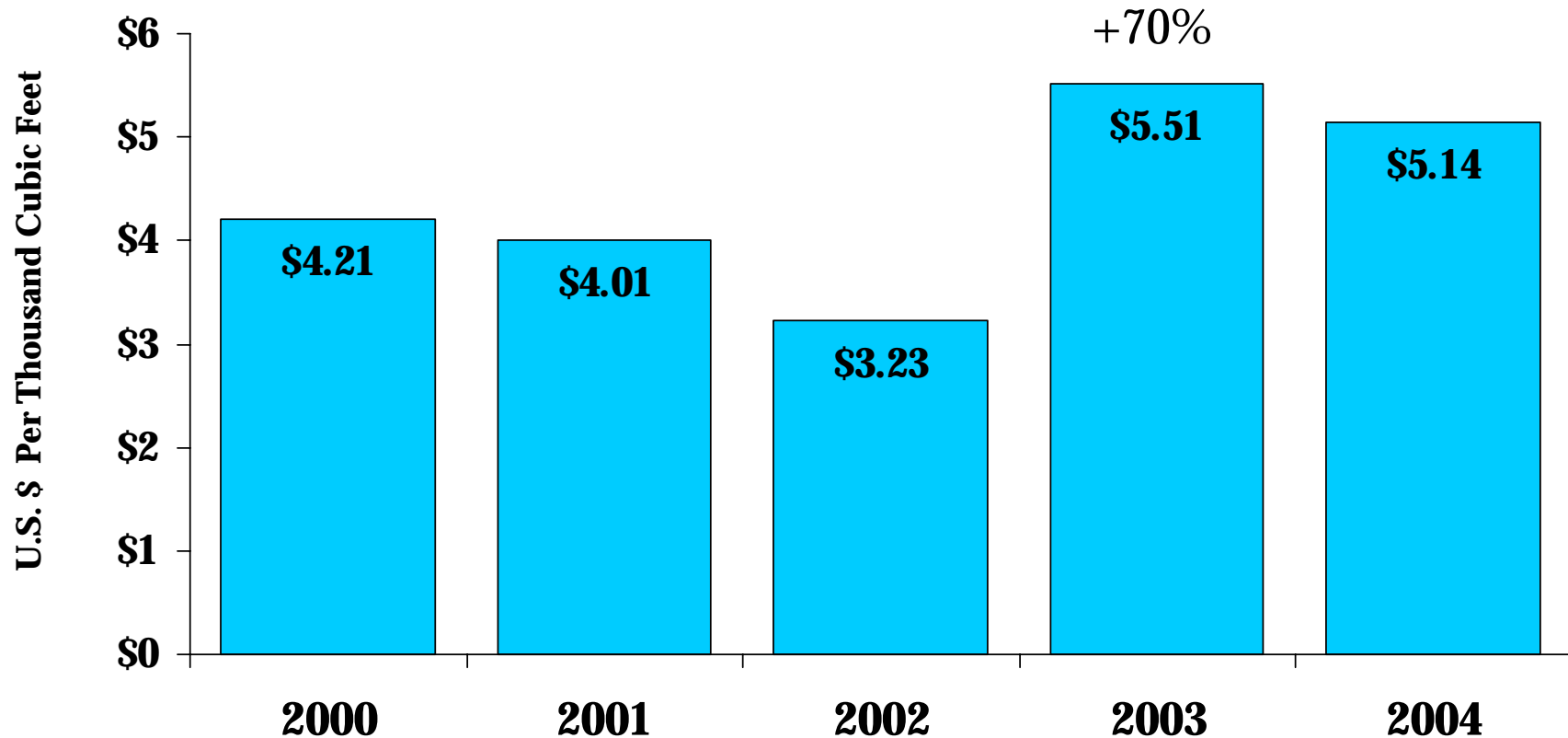


Notes: Price estimated based on 66.5% dry iron content.

CVRD Blast Furnace Pellets: CVRD Southern System, sold to Europe, f.o.b. Tubaro terminal.

Source: CVRD.

