



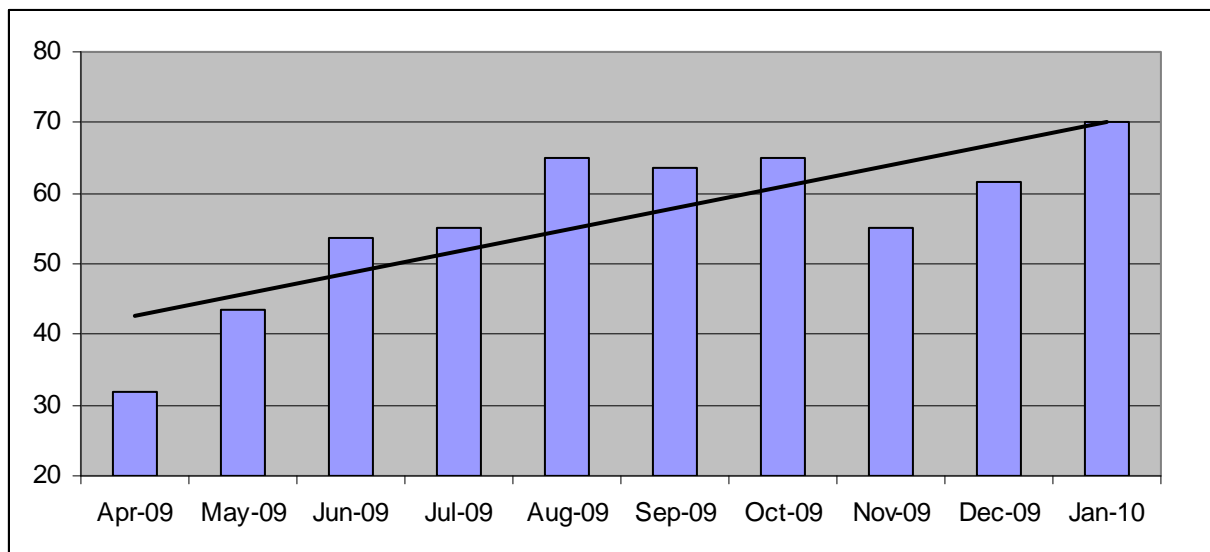
United Sourcing Alliance actively monitors market pricing to ensure our supplier partners remain competitive with market fluctuations. Below you'll find our latest update on key commodities and currencies. Please contact Gene Smith at gsmith@usa-llc.com or 704-697-9695 Ext 14 if we can assist you further.

Commodities Update February 15, 2010

ISM Manufacturing Price Index – The January Manufacturing ISM Report on Business has reported that the manufacturing sector grew for the 6th consecutive month. The Purchasing Managers Index (PMI) is reporting a reading of 58.4%, its highest reading since August 2004. The indicators point to strong performance in manufacturing with both the Production Index and the New Orders Index above 60%. Of the 18 industries reporting, 13 reported growth which was up from last month when 9 reported growth.

The ISM Price Index came in at 70% in January indicating that manufacturers are paying more on the average compared to previous months. Of those participating in the ISM report: 44% reported paying higher prices, 4% reported paying lower prices, and 52% reported paying the same. January was the 7th consecutive month with an index reading over 50%. Commodities reported to be up in price are: Copper Products, Aluminum Products, Stainless Steel, Plastic Resins, Corrugated Cartons, Diesel Fuel, Natural Gas, Steel Products, Brass & Nickel.

