

GREAT AMERICAN GROUP ADVISORY & VALUATION SERVICES

**Metals Monitor
August 2011**

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Introduction

Welcome to the August 2011 issue of the *Metals Monitor* from Great American Group Advisory & Valuation Services (“GA”). This publication will provide you with market value trends in both ferrous and non-ferrous metals. The enclosed information is based on qualified metals industry publications and key industry contacts.

The commodity nature of steel scrap, aluminum ingot, copper cathode, and nickel warrants the timely reporting of market value changes. The timing of our mid-month *Metals Monitor* will capture the month-end prices that act as the basis for pricing value-added metal mill products.

The *Metals Monitor* includes a sampling covering most metals projects. GA internally tracks additional specialty and tool steels, all raw materials for steel, specialty steel, and primary aluminum production and manufacturing, but we are mindful to adhere to your request for a simple reference document. Should you need any further information or wish to discuss recovery ranges for a particular segment, please feel free to contact your GA Business Development Officer.

GA’s metals expertise is not confined to use on pure metals projects, but is always utilized in assuring the accuracy and insight for all manufacturing projects where metals are the primary or significant raw materials, regardless of the sector of the finished products. This assures that all appraisals from GA reflect the full scope of our experience and insight.

Trends in Recovery Values

Trend Tracker
NOLVs: Consistent
Sales Trends: Increasing
Gross Margin: Consistent
Inventory: Increasing
Pricing: Mixed

Net orderly liquidation value (“NOLV”) changes for specific categories and companies varied based on market price, inventory costing, and companies’ ability to manage their inventory mix and levels with respect to market supply. GA has presented observations regarding some of the recent trends in NOLVs, but recognizes these should not be generalized to all companies.

In July 2011, sales trends for many metals companies increased due to higher demand, while gross margins remained stable. Inventory levels rose as companies held more goods and the dollar value of inventory increased, reflecting higher market prices earlier in the year.

For the collateral appraisal in July, NOLVs decreased one to three percentage points versus the prior year. However, GA notes this decline was based on cost adjustments made by the company and was not a result of the current market. NOLVs had registered an increase prior to the cost adjustments.

In July, flat rolled steel prices demonstrated declines, which may impact recovery values, and the further decreases in August may affect recoveries going forward. Aluminum and nickel prices range from steady to increasing, and copper prices remain volatile. The impact of the recent debt deal on economic growth and metals demand remains to be seen.



ABOUT GREAT AMERICAN GROUP

GA is a leading provider of asset disposition solutions and valuation and appraisal services to a wide range of retail, wholesale, and industrial clients, as well as lenders, capital providers, private equity investors, and professional services firms. In addition to the *Metals Monitor*, GA also provides clients with industry expertise in the form of monitors for the food, automotive, building materials, paper and packaging, and chemicals industries, among many others.

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EXPERIENCE

GA has worked with and appraised a number of companies within the metals industry, including industry leaders in steel and aluminum production and processing. GA's extensive record of metals inventory valuations also feature appraisals for companies throughout the entire metal supply chain, including foreign and domestic metal- and steel-producing mills; metal converters that produce tubing and pipe, as well as expanded, grating, and perforated metal types; metal service centers/processors as well as distributors; structural and custom fabricators and stampers; manufacturers that utilize metals as raw materials; and scrap yards, recyclers, dealers, and brokers.

In **July 2011**, GA performed the following initial and collateral update appraisals:

- An initial appraisal of a manufacturer and distributor of copper-based electrical and electronic wire products as well as engineered cable products, with annual revenues of over \$750 million;
- An initial appraisal of a distributor of electric resistance welded, submerged arc welded, and seamless carbon and alloy steel pipes for the energy and industrial markets, with annual revenues of over \$450 million; and
- A collateral appraisal of a manufacturer and distributor of high-quality light-gauge common alloy sheet, foil, and coated aluminum products, with annual revenues of more than \$500 million.

Our clients also include the following major businesses:

- Globally recognized vertically integrated steel tube manufacturers;
- A vertically integrated seamless and welded steel pipe producer with more than \$1 billion in sales annually and over \$275 million in inventory;
- A vertically integrated aluminum producer including both the upstream and downstream sides of the industry, with over \$1 billion in sales annually and over \$130 million in inventory;
- One of the U.S.'s largest scrap recycling processors, with \$550 million in sales in 2010; and
- Well-known service centers across the nation, including a multi-division full line steel service center consisting of over 50 locations across the U.S., with \$2.6 billion in annual sales and over \$500 million in inventory.

GA additionally maintains appraisal experience involving precious metals and specialty metals, allowing GA to provide experience-based valuations across the entire metals industry. The metal products that GA has appraised have maintained applications throughout a wide variety of industries including the automotive, construction, aerospace, industrial machinery and equipment, and appliance and electrical equipment markets.

Moreover, GA has liquidated a number of companies with metal products including Advanced Composites, Aluminum Skylight & Specialty Corporation, Anello Corporation, Apex Pattern, Balox Fabricators, BJS Industries, Buckner Foundry, Crown City Plating, GE Roto Flow, Laird Technology, Maddox Metal Works, Miller Pacific Steel, R.D. Black Sheet Metal, Valley Brass Foundry, and Southline Steel. In addition to our vast appraisal and liquidation experience, GA maintains a staff of experienced metals experts with personal contacts within the metals industry that we utilize for insight and perspective on recovery values.

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OVERVIEW

In the first half of 2011, metals experienced volatility amidst large first-quarter sell-offs and market rallies, as well as the uncertainty that followed. The bulk of the global metals market represents iron and steel, which account for over half of the industry's metal volumes, with aluminum marking the second-largest segment. Investors have recently indicated cautious optimism regarding the metal price outlook for the remainder of 2011, as prices have been impacted by global conditions including turmoil in the Middle East. In addition, metal demand continues to exceed supply. Nevertheless, these potential price-boosters may be mitigated by companies' fiscal restraint in light of the government's recent debt debacle.

The metals industry also faces other challenges. Manufacturers are dealing with higher energy and raw material costs and are forced to cope by improving productivity, consolidating operations, and reducing costs. As the industry is cyclical, low-volume and high-cost producers that do not generate sufficient cash or secure strong borrowing ability during the market peaks may find it difficult to survive when the market is down.

However, the long-term global outlook for metals appears bright. Developed regions such as the U.S. and Europe have demonstrated a moderate pace of economic recovery, while Asia-Pacific countries such as China and India are demonstrating increased metal production and demand. China remains the world's largest consumer of metals. As metal-consuming industries continue to improve on an international basis, global metal demand will follow.

OVERVIEW

AUTOMOTIVE

The automotive industry is a significant consumer of steel. Despite minor setbacks this year, the auto industry has recently exhibited a strong recovery, which continued in July.

Detroit's Big Three automakers gained market share in the U.S., boosting sales for Chrysler Group LLC, Ford Motor Company, and General Motors Company by 20.1%, 8.9%, and 7.6%, respectively, in July 2011 versus 2010. Sales for these domestic producers surpassed industry expectations in spite of bleak economic news.

Japanese automakers, however, are still recovering from Japan's earthquake and tsunami in March, causing them to lose market share to their American competitors.

MANUFACTURING

After a modest acceleration in growth in June 2011, the U.S. manufacturing sector returned to its previous trajectory in July as production activity dropped more than expected.