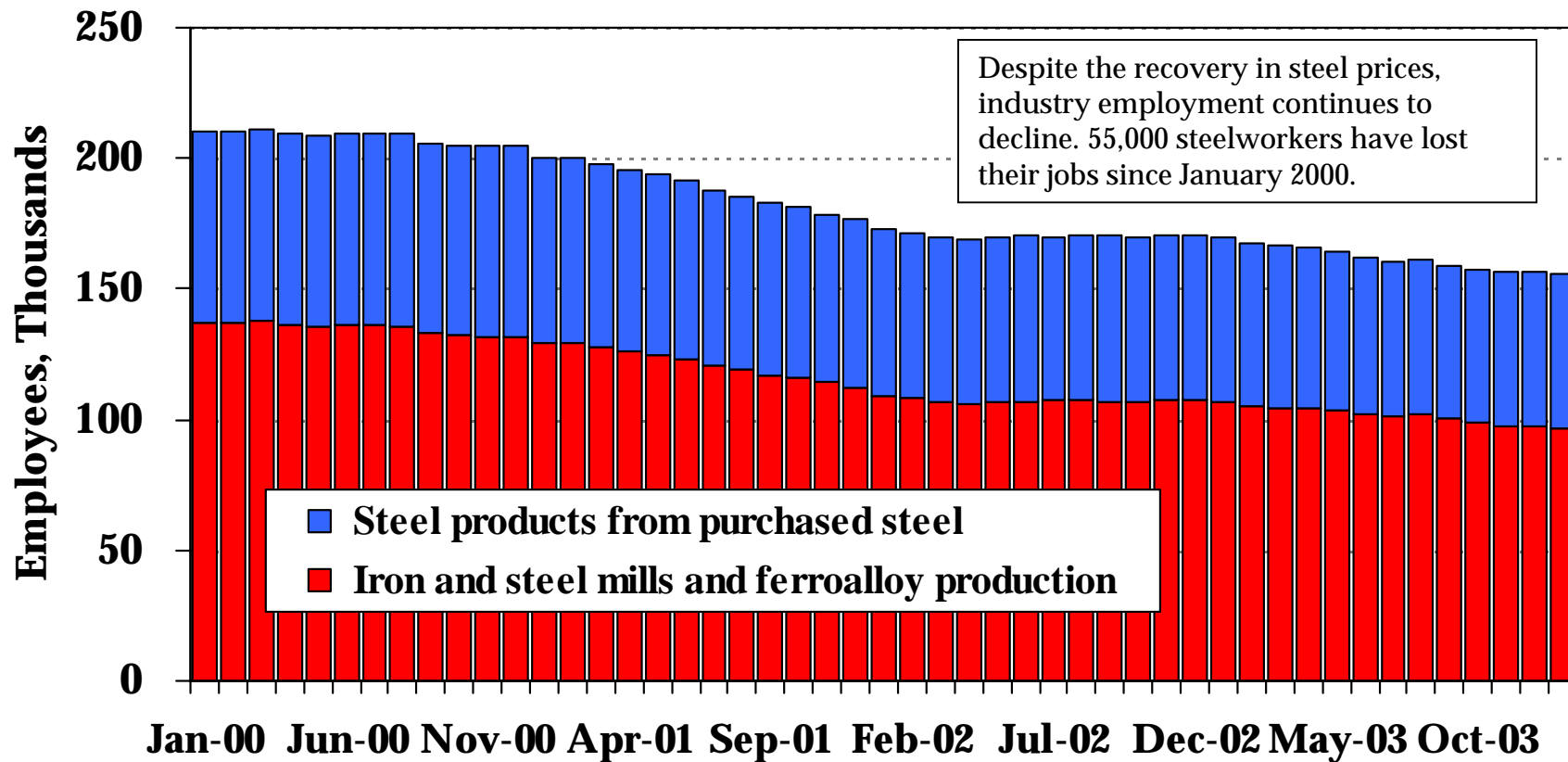
Natural Gas Prices



Note: Price is a composite spot for delivered natural gas to Industrial customers.
US dollars per thousand cubic feet.