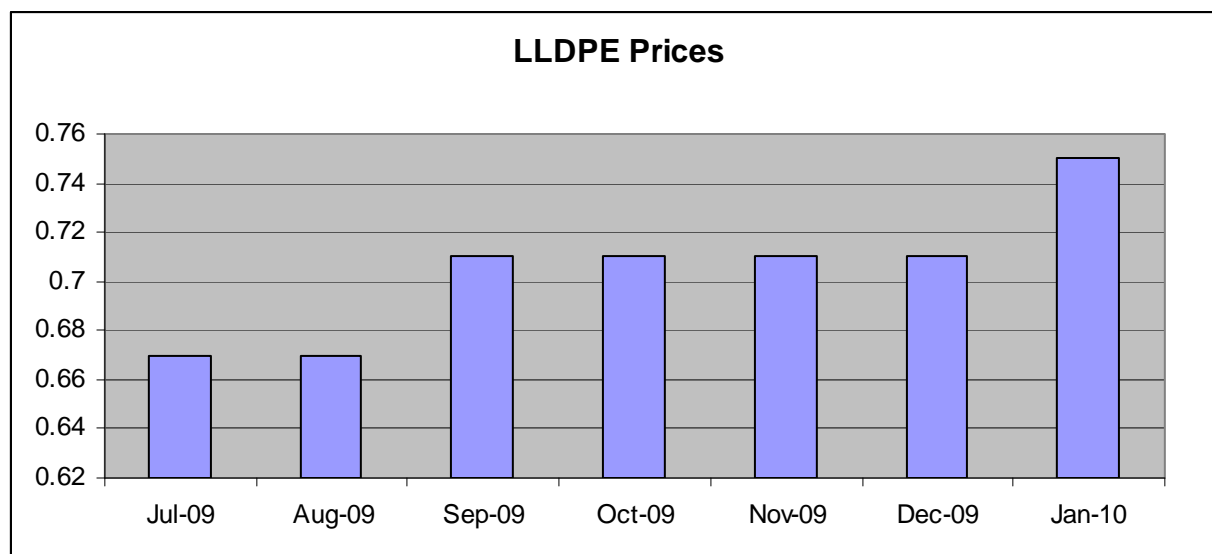
ISM Commodity Price Index - YTD



Polyethylene – The single biggest factor fueling the increases in the PE markets is the robust export market for PE resins. 2009 marked a record year for exports and the first half of 2010 is expected to mirror this trend. This is driven by the low cost position of the US and delays in new capacity in the Middle East and Asia. When you take the export markets and combine with the improvements in the domestic economy the overall demand on PE is solid.

Suppliers in the Middle East have been dealing with several factors affecting production including: flooding, power outages, feedstock shortages, technical related outages, as well as planned downtime for maintenance. As a result some producers have put their customers on allocations. In addition, producers are doing an excellent job of controlling inventory levels which will likely give them the power position needed to maintain and possibly improve margins early in 2010. However, we do expect to see some erosion in the index and prices as we move closer to the 3rd quarter.

We will continue to monitor these markets and keep you posted as events unfold. We also have charts available for LDPE & HDPE. Contact Gene Smith if you would like those.

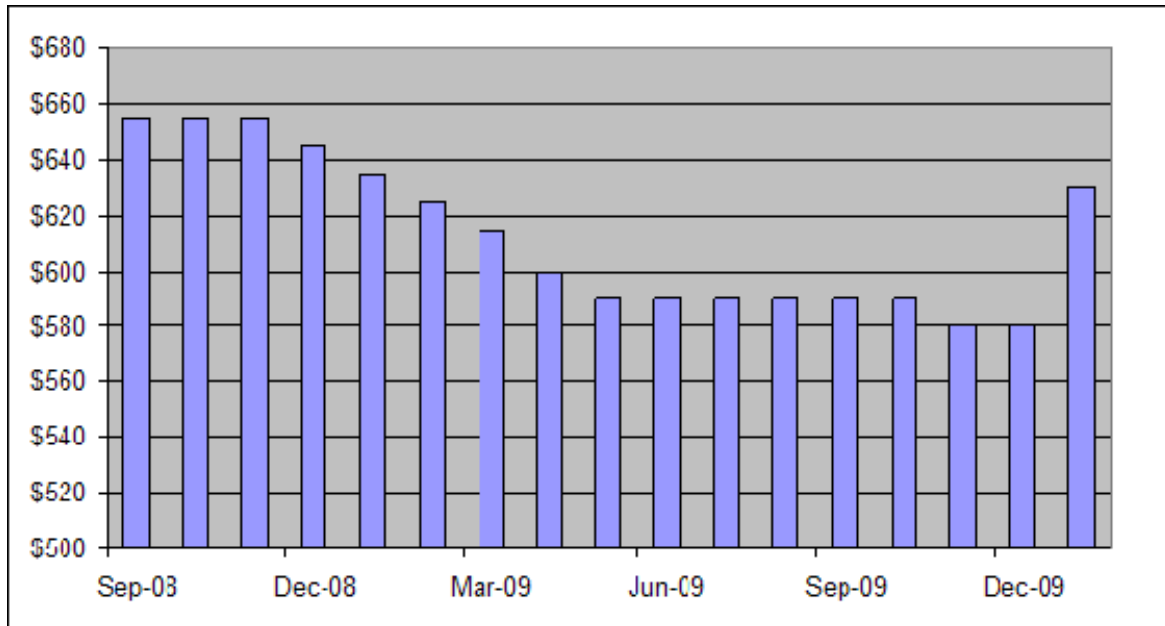


Corrugated Containers – After watching linerboard prices fall throughout 2009 we are now faced with the first increase in 16 months. Over that period we saw prices move from \$650 per ton, an all time high, down to \$580 per ton. Now all manufacturers, large and small, have been on the street since the first of the year announcing and pushing through a \$50 per ton increase.