The Institute for Supply Management's ("ISM") purchasing managers index ("PMI"), an indicator of manufacturing activity, decreased 4.4 percentage points from 55.3 in June to a reading of 50.9 in July, falling well below the reading of 54.8 expected by industry analysts. Readings greater than 50 signify growth in the manufacturing economy, while readings below 50 denote contraction.

"Despite relief in pricing, several comments suggest a slowdown in domestic demand in the short term, while export orders continue to remain strong," said Bradley J. Holcomb, chair of the ISM Manufacturing Business Survey Committee.

The following table reveals the monthly PMI trend:

Month	PMI
July 2011	50.9
June 2011	55.3
May 2011	53.5
April 2011	60.4
March 2011	61.2
February 2011	61.4
January 2011	60.8
December 2010	58.5
November 2010	58.2
October 2010	56.9
September 2010	55.3
August 2010	55.2
July 2010	55.1

ENERGY

The energy market is a large consumer of metals used for pipelines and oil rigs. The Baker Hughes Rig Counts ("Baker Hughes") represents an important business barometer for the drilling industry and its suppliers. The active rig count serves as a leading indicator of demand for metal products used in drilling, completing, producing, and processing hydrocarbons.

The U.S. energy sector's growth trend reversed from the prior week, but continued to demonstrate healthy expansion over the previous year. Both the Canadian and international rig counts increased week-over-week and year-over-year.

According to Baker Hughes data from July 29, 2011, the U.S. rig count totaled 1,908 rigs actively exploring for or developing either oil or natural gas, increasing by 322 rigs compared to the July 30, 2010 count, but losing eight rigs from the previous week. The recently lost rigs had been intended for natural gas production. The U.S. rig count peaked at 4,530 rigs in 1981, with a bottom of 488 rigs in 1999.

	United States	Canada	International
Date of Recent Rig Count	July 29, 2011	July 29, 2011	June 2011
Count	1,908	395	1,158
Date of Prior Rig Count	July 22, 2011	July 22, 2011	May 2011
Change From Prior Count	(8)	19	7
Date of Last Year's Rig Count	July 30, 2010	July 30, 2010	June 2010
Change From Last Year's Count	322	32	59

RECENT APPRAISAL TRENDS

Steel prices have generally been flat or declining over the past month, and prices for base metals remain volatile. Appraisals valuing metals inventory are generally dependent on market prices, which are often driven by demand from metal-consuming industries such as the automotive, construction, oil drilling, and industrial sectors. Although the automotive and energy sectors have demonstrated a relatively healthy recovery, manufacturing activity remains low and fell sharply in July.

GA has worked with vertically integrated steel tubular manufacturers, aluminum producers and downstream manufacturers, a number of steel service centers and processors, and various other metals companies. In July 2011, GA performed a collateral appraisal of a manufacturer and distributor of high-quality light-gauge common alloy sheet, foil, and coated aluminum products, which posted year-over-year sales increases in the range of 15% and 25% for its division producing coated and bare fin stock, building and distributor sheet, and other products. The company's high-quality common aluminum sheet coil division registered a smaller sales increase within the range of 1% and 5%. Gross margins remained relatively consistent.

GA also conducted initial appraisals of a manufacturer and distributor of copper-based electrical and electronic wire products as well as engineered cable products, and a distributor of electric resistance welded, submerged arc welded, and seamless carbon and alloy steel pipes for the energy and industrial markets. Both companies boasted year-over-year sales increases in the range of 25% to 35%.

The positive sales trends for the companies appraised were driven by increased product demand and more inventory on hand, although part of the higher dollar value for the inventory is due to price increases in early 2011. These companies were typically able to pass any changes in material costs to customers, including higher market prices for raw materials earlier in the year. However, flat rolled steel products have recently demonstrated a decline in price, which remains a risk for NOLVs in the coming months.

The collateral appraisal demonstrated an NOLV change between a decrease of one and three percentage points versus the prior year. However, GA notes this decline was based on cost adjustments made by the company and was not a result of the current market. NOLVs had registered an increase of nine to 12 percentage points prior to the cost adjustments.

As with all commodity-based deals, the gross recovery rates are based on discounts from market pricing. Specialized grades, sizes, and forms of metals with limited distribution channels typically require increased discounts off market price, or may be sold at scrap market value.

GA recognizes recovery values for each company are unique based on costing, gross margin trends, inventory mix and levels, and other factors. In addition, as market prices are volatile, a change in metals market price trends would have an impact on recovery values. GA therefore provides the *Metals Monitor* on a monthly basis in order to capture recent market trends and analyze their impact on NOLVs.

MONITORING POINTS

Monitoring Point	Impact
Monitor scrap supply and pricing.	The level of scrap supply versus demand is the primary cause for price increases. As scrap supply becomes available, scrap prices will pull back, resulting in lower costs of input for steel and aluminum producers, possibly resulting in downward pricing pressure for finished goods.
Monitor LME aluminum warehouse stocks.	LME aluminum warehouse stock levels provide a global look at aluminum availability. An increase in these stocks with a relatively stable demand could result in downward pricing pressure, while a depletion in these stocks could result in higher pricing.
Monitor automotive and commercial/industrial building markets.	As these markets are large consumers of metal products, the health of these industries is vital for the metals industry in the U.S. An increase in demand for products in these markets entail greater demand for metals.

CARBON STEEL

SCRAP

Due to dampened steel demand and scheduled maintenance outages, ferrous scrap prices are edging downward in August. U.S. steel mills have indicated prices for heavy melt, shredded, and other obsolete ferrous scrap grades may decline by at least \$10 per gross ton this month versus July prices.

A northern Ohio mill cited purchase prices of \$455 per gross ton for shredded scrap, which was indeed \$10 per ton less than the previous month. The mill is only one of a few buying a large amount of scrap, as several major mills are delaying purchases due to their scheduled maintenance. Nevertheless, obsolete scrap inventories remain low at some mills.

