

The UPM Market Informer

Monthly Market Intelligence for Customers of United Performance Metals

January 2016

U.S. Steel, USW Finally Reach Labor Pact

After dragging on for months past the normal summer deadline, contract talks between U.S. Steel Corp, and the United Steelworkers have finally yielded a tentative agreement. Details of the labor pact were not released, pending ratification by union members, but it's safe to speculate that neither side walked away from the bargaining table with a smile on their faces. Much of the arm-wrestling no doubt involved the nitty-gritty of wages and benefits, health care and retirement, but the real underlying issue is how the two sides should share the hit from the illegal dumping of steel in the U.S. and ensure their mutual survival. As USW International Vice President Tom Conway said, "Our members were determined throughout this process not to be made scapegoats for the problems of unfair trade and global overcapacity."

Bargaining between the company and the union began in June, in the midst of a crisis for American steelmakers. Low-priced imports from China and other countries, along with a decline in drilling brought on by record low oil and natural gas prices, hurt demand for domestic steel. Plummeting steel prices have forced U.S. Steel and other companies to idle plants and lay off workers at factories around the country. Negotiating a contract at a time when the mills face such an urgent need to cut costs, and the unions such an urgent need to save jobs, could certainly have taken even longer than six months. The three-year-deal — which probably reflects an abundance of shared sacrifice — will cover 18,000 employees at U.S. Steel's flat-rolled and iron-ore mining operations, plus tubular operations in Fairfield, Ohio, and Lone Star, Texas.

"We believe the competitive three-year contract further supports the mutual success we have had with the USW in pursuing our Carnegie Way efforts and confronting unfair trade that is significantly impacting our industry," says Mario Longhi, president and CEO of U.S. Steel. Fellow domestic steelmaker ArcelorMittal will resume negotiations with the union after the New Year. Union employees at several Allegheny Technologies' facilities have been locked out since August. *Source: Metal Center News*

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Expected Mill Times

Stainless Cold Rolled - 6-8 weeks
Stainless Plate - 6-8 weeks
Nickel Cold Rolled - 20 weeks
Nickel Plate - 14-16 weeks



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Outokumpu, ATI Flat Rolled Products, North American Stainless, and AK Steel Corporation Announce Price Increase

As of January 4th, 2016, Outokumpu Coil Americas will increase prices as follows: All Cold rolled 200, 300 and 430 series products discounts will be reduced by 4 discount points; All Hot Rolled CMP products will be increased by \$.02/lb.; Polished extras will be reduced by 10 percentage points.

Effective with shipments January 1, 2016, ATI Flat Rolled Products is increasing base selling prices on Stainless Plate Mill Plate products for all 200, 300 and 400 series, Duplex and Precipitation Hardening (PH) grades by reducing the functional discounts by two percentage points.

Effective with shipments January 1, 2016, North American Stainless will increase the prices for all Cold Rolled grades in 200 series, 300 series, and type 430. This will be achieved by reducing the discount two percentage points. Also, NAS will increase polishing extras by reducing the polish discount 10 percentage points. Lastly, NAS will increase the base price of CMP and Discrete plate by \$.02/lb.

Effective with shipments January 1, 2016, AK Steel will increase base prices for all stainless steel products. For commodity sheet and strip, specialty sheet and strip, and tube sheet and strip products, the increase will be achieved through a reduction in the functional discount of four percentage points. For all remaining stainless steel products, including automotive sheet and strip, base prices will be increased by \$40 per ton.



United Performance Metals—Our Mission, Vision and Values

Mission—To deliver quality products and services to our customers through world class processes, people and facilities.

Vision—To be recognized by our customers, employees and owners to be the best performing specialty metals service center.

Values—Respect—We respect our customers, employees, suppliers, community and shareholders. We exemplify this through a culture of honesty and integrity that stresses ‘doing what is right’ for all groups and individuals. Employee safety is held to the highest standard.

Values—Leadership—We train, coach, encourage and reward to create an empowered work force that is responsible for meeting the expectations of our customer, employees, suppliers and shareholders.

Values—Continuous Improvement—We are committed to an environment of continuous improvement in everything we do. We do this by understanding customer, employee and supplier expectations and continuously working to innovate and improve products, services and processes.