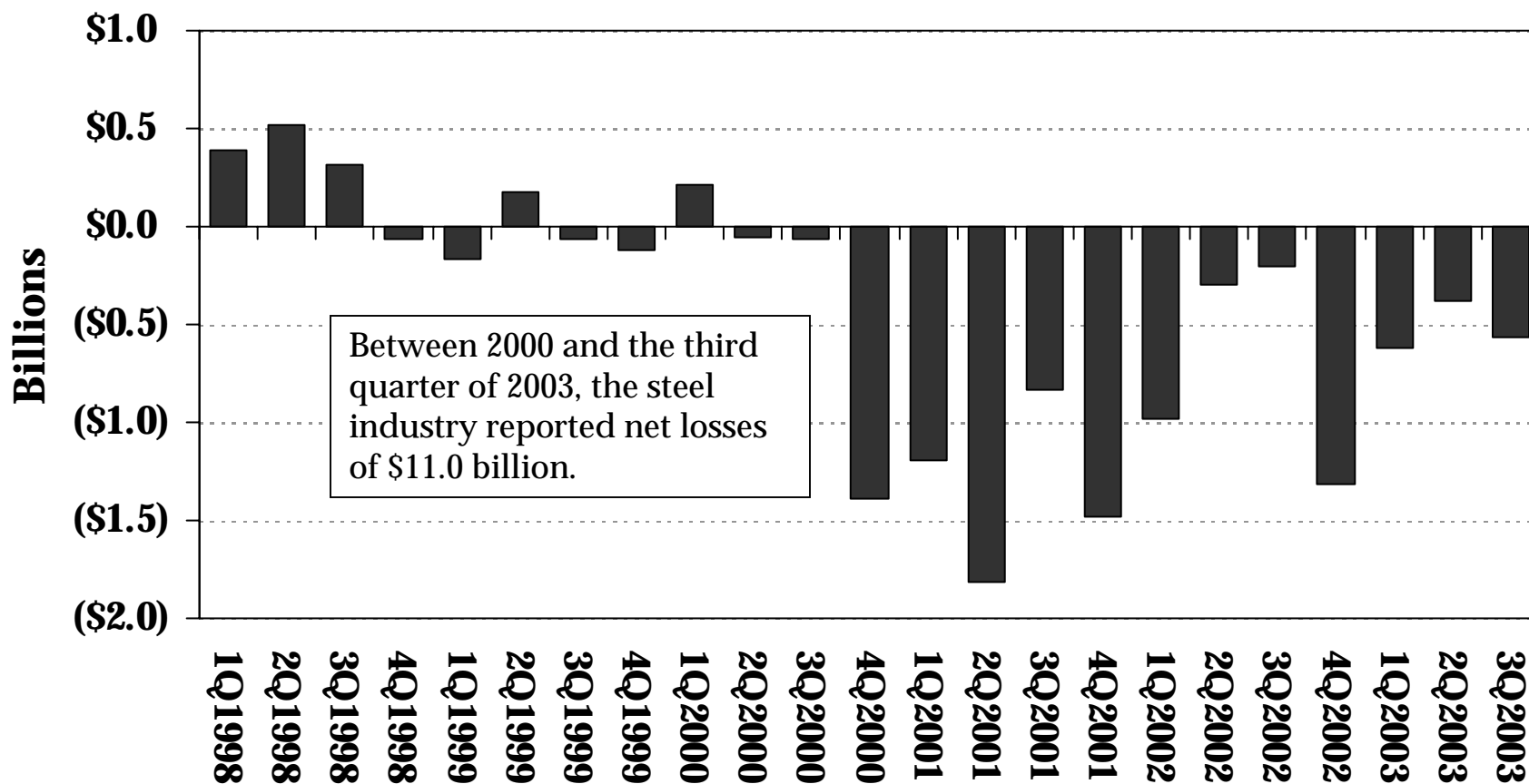
Source: U.S. Department of Energy, Energy Information Agency, Short-term Energy Outlook, January 2004.

Steel Industry Employment 2000-2004



Source: U.S. Department of Labor, Bureau of Labor Statistics, Iron and steel mills and ferroalloy production and steel products from purchased steel, not seasonally adjusted. Series CEU3133110001 and CEU3133120001.