UTILIZATION RATES

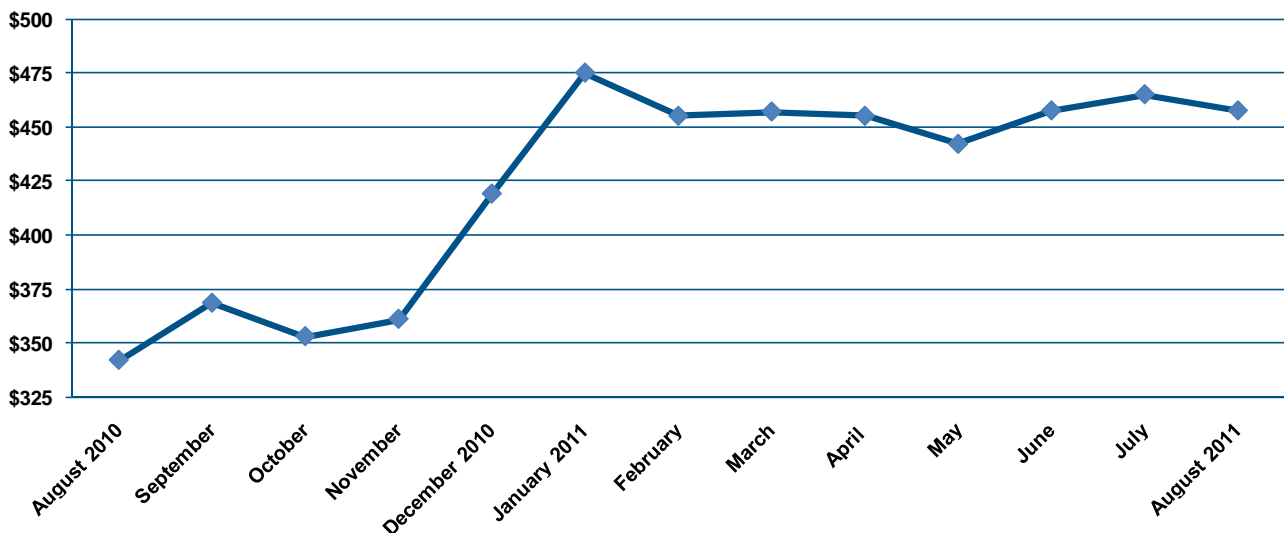
For the week ended July 30, 2011, domestic raw steel production totaled 1,858,000 net tons, according to the American Iron and Steel Institute (“AISI”). The week’s production increased 1.5% from 1,830,000 net tons the previous week ended July 23, 2011 and climbed 10.3% from 1,684,000 net tons for the week ended July 30, 2010.

The AISI also reported capability utilization reached 76.0%, increasing from 74.8% the prior week and 69.6% the previous year. Adjusted year-to-date steel production totaled 54,848,000 net tons, increasing 5.2% from the previous year, while the year-to-date capability utilization rate increased to 74.4% versus 71.7% the prior year.

The following chart lists the comparative raw steel production for various time periods in 2011 versus 2010 (net tons in millions):

Week Ended	Production	Change vs. Prior Year
January 1, 2011	1.68	11.3%
January 29, 2011	1.78	14.8%
February 26, 2011	1.84	7.0%
April 2, 2011	1.81	2.0%
May 7, 2011	1.80	(0.4%)
May 28, 2011	1.80	(0.4%)
July 2, 2011	1.85	2.0%
July 30, 2011	1.86	10.3%
Year-to-Date through July 30, 2011	54.85	5.2%

**Shredded Carbon Steel Scrap
North American Domestic Delivered Mill
Monthly Average Price Per Gross Ton
August 2010 Through August 2011**



CARBON STEEL

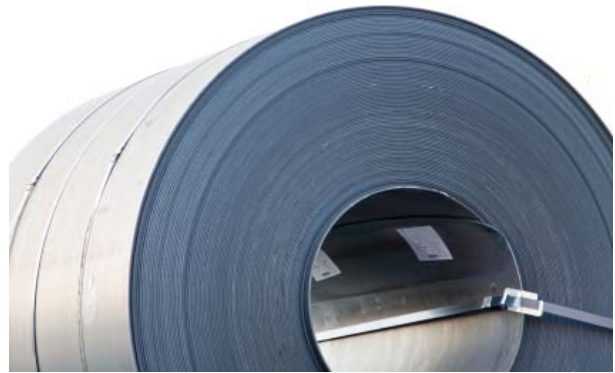
CARBON FLAT ROLLED SHEET COIL

The Steel Index (“TSI”) reported a continued drop in U.S. reference prices for flat rolled steel sheet coil in early August versus the prior week. The reference price for North American hot rolled coil (“HRC”) fell nearly 3% to \$691 per net ton versus the prior week, and the reference prices for cold rolled coil (“CRC”) and hot dipped galvanized coil (“HDG”) also demonstrated declines.

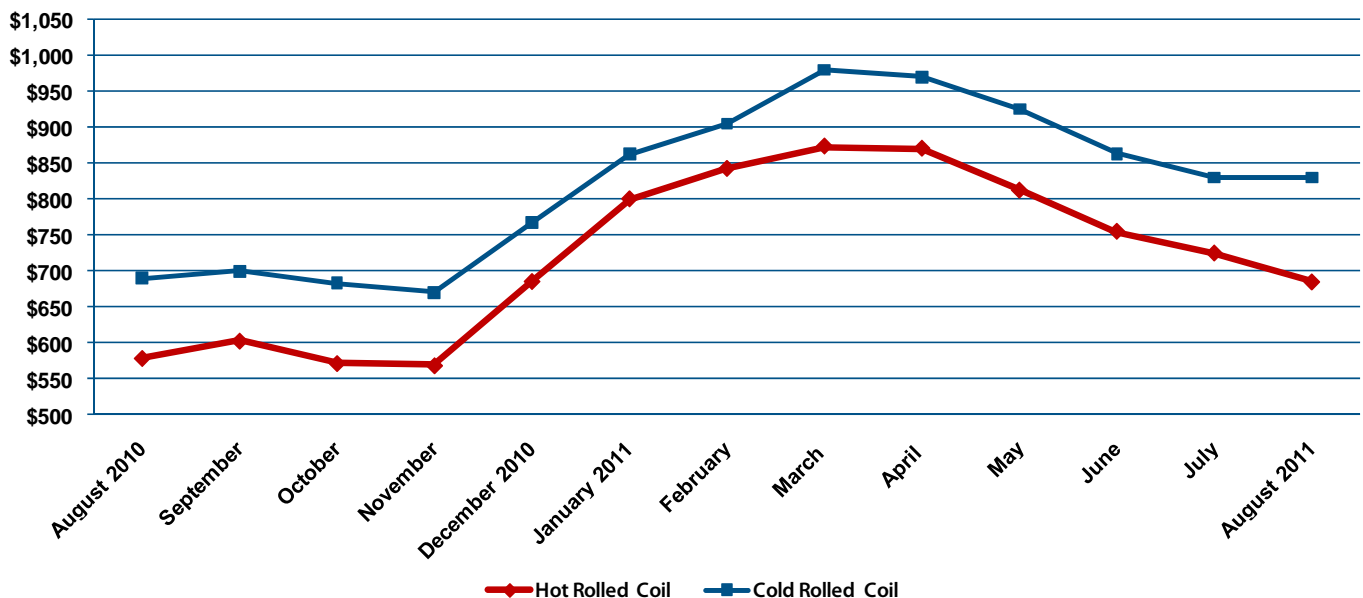
For some U.S. mills, domestic HRC prices have fallen near or below the cost of production. According to *Steel Business Briefing* (“SBB”), while many producers have recently quoted prices of \$680 per net ton for HRC, some have even cited prices as low as \$640 to \$660 per net ton.

“I don’t know how they can continue to keep going down before bleeding out,” said a service center source. “We’ve over-corrected the rest of the world [in terms of pricing].”

United States Steel Corporation (“U.S. Steel”) at least enjoyed a healthy second-quarter income from its flat rolled steel operations, which marked the mill’s fourth-highest income generated by the segment. U.S. Steel’s flat rolled income was \$95 per net ton, increasing \$114 from its operating loss in the first quarter of 2011. In the second quarter, the mill maintained an average realized price per ton of \$803, up from \$720 in the first quarter. However, U.S. Steel’s third quarter may not be as rosy, given the recent declines in flat rolled steel prices.