Stainless Steel & Cobalt Alloy Surcharge Totals
October 2015—January 2016
High Temp Surcharge Totals
October 2015—March 2016

Grades	Oct	Nov	Dec	Jan	Feb	Mar
15-5	0.3339	0.3173	0.2976	0.2667	*	*
15-7	0.4125	0.3864	0.3538	0.3142	*	*
17-4	0.3320	0.3145	0.2950	0.2657	*	*
17-7	0.3902	0.3793	0.3554	0.3066	*	*
18SR	0.1816	0.1589	0.1476	0.1415	*	*
201	0.3084	0.2940	0.2760	0.2433	*	*
301 7.0%	0.3915	0.4017	0.3566	0.3077	*	*
302/304/304L	0.4244	0.4148	0.3893	0.3352	*	*
304-8.5%	0.4391	0.4303	0.3965	0.3468	*	*
305	0.5458	0.5428	0.5102	0.4320	*	*
309	0.5750	0.5717	0.5386	0.4592	*	*
310	0.7967	0.8048	0.7593	0.6373	*	*
316/316L	0.5317	0.5113	0.4723	0.4112	*	*
317L	0.6102	0.5843	0.5382	0.4724	*	*
321	0.4453	0.4374	0.4103	0.3506	*	*
347	0.7132	0.7054	0.6783	0.6186	*	*
409/409 Mod	0.1295	0.1072	0.0967	0.0930	*	*
410/410S	0.1359	0.1135	0.1029	0.0989	*	*
430	0.1734	0.1508	0.1394	0.1339	*	*
434	0.1979	0.1699	0.1547	0.1508	*	*
439	0.1815	0.1589	0.1474	0.1415	*	*
440A	0.1734	0.1508	0.1394	0.1339	*	*
2205	0.4766	0.4412	0.4044	0.3715	*	*
2507	0.5137	0.4794	0.4407	0.4028	*	*
20	1.8358	1.5524	1.3543	1.2687	1.3089	1.0928
263	4.3212	3.8512	3.4848	3.2055	3.2415	2.6725
276	4.1877	3.5258	3.1597	2.9592	2.9126	2.5444
A286	1.2178	1.0202	0.8778	0.8137	0.8417	0.6878
330	1.5914	1.3285	1.1283	1.0404	1.1074	0.8920
400	2.9435	2.4079	1.9937	1.8595	2.0140	1.5694
600	3.1895	2.6439	2.2342	2.0577	2.2246	1.7855
601	2.7582	2.3116	1.9751	1.8284	1.9590	1.5967
617	*	2.9921	2.6180	2.3857	2.4193	1.9205
625	4.7636	4.2216	3.8891	3.7330	3.7687	3.4028
718	4.7325	4.3148	4.0277	3.8984	3.9717	3.6600
X-750	3.7201	3.1900	2.7915	2.6196	2.7812	2.3541
800H/HT	1.4674	1.2385	1.0634	0.9858	1.0398	0.8506
825	2.0503	1.7198	1.4967	1.3968	1.4383	1.1947
HX	2.7595	2.3048	2.0347	1.9009	1.9047	1.6040
188	5.4200	5.2600	4.3100	3.7200	*	*
L-605	6.2700	6.0500	5.0200	4.3300	*	*

*Surcharge currently not available

Allegheny Technologies to Idle Facilities

Allegheny Technologies, Inc., Pittsburgh, will idle several of its facilities due to the challenging business conditions in commodity products. The company is also analyzing additional assets in its flat-rolled products segment.

Current plans include the idling of its standard melt shop and sheet finishing operations in Midland, PA, by January and its grain-oriented electrical steel operations in Bagdad, PA by April.

The restart of Midland and GOES operations will depend on future business conditions and ATI's ability to earn an acceptable return on invested capital at these operations, the company says. *Source: Metal Center News*

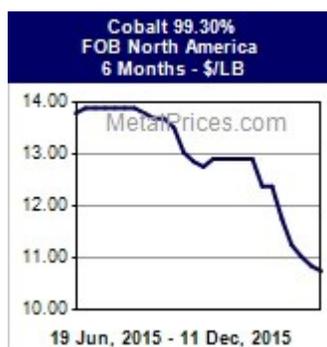
Rig Count Overview & Summary Count Source: Baker Hughes

Area	Last Count	Count	Change	Prior Count	Change from Last Year	Date of Last Year's Count
U.S	December 23, 2015	700	-9	December 18, 2015	-1140	December 26, 2014
Canada	December 23, 2015	126	-36	December 18, 2015	-130	December 26, 2014
International	November, 2015	1109	-2	October, 2015	-215	November, 2014

United Performance Metals Recognized for Outstanding Performance

AdChem Manufacturing Technologies, Inc. (ACMT; Manchester, CT) recognized United Performance Metals for outstanding performance in quality and on-time delivery.

The combined efforts of sales, purchasing, and production within UPM and their specialty divisions, Vulcanium and Aerodyne Alloys, were acknowledged with a Certificate of Achievement as a token of this valued customer/supplier relationship.



Titanium Surcharge Update Source: ATI Specialty Metals

Titanium Alloy	Standard Surcharge Q4, 2015		
	Bar	Billet	Flat
ATI 6-2-4-2 Alloy	\$6.21	\$5.65	\$6.21
ATI 6-4 Alloy	\$5.10	\$4.64	\$5.10
ATI 6-4 ELI Alloy	\$5.10	\$4.64	\$5.10
ATI CP Grade 1	\$4.94	\$4.50	\$4.94
ATI CP Grade 2	\$3.70	\$3.37	\$3.70
ATI CP Grade 4	\$3.70	\$3.37	\$3.70