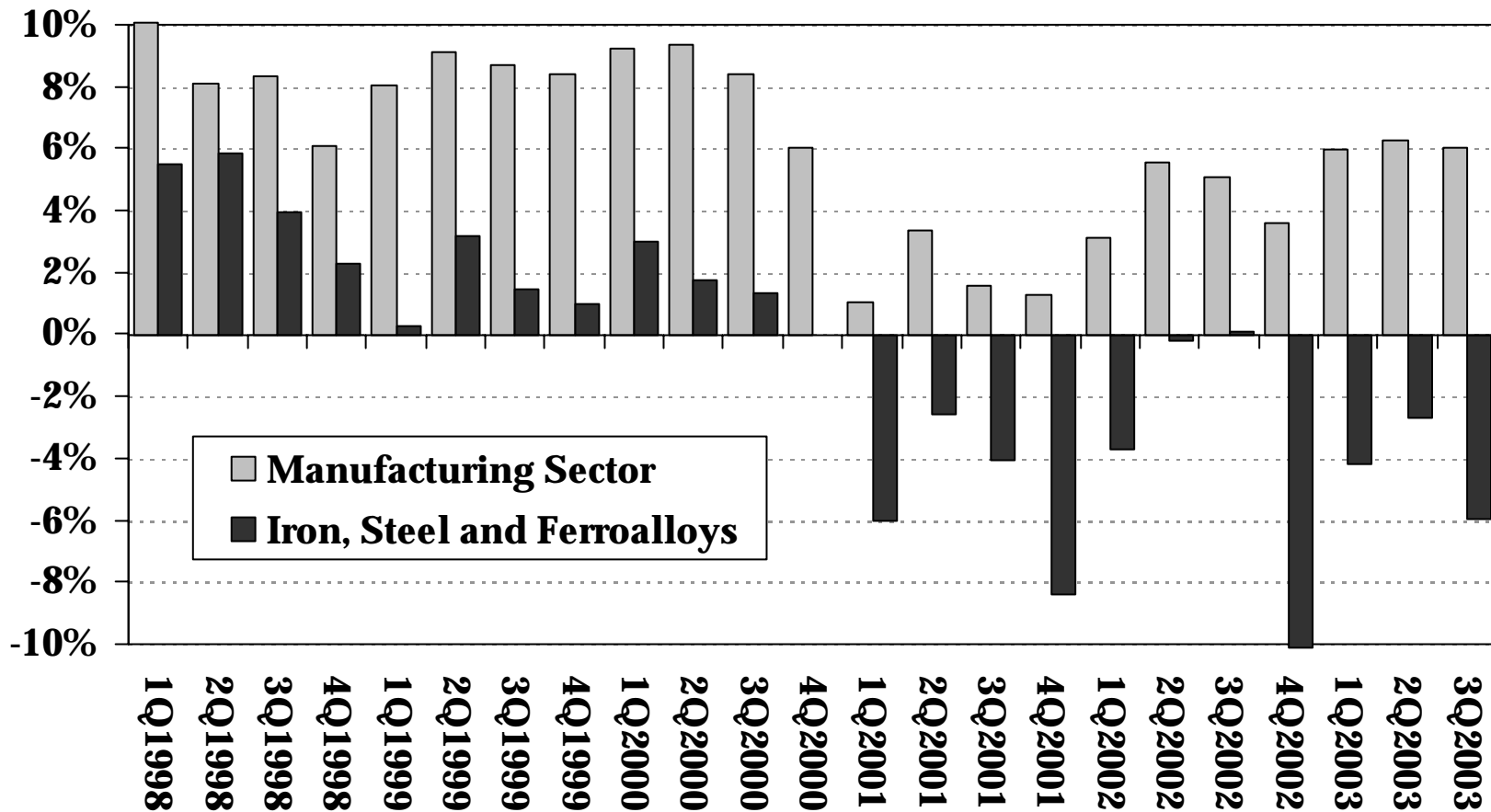
Steel Industry Net Income by Quarter



Note: Iron, Steel and Ferroalloy Industry, Public and Private Companies.
 Source: *Quarterly Financial Report*, U.S. Census Bureau, Third Quarter 2003.

Pre-tax Profit Margin

Steel and Manufacturing Sectors, Third Quarter 2003



Note: Iron, Steel and Ferroalloy Industry, Public and Private Companies.
 Source: *Quarterly Financial Report*, U.S. Census Bureau, Third Quarter 2003.