**Hot Rolled Coil and Cold Rolled Coil
North America Domestic FOB U.S. Midwest Mill
Monthly Average Price Per Net Ton
August 2010 Through August 2011**



CARBON STEEL

PLATE

According to SBB, U.S. steel plate and rebar prices have stabilized, with the FOB Midwest mill reference price for plate firming at \$1,007 per net ton in early August versus the previous week. The average August price for grade A36 plate remained flat at \$1,045, consistent with the previous month's average.

The stabilization of plate pricing is partially attributed to the recovering U.S. freight railcar market, a heavy user of plate products. SBB reported an average freight car utilizes approximately 18 to 20 net tons of steel, the majority of which is comprised of plate.

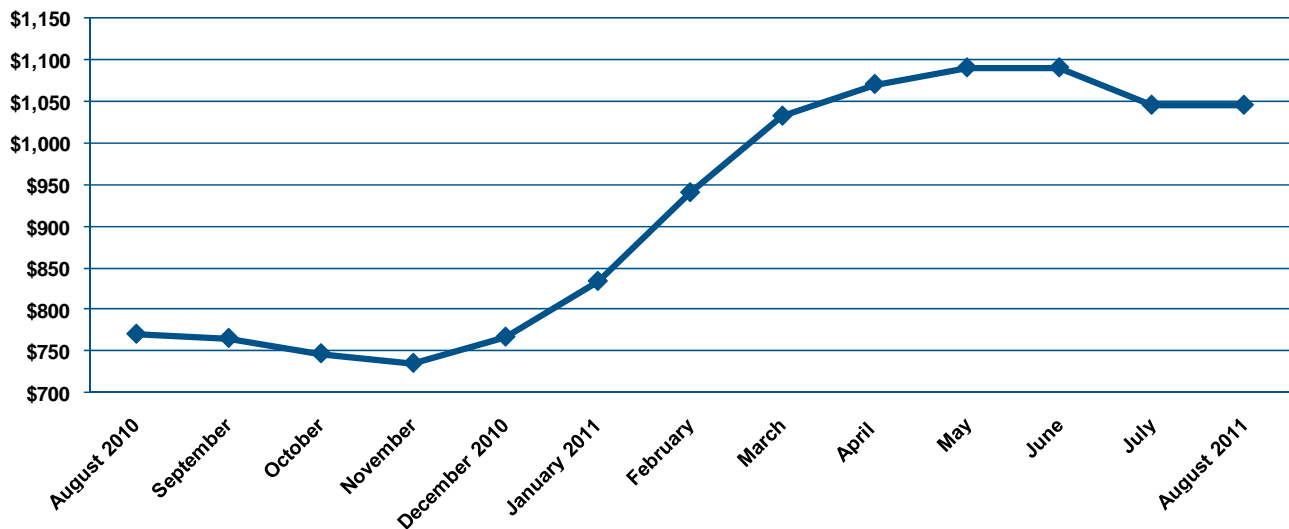
“In spite of a slowing economy, the railcar market continues to improve,” said rail economist Peter Toja of Economic Planning Associates (“EPA”). “Car builders can expect further orders as we proceed through this year and into 2012.”

The railcar market, which is cyclical, delivered a low average of 16,523 cars in 2010; however, EPA projects 37,900 railcars will be delivered this year as U.S. demand for freight railcars increases.



The rising demand has built up the backlog for deliveries, which approximated 5.4 quarters based on current production rates. Continued increases are expected for the coming years, with 48,300 railcars forecast to be delivered in 2012. The railcar industry will also be supported by the need for replacement railcars.

**Steel Plate (A36)
North America Domestic FOB U.S. Midwest Mill
Monthly Average Price Per Net Ton
August 2010 Through August 2011**



CARBON STEEL

CARBON STEEL LONG PRODUCTS

Rebar market prices averaged \$730 per net ton in August 2011, FOB U.S. Midwest mill, remaining consistent with the previous month. However, prices for certain long products are rising due to increased raw material costs.

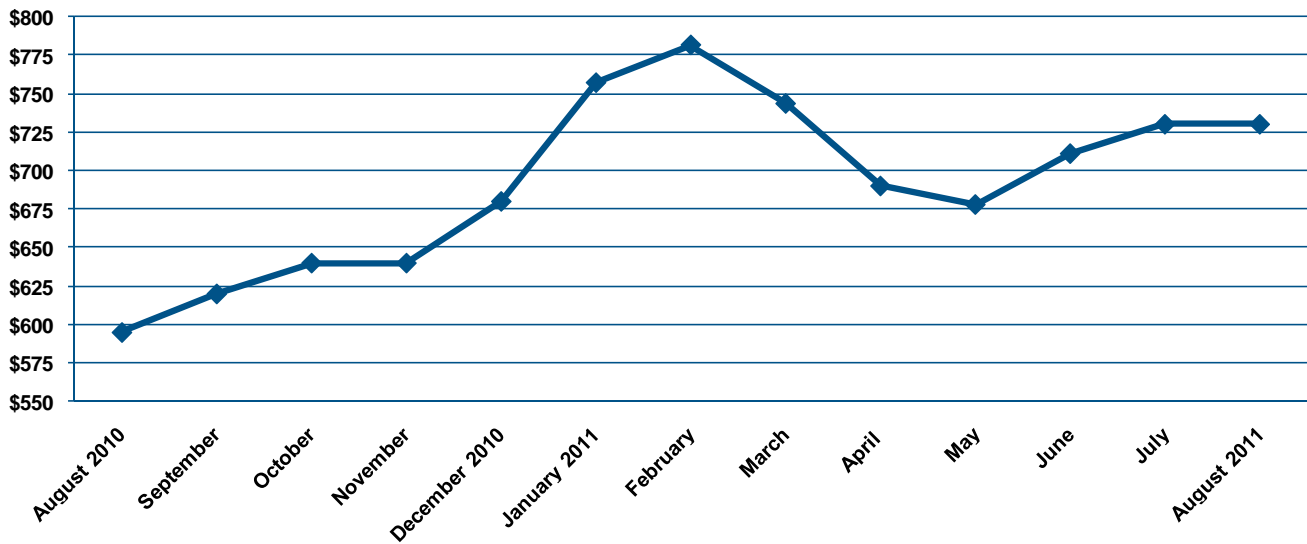
SBB reported MST Seamless Tube and Pipe, formerly known as Michigan Seamless Tube, implemented a base price hike of \$120 per net ton for carbon tubing and a base price increase of \$160 per net ton for alloy and heat-treated seamless mechanical tubing, effective with shipments for September 1, 2011.

In industry news, TPCO Enterprise Inc., a subsidiary of Chinese steelmaker Tianjin Pipe, plans to Construct an oil and country tubular goods (“OCTG”) mill near Gregory, Texas to produce seamless OCTG in outside diameters of four to 10 ¾ inches. Construction is expected to start in October.

In addition, Vallourec & Mannesmann Holdings Inc., a major French producer of steel tubes for the energy market, intends to build another steel manufacturing facility near its existing plant in Youngstown, Ohio. The new facility would maintain the annual capability to produce a half a million tons of seamless steel tubes utilized in drilling for shale natural gas.



**Long Products/Rebar
North America Domestic FOB U.S. Midwest Mill
Monthly Average Price Per Net Ton
August 2010 Through August 2011**



TIN

Tin market prices have experienced a bumpy road, given the supply constraints and commodity sell-off that have driven price fluctuations thus far in 2011. Due to the lingering uncertainty in the market, buyers are generally securing tin on an as-needed basis.

