

GREAT AMERICAN GROUP ADVISORY & VALUATION SERVICES

METALS MONITOR - SEPTEMBER 2010

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ABOUT GREAT AMERICAN GROUP

Great American Group, Inc. 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 service firms.

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INTRODUCTION

Welcome to the September 2010 issue of the Metals Monitor from Great American Group Advisory & Valuation Services. 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 values 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.

In our fourth issue of the Metals Monitor, we have added structural tubes, welded pipe, oil country tubular goods (“OCTG”), and line pipe. This issue, along with last month’s addition of SBQ and cold finished carbon bars, marks the point in which our publication includes information on all of the major metals products. Additionally, Great American Group internally tracks specialty and tool steels; all raw materials for steel, specialty steel, and aluminum production; and manufacturing. For further information, please feel free to contact your Great American Business Development Officer.

The general economy in North America, while continuing a slow recovery, is not expected to show robust gains through the balance of 2010. Unemployment levels as well as uncertain consumer confidence and spending ability remain in check. Most industry leaders and economists do not see recognizable economic strength this year.

The automotive sector, which led the flat-rolled price recovery for most of the first half of the year, is expected to remain flat for the balance of 2010, although at significantly higher levels than 2009.

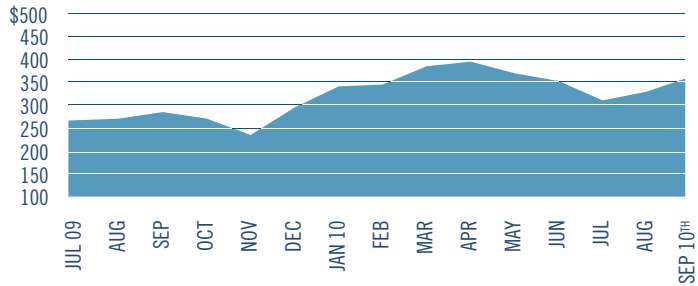
The energy sectors, including wind, power generation, and solar, will continue to expand and grow in metals consumption. Meanwhile, the oil and gas markets for metals continue to improve in spite of the serious issue of the BP spill and resulting temporary ban of off-shore deep-well drilling. The consumption of natural gas in the industrial sector is projected to increase by 6.4% to 17.9 bcf/d (billion cubic feet per day) from 16.8 bcf/d last year. Steel Business Briefing and the Energy Information Administration (“EIA”) report total natural gas usage in the U.S. will increase to 65.0 bcf/d from 62.5 bcf/d. Gas usage in the power generation sector is expected to increase nearly 7% to 20.2 bcf/d from 18.9 bcf/d in 2009. The EIA indicates the increase is primarily due to the higher-than-normal temperatures during the May-August summer period.

Primary metallics, scraps, and raw materials for many categories are rising as global demand gradually increases. These raw material increases will either push finished commodity increases to the market or create significant margin squeezes for steel, specialty metals, and aluminum producers. If increases are not realized in the consuming manufacturing sectors, margins for service centers and distributors may deteriorate.

CARBON STEEL

MONTHLY AVERAGE AUTO SHRED SCRAP PRICE PER GROSS TON

JULY 09 - SEP 10/10

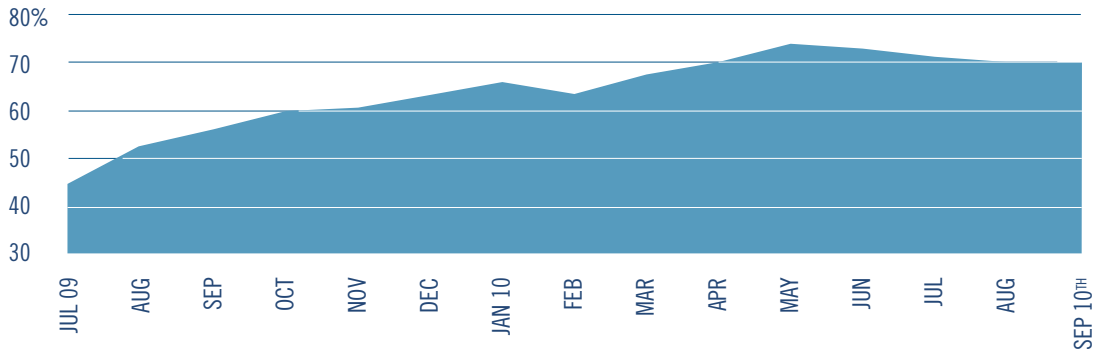


Ferrous scrap prices, in gross tons, for early September rose slightly over August and now appear to be stable to flat. Automotive shred scrap prices as of September 10 are essentially flat compared to the August average and are shown in the graph above. Busheling prices remain down from three months prior but are recovering from market corrections. All scrap categories are valued here consistently in the Chicago consumer price market to be in concert with steel mill pricing indexes.

The U.S. carbon steel mill utilization rate for August averaged 70.6%, and the 2010 overall mill utilization was adjusted to a rate of 70.8% YTD. Utilization remained over 70% since the week of March 14, 2010, falling in early August below 70% for more than a week. Mills have taken some scheduled downtime since our last report, and as of September 10, monthly utilization is moving up but remains only at 70.1%. Decreases in utilization and production occurred in most all regions of North America with some increases reported in the U.S.' southern region. For a comparison, world steel mill utilization fell 5% in July, decreasing from over 80% to 75.1%.