United Sourcing Alliance clients are protected from such increases until the indexes have firmed up, and Pulp & Paper has published the new number. The new publication came out towards the end of January and the new linerboard index number is up \$50 per ton. Slightly higher on the West Coast at \$70 per ton. This translates into new box prices for all.

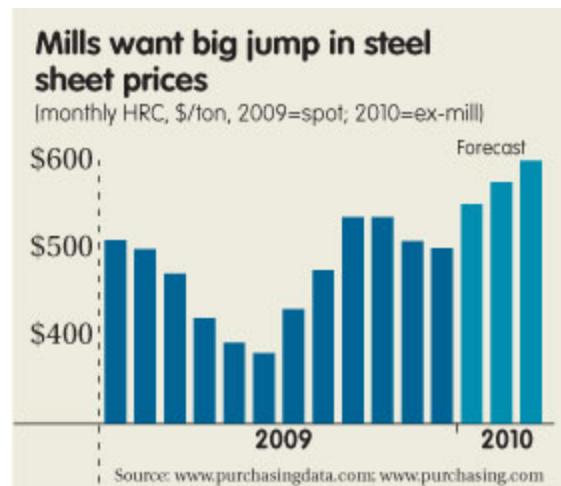
Please know that United Sourcing Alliance will continue to monitor these markets and this index. We will keep you advised should there be additional movement, up or down. There is some speculation throughout the industry that this level will be difficult to maintain given current business conditions, but I will say that the paper producers have done a pretty good job of taking capacity off line to manage their supply levels in order to support this increase.

Pulp & Paper Linerboard Index



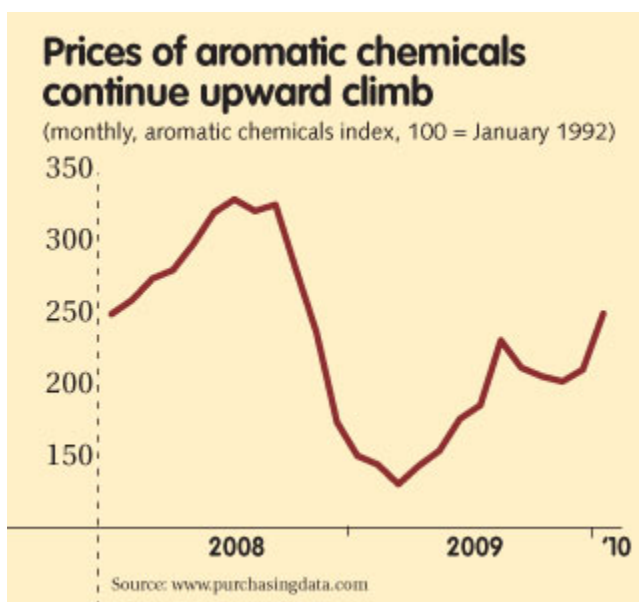
Steel – Mills are using a slight increase in demand and somewhat higher prices in scrap to push for as much as a \$100 per ton increase in sheet prices for the first quarter of 2010. Despite this push there remains significant discounting off list prices in the spot markets. 55% of end user buyers surveyed reported paying the same or less for steel in January compared to December. However, in response to the attempts by producers to increase prices, 48% of those surveyed report they expect to pay more for steel by the end of the quarter.

Although automotive manufacturing demand helped to support higher prices in the 2nd half of 2009 that demand has softened and is not expected to come back until mid 2010. With the majority of steel usage generated by the construction sector, which is predicted to be down until 2011, it will be difficult for producers to sustain the increases.



Chemicals – Reports are that January spot supplies are depleted and February availability will be limited pushing prices up. Producers are limiting output by taking downtime to perform much needed maintenance. Benzene jumped to \$3.45 per gallon, a 21% increase over December levels. Styrene jump 14%, toluene jumped 18% to \$2.86 per lb, and mixed xylenes jumped to \$2.91 per lb which represented an increase of 15%.

Inventory levels will continue to be tight, and combine that with increased demand with a general overall recovery, we will likely see prices push even higher in the first half of 2010. Most industry analysts expect petrochemical prices to be up a minimum of 10% this year.