“It signals that people are not sure where the market is going,” said one dealer source. “But as demand starts to come back and we get out of the summer doldrums, prices will go up and premiums will follow because the financing goes up.”

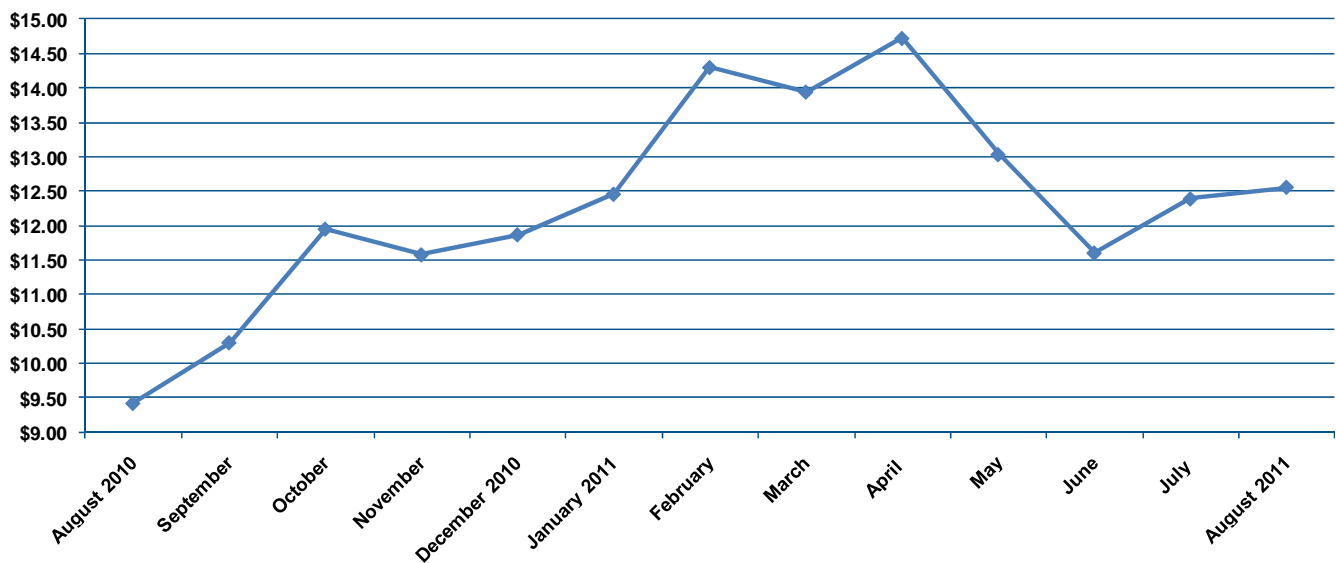
Dealers have recently been pricing higher tin premiums, as they expect tighter supplies and improved demand in the second half of 2011. Tin supplies for lead-free solder remain approximately 25% below their 2010 peak, reflecting the limited supply base and underinvestment in new mine capacity.

The market price for tin on the London Metal Exchange (“LME”) averaged \$12.56 per pound in August, increasing from \$12.39 per pound in July.

“One thing that is fairly certain is that nothing has changed on the supply-side of the equation... supply is not increasing,” said a physical tin dealer. “There is a genuine supply problem in tin. There’s no new production anywhere, or it’s not coming on stream for a couple of years.”

According to a mid-year Reuters poll on base metals, most analysts forecast cash tin prices will average \$13.21 per pound in 2011, increasing from the forecast of \$12.25 per pound in January, as a result of the continued supply limitations.

Tin LME Monthly Average Price Per Pound August 2010 Through August 2011



ZINC

Zinc prices on the LME averaged \$1.10 per pound in August 2011, rising from an average of \$1.08 per pound in July. Prices have been pushed up by bank financing deals that locked up zinc stocks in LME warehouses, as well as mine closures that limited output.

“The physical market has picked up, [and] because you have metal locked up in financing deals, some of the stocks are not available,” said Michael Widmer, an analyst at Bank of America Merrill Lynch.

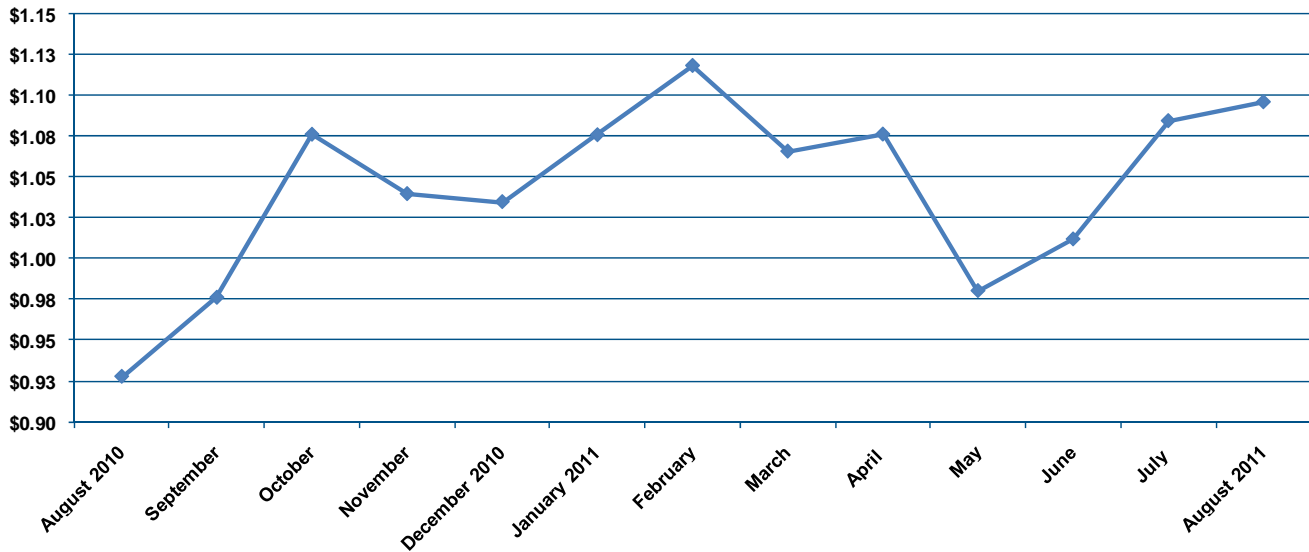
The banks purchase zinc from producers and sell it forward at a profit, paying warehouses to lock up the related zinc stocks for an extended period of time. Nearly 60% of zinc stocks in LME warehouses have been locked up as part of such deals, forcing zinc consumers and physical traders to pay higher premiums in order to draw metal from the limited available supplies.

In addition, many mines are due for closures, which will further threaten supplies as demand outstrips availability.

“It is now argued that a strong bullish case for zinc can be made based on the exhaustion of some key mines and the downsizing of others,” said Stephen Briggs, an analyst at BNP Paribas. “This has long been our stance.”

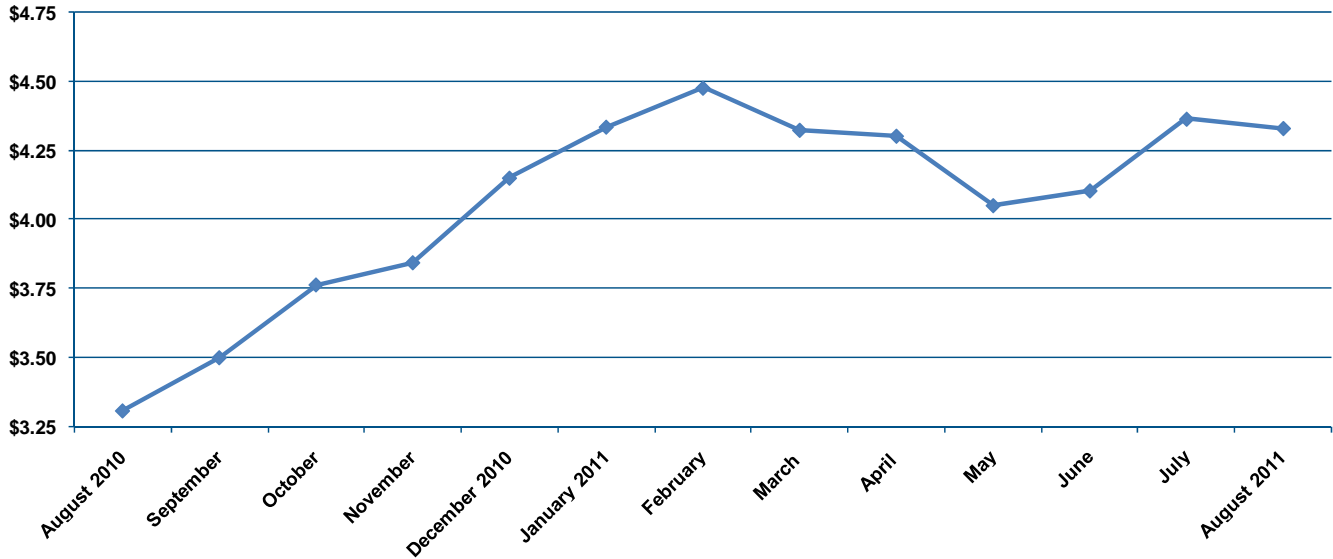


**Zinc LME Monthly Average Price Per Pound
August 2010 Through August 2011**



COPPER

Copper LME Monthly Average Price Per Pound August 2010 Through August 2011



Copper market prices on the LME averaged \$4.33 per pound for August 2011, declining from an average of \$4.36 per pound the month before. In the first week of August, copper prices fell to a three-week low due to uncertainty regarding U.S. spending cuts and the effects on the demand for metals, as copper maintains large uses in the power and construction sectors. However, a continued strike at a Chilean mine partially mitigated the price drop.

The U.S. debt deal to raise government borrowing capacity to avoid debt default will result in tighter fiscal policy, which investors fear may constrict economic growth. The pace of the domestic economic recovery was of particular concern in light of recent data indicating a large drop in manufacturing activity in July.

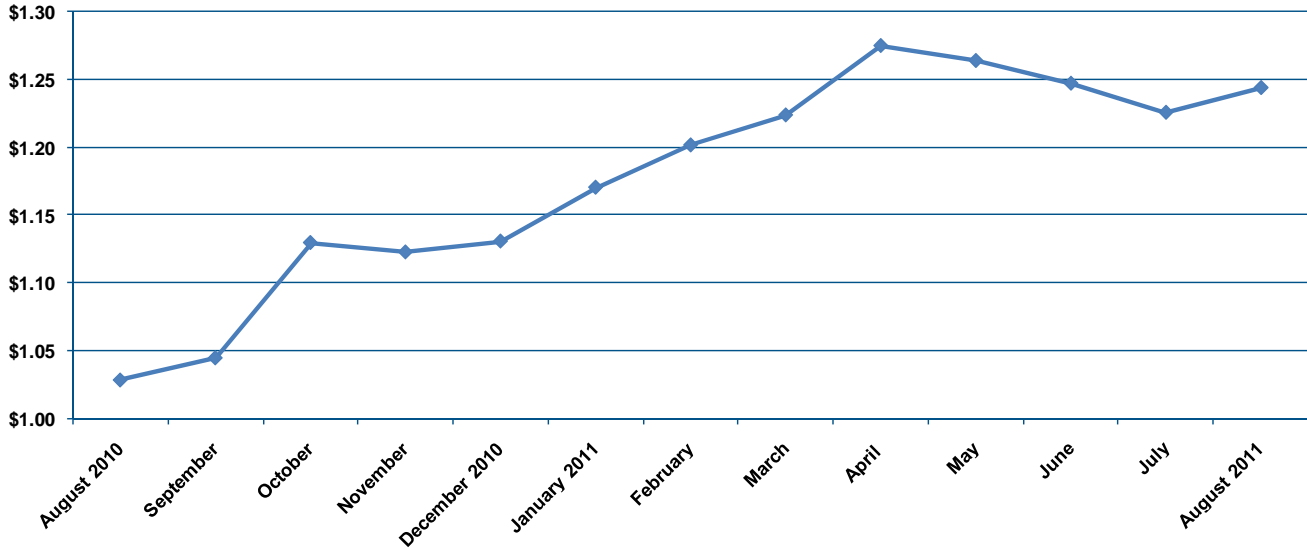
Copper prices on the LME closed at \$9,680 per metric ton, or \$4.39 per pound, on August 2, 2011. Analysts indicate a further decline in copper prices in the short term could represent a buying opportunity for investors.

According to analysts at RBC Bank, “Copper has seen a good support base around \$9,600 [\$4.35 per pound] for the past three weeks, but we think a test and break of that support line is inevitable in the short term. Nine thousand dollars [\$4.08 per pound] is the next obvious line of support in the charts below that, and we think any test of that level should be treated as a buying opportunity.”



ALUMINUM

**P1020 Primary Aluminum Sheet Ingot
Average Monthly Price Per Pound
August 2010 Through August 2011**

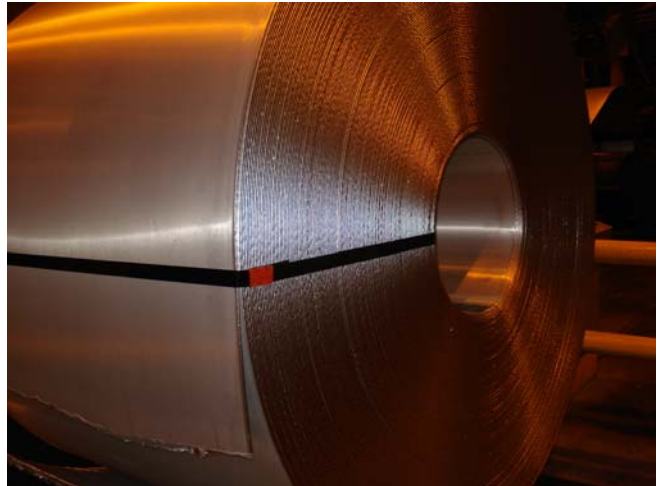


Aluminum market prices on the LME averaged \$1.24 per pound in August 2011, rising from \$1.22 per pound the prior month. Aluminum prices had largely declined in the second quarter of 2011.