Energy Outlook – Crude oil prices continue to fluctuate. The West Texas spot price increased by 20% to \$83.12 per barrel from December 14, 2009 to January 6, 2010. But then dropped back approximately 12% to \$72.85 on January 29, 2010. Expectations are that crude prices will strengthen again this spring with an average of about \$81 per barrel over the second half of this year and moving to about \$84 per barrel into 2011.

Forecast for retail gasoline in 2010 as an annual average will be up to \$2.84 per gallon compared to the average in 2009 of \$2.35. In 2011 we could see the annual average jump to \$2.97 per gallon as the forecast for crude is up. We could even see prices at the pump exceed \$3.00 per gallon during the approaching summer season. Retail diesel fuel prices are forecast to be an annual average of \$2.95 in 2010 and \$3.16 in 2011.

This year's annual average natural gas Henry Hub spot price is forecast to be \$5.37 per million Btu, a \$1.42 increase over the 2009 average of \$3.95. This would represent an increase of approximately 36%. Projections are also up for 2011 with the annual average forecast to be \$5.86 per million Btu. Working gas inventories are expected to be lower than previously forecast due to colder than normal weather in early January.

Currencies – A dramatic change in sentiment in favor of the dollar and against the Euro has fueled a significant rally in the buying power of the dollar since late November. Since reaching an all time low against the Euro of \$1.51 on November 25th, the dollar has rallied 10% and currently stands at \$1.36. This sudden surge impacts corporations who bet on a weak dollar for strong sales overseas, but goods become cheaper for importers. As we are seeing, changes like this can be dramatic and unexpected.

	<u>2/15/2010 Rate/US\$</u>	<u>YTD % chg</u>
Brazil	1.8546	+6.4% %
Canada	1.0491	-0.2%
México	12.93	-1.1%
Euro	0.7352	+5.3%
UK pound	0.6385	+3.2%
China	6.8333	+0.1%
India	46.36	-0.1%
Japan	89.98	-3.3%

A positive change means the dollar has strengthened and will purchase more of the currency or products of that country. Know the numbers and use them to your advantage.

Quick Hits:

2009 was an exciting year for United Sourcing Alliance as we grew our client base by 56% over the prior year. We were also successful in expanding our supplier base by adding 8 new supplier partners. We launched our new website in October, check it out at www.usa-llc.com. We later completed the training of nearly 40 Transportation Insight business development associates who will speak to our sourcing capabilities as they present their third party logistics solution.

Logistics – if you are looking for help with logistics and are interested in a hosted web based technology solution, talk to us about Transportation Insight or check them out at www.t-insight.com. What impresses us most about their offering is it is a powerful TMS system developed and run by logistic experts with incredible market insight.

Packaging has been an area of focus over the past several months with outstanding results in delivering significant savings to our clients. We have conducted several **RFP's** for corrugated cartons producing

average savings of **14%**. In addition we have identified and signed agreements with two excellent supplier partners in the packaging world: **Pollock Paper** of Grand Prairie, TX and **SupplyOne** of Reading, PA. Please contact us to learn more about their capabilities and how they can help your company save dollars and improve your packaging.

Jan San – We have completed an agreement with **Southeastern Paper Group** of Spartanburg, SC in the janitorial products arena. Southeastern Paper Group is a full line distributor of non-foods disposable and janitorial maintenance supplies. SEPG is a family owned and operated business with an unparalleled commitment to customer service since 1969. We have completed several benchmarks with solid double digit savings results. Call if you'd like more details.

Professional Development – Through our sister company **Total Insight Performance Solutions** we have completed training in *Stephen Covey's 7 Habits of Highly Effective People*. This is truly a game changing event, not only for how you approach work but how you approach life. Check out the entire offering of services and consider the holistic approach to achieving and sustaining excellence at www.totalinsight.com. Click on workshops and webinars on our web site or theirs to see a complete listing of upcoming events.

In closing...

The 4th quarter GDP of 5.7% shows we are moving out of the recession into a period of growth. Inventory replenishment accounted for more than half of that growth and stimulus spending certainly provided fuel as well. *The Kiplinger Letter* forecasts GDP averaging 3% in 2010; strongest in the 2nd half. Look for recent steep hikes in some metals and commodities to go in reverse at some point. With unemployment near 10%, the economy is simply not strong enough to sustain inflation. Forecasts range from slightly up to slightly down for the year.

At United Sourcing Alliance we like to position ourselves as an extension of your purchasing department. We believe we offer a low risk, high value way to drive savings to your bottom line. Let us know what else we can do to help.

With best regards....*United Sourcing Alliance*