The aluminum market is cyclical, driven by global supply and demand forces; however, the economic downturn led to unprecedented decreases in aluminum prices as a result of weak end-markets and plummeting demand. The aluminum sector is recovering in line with large-scale economic forces.

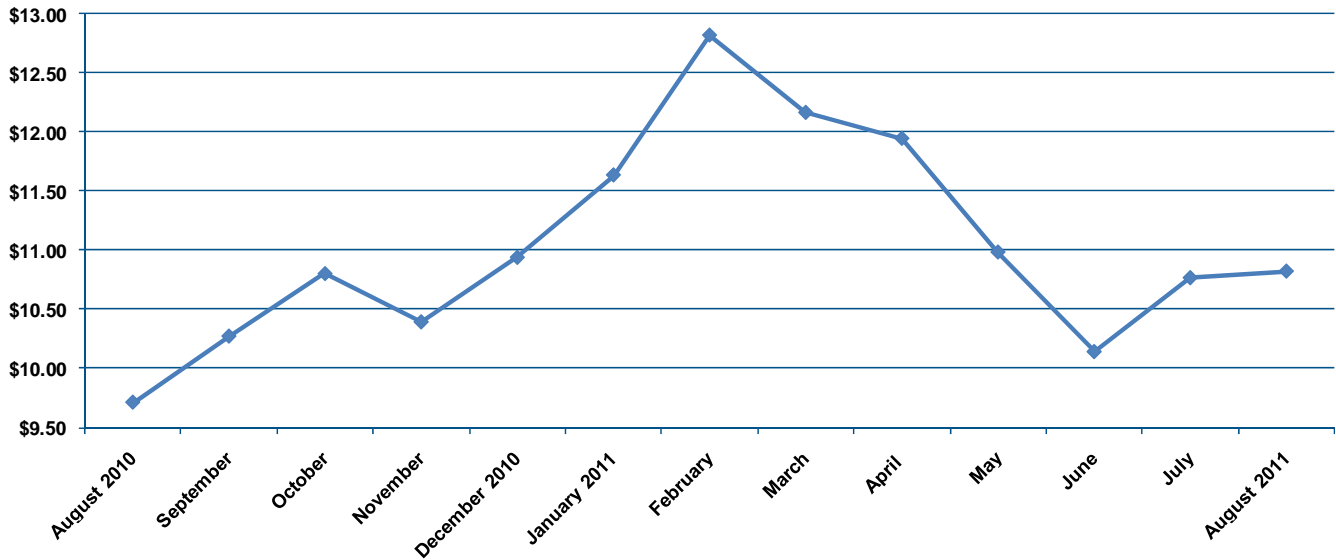
According to Laurent Schmitt, a senior executive of Aluminum Bahrain, aluminum prices are expected to average \$2,500 per metric ton, or \$1.13 per pound, in the second half of 2011, sustained by higher energy costs. However, prices on the LME are volatile, as the impact of the U.S. debt deal remains to be seen. Other economic factors are also in play.

“The U.S. recovery phase is very much in question with disappointing unemployment figures,” said Schmitt. “The Chinese slowdown could dampen slightly the mood, but the Japanese recovery (following the earthquake there earlier this year) will kick-off in the fourth quarter.”



NICKEL

Nickel LME Monthly Average Price Per Pound August 2010 Through August 2011



The LME price for nickel rose from an average of \$10.76 per pound in July 2011 to \$10.82 per pound in August. However, the short-term outlook for the metal remains gloomy. While nickel reached a high price of more than \$28,500 per metric ton, or \$12.93 per pound, in late February, the LME price is currently trading near \$24,000 per metric ton, or \$10.89 per pound.

Nickel prices are driven by economic growth, as more than 60% of the nickel mined annually is earmarked for the production of heavy-duty stainless steel alloys for the automotive, transportation, and construction industries.

The remaining 40% is consumed by the wiring and electronic sectors in addition to other technological and mechanical uses such as internal combustion engines, jet and rocket engines, batteries, and conductors.

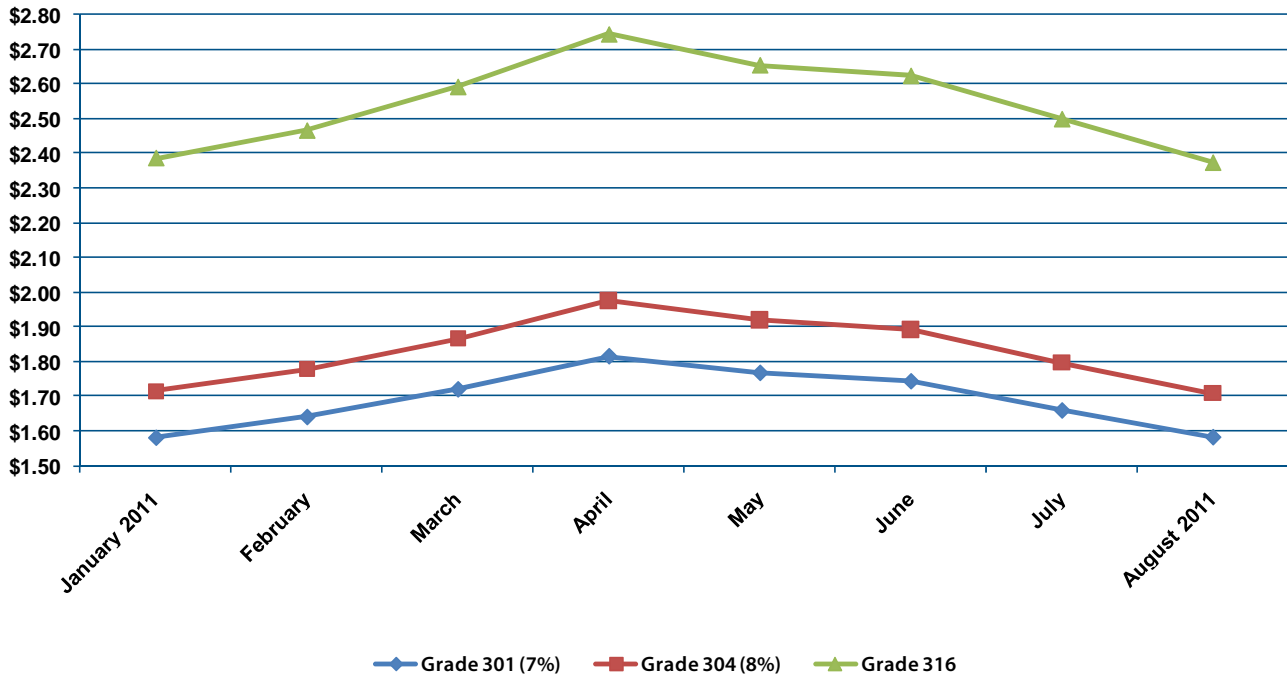
“If there is a glitch in the global economy, demand for industrial metals will go down. It’s dangerous to depend on nickel,” said Vladimir Strzhalkovsky, CEO of the Russia’s OAO GMK Norilsk Nickel, the world’s number one nickel producer.

In the midst of the current weak economic growth, nickel supplies are increasing. According to Bank of America Merrill Lynch, the nickel surplus will total an estimated 60,000 metric tons in 2012, increasing from a surplus of approximately 12,000 metric tons this year. Nickel therefore represents the most oversupplied metal when compared to output or use.

In addition to weak economic growth, nickel consumption has been dampened by China’s increasing use of its own nickel-iron-pig for stainless steel as a substitute for nickel.

STAINLESS STEEL

Stainless Steel Flat Rolled Coil Monthly Average Base Selling Price Per Pound Less Discounts, Including Surcharges January 2011 Through August 2011



Despite increases in stainless steel surcharges, overall stainless steel prices including surcharges continued to decline in August. The surcharge for bellwether grade 304 coil is rising from \$1.09 per pound to \$1.14 per pound in September. The surcharge for grade 316 coil will increase from \$1.57 per pound to \$1.61 per pound, while grade 430 coil will slip from \$0.31 per pound to \$0.30 per pound.

However, one major supplier expects buying activity for stainless steel will increase in the third quarter of 2011. “One month does not make a trend, so we’ll see what happens. But as we look fundamentally through to the end markets, the end markets don’t appear to be in that bad of a shape,” said Richard Harshman, CEO of Allegheny Technologies, Inc. “The end market demand appears to us to be poised for some increase in growth and demand as we get into the fourth quarter.”



METALS REFERENCE SHEET

CARBON STEEL SCRAP VALUES — CHICAGO MARKET

	YEAR AGO	JUNE 2011	JULY 2011	AUGUST 2011 MTD
AUTO SHRED	\$338.95/GT	\$449.32/GT	\$450.00/GT	\$450.00/GT
HMS (HEAVY MELT STEEL)	\$327.14/GT	\$419.32/GT	\$420.00/GT	\$420.00/GT
BUSHELING	\$410.00/GT	\$509.09/GT	\$514.25/GT	\$515.00/GT

CARBON STEEL VALUES IN MAJOR COMMODITY FORMS

CARBON FLAT ROLLED SHEET COIL BASE PRICE

	MAY 2011	JUNE 2011	JULY 2011	AUGUST 2011 MTD
HOT BANDS	\$806.60/NT	\$768.80/NT	\$715.00/NT	\$675.00/NT
COLD ROLLED	\$906.60/NT	\$869.60/NT	\$837.60/NT	\$785.00/NT
HOT DIPPED COATED GALVANIZED	\$979.60/NT	\$992.60/NT	\$970.00/NT	\$970.00/NT

CARBON STEEL PLATES BASE PRICE

		JUNE 2011	JULY 2011	AUGUST 2011
PLATE COILS AND STRIP MILL COILS		\$780 - \$800/NT	\$780 - \$800/NT	\$780 - \$800/NT
DISCRETE PLATES*	CARBON STEEL	\$1,080/NT	\$1,038/NT	\$1,020/NT
	ALLOYS PLATES	\$1,220/NT	\$1,220/NT	\$1,220/NT

*Depending on thickness limits and subject to grade extras up to \$600/NT

HOT ROLLED MERCHANT BAR (MBQ) SHAPES (NET OF DISCOUNTS AND REBATES)

	JUNE 2011 DELIVERY	JULY 2011 DELIVERY	AUGUST 2011 DELIVERY
1/2" X 4" FLATS*	\$850 Avg/NT	\$869 Avg/NT	\$869 Avg/NT
2" X 2" X 1/4" ANGLES*	\$845 Avg/NT	\$864 Avg/NT	\$864 Avg/NT
REBAR COILS, GRADE 60: #3 TO #5 SIZES	\$745 Avg/NT	\$758 Avg/NT	\$740 Avg/NT
MERCHANT BAR (FOB MIDWEST MILL)	\$835 - \$860/NT	\$835 - \$860/NT	\$835 - \$860/NT

*Variances include East to West Coast markets and variances in rebates.

METALS REFERENCE SHEET

SBQ BARS (INCLUDING SURCHARGES, NET OF REBATES)

	JUNE 2011 DELIVERY	JULY 2011 DELIVERY	AUGUST 2011 DELIVERY
HOT ROLLED 1000 1" DIAMETER	\$52.25/CWT (\$1,045/NT)	\$52.55/CWT (\$1,051/NT)	\$52.75/CWT (\$1,055/NT)
HOT ROLLED 4100 1" DIAMETER	\$56.00/CWT (\$1,120/NT)	\$57.20/CWT (\$1,144/NT)	\$58.00/CWT (\$1,160/NT)
COLD FINISHED C1018 1" DIAMETER	\$64.50/CWT (\$1,290/NT)	\$65.61/CWT (\$1,312/NT)	\$66.35/CWT (\$1,367/NT)

OCTG AND LINE PIPE SAMPLING

	JUNE 2011 DELIVERY	JULY 2011 DELIVERY	AUGUST 2011 DELIVERY
J55 ERW 4 1/2" TO 8 5/8"	\$1,350 - \$1,400/NT	\$1,350 - \$1,400/NT	\$1,400 - \$1,450/NT
LINE PIPE ERW 4" BLACK	\$1,150 - \$1,200/NT	\$1,100 - \$1,150/NT	\$1,100 - \$1,150/NT

PRIMARY MAJOR NON-FERROUS METALS

ALUMINUM

	MAY 2011	JUNE 2011	JULY 2011	AUGUST 2011 MTD
ALUMINUM NA (HIGH GRADE P1020)	\$1.1758/LB	\$1.1591/LB	\$1.1394/LB	\$1.1607/LB
MWTP (MIDWEST PREMIUM)	\$0.0894/LB	\$0.0858/LB	\$0.0852/LB	\$0.084/LB
ALUMINUM ALLOY A380.1, LME VALUES	\$1.2194/LB	\$1.2029/LB	\$1.2013/LB	\$1.2075/LB

NICKEL & COPPER

	MAY 2011	JUNE 2011	JULY 2011	AUGUST 2011 MTD
NICKEL, LME VALUES	\$10.9815/LB	\$10.1397/LB	\$10.7643/LB	\$11.1092/LB
COPPER HIGH GRADE A, LME VALUES	\$4.0492/LB	\$4.1029/LB	\$4.3632/LB	\$4.3857/LB

METALS REFERENCE SHEET

STAINLESS STEEL FLAT ROLLED SHEET COIL VALUES

(Product prices using current average distributor discount)

"0.044" X 48/60' WIDE X COIL	MAY 2011 DELIVERY	JUNE 2011 DELIVERY	JULY 2011 DELIVERY	AUGUST 2011 DELIVERY
T304*	\$1.9196/LB	\$1.8919/LB	\$1.7957/LB	\$1.7077/LB
T316/316L*	\$2.6545/LB	\$2.6236/LB	\$2.4984/LB	\$2.3723/LB

*The above changes in product prices are driven by changes in monthly elemental metallic surcharges. These are most heavily impacted by changes in nickel values but result from the combined impact of nickel, chrome, molybdenum, titanium, ferrous scraps, and energy (natural gas). Surcharges are established from the monthly averages of the elements two months prior to the affected month.

SURCHARGES (FROM NORTH AMERICAN STAINLESS)

	MAY 2011	JUNE 2011	JULY 2011	AUGUST 2011
T304/304L	\$1.3036/LB	\$1.2759/LB	\$1.1797/LB	\$1.0917/LB
T316/316L	\$1.8565/LB	\$1.8256/LB	\$1.7004/LB	\$1.5743/LB