AVERAGE UTILIZATION OF US CARBON FLAT ROLLED MILLS BY MONTH

JULY 09 - SEP 10/10



CARBON STEEL

The announced increase of \$30 to \$40 per net ton (NT = 2,000 lbs.) for September is experiencing push-back throughout the market. Scrap and raw material prices are flat to slightly up, but demand for finished steel in North America is not supportive. The announced increases may in fact be fully implemented, but a gradual gain of the increase may wait for October shipments to take hold. The announcements, however, served to stop the plummet that began in late May 2010.

Construction spending in the U.S. fell to a 10-year low, with July dropping another 1% as reported by the Census Bureau and Associated General Contractors of America. The lack of recovery in the construction sector continues to depress carbon steel long products volume and pricing. Products such as merchant and structural bars and shapes, structural tubing, and pipe and plate products all have seen flat volumes and pricing in spite of efforts to increase pricing in tandem with raw materials cost increases. Attempts for plate and bar increases hang on the performance and relative strength in U.S. agricultural and earth-moving equipment sales, becoming largely dependent on exports.

High-grade zinc, where 47% is used for galvanizing carbon steel, has increased over \$0.13/lb. since the July month-end average of \$0.836/lb. The August month-end average turned in a \$0.10/lb. increase, and London Metal Exchange (“LME”) values are up to \$0.968/lb. through September 10. The high-grade trading premium remains at \$0.045/lb., continuing over \$0.04/lb. since May. Large users, such as continuous coating line operators, are most probably at contract premiums of \$0.04/lb. High-grade zinc values were at or over \$1.00 per pound from November 2009 until May 2010 and began falling in the beginning of the summer. In fact, on September

15th Gerdau Ameristeel agreed to purchase the Tamco re-bar min mill for \$165 million in cash. The 500,000 short ton/yr. EAF mill is located just east of Los Angeles and is California’s only minimill.

Market conditions for merchant bar quality (“MBQ”) and special bar quality (“SBQ”) steels for the third quarter continue to be slow. The MBQ market continues to be impacted by slow construction and capital equipment demand, while inventory levels at service centers are adequate for current requirements. On September 1, Nucor Steel announced an increase of \$25.00/NT and was followed by other producers, particularly Gerdau Ameristeel. This year, the largest buyers of merchant bars and shapes and structural shapes, specifically the large North American service centers, are receiving either significant price discounts, record per ton rebates, or variations of both.



CARBON STEEL

SBQ bars and engineered steels have continued to benefit from consumption in the exports of construction, earth-moving and agricultural equipment, and domestic growth of the energy markets, including wind, power generation, and oil and gas exploration and production. SBQ products have seen some tightening in production supply, as the major suppliers of SBQ, after years of declining demand, did not increase capacity to meet the increase in demand. Although Nucor Steel brought on its new SBQ bar mill in Memphis, Tennessee in 2008, others have not increased capacity and, in fact, have downsized in some locations. This has meant longer lead times, which are now out to January and February 2011, from certain major SBQ suppliers. However, Steel Business Briefing announced U.S. engineered bar maker Gerdau Macsteel plans to spend \$67 million at its Monroe, Michigan facility, adding 225,000 short tons of capacity by 2013. These capital expenditures will include a new caster and upgrades to the mill's melt shop and general infrastructure. Gerdau Macsteel has a total of 1.2 million NT of capacity for carbon and alloy SBQ products across three facilities in Michigan and Arkansas. Gerdau CEO Andre Gerdau Johannpeter issued a statement saying, "This new capital investment program for Monroe is indicative of Gerdau's optimism over the North American market, where we are seeing a market recovery from the historical low points witnessed earlier." Gerdau also hinted that more capital expenditure programs are on the way. "Gerdau Macsteel will continue to explore growth opportunities in new applications, both the automotive and non-automotive sectors, which could lead to additional investments throughout the company's production network."

Cold finished bar imports have increased approximately 14% YTD over 2009. There have been improvements in the market demand within the capital goods sector for SBQ products, particularly in the heavy truck, heavy equipment manufacturers, and energy industries. Commercial construction, housing, and appliance industries still lag.

Both hot-rolled SBQ bars and cold finished bars are holding the announced increases of \$40 NT. These increases were initially announced by Charter Steel and Wire, Timken Steel, and Republic Engineered Steels and soon followed by Gerdau Macsteel. It is difficult to see how these can fail long term considering market improvements, limited inventories, and limited supply, especially with lead times as they are. Cold finished bar producers may struggle more in gaining full implementation of their increases, although chrome-plated bar producers Niagara LaSalle, the Enduro division of PTC Alliance, and Industrial Hard Chrome all have successfully implemented their increases of \$60 NT. The largest use of chrome-plated bars includes hydraulic cylinders and the largest consuming markets include construction, earth-moving, and agricultural equipment.

Electric resistance welded (ERW) mechanical and structural tubes are suffering as most carbon steel long products are driven by the construction industries. These product groups enjoy real demand only from the construction, earth-moving, and agricultural equipment markets, plus limited demand in capital equipment for machine frames.

CARBON STEEL

Oil country tubular goods (“OCTG”) are enjoying a more robust demand recovery than other carbon steel long products. Last week, oil exploration rigs were reduced by two, but natural gas rigs expanded by three, leading to one additional rig to total 1,654 units. Canada lost five rigs in the latest count, bringing the country’s total down to 383 units. While rig counts appear stable in current counts, OCTG tubulars are supported by trade actions against Chinese pipe since the U.S. International Trade Commission (“ITC”) ruled in favor of North American producers. The ITC found Chinese mills were in fact dumping into the U.S. market. Retroactive penalties are in process.

Line pipe is not as robust, as drill rig counts do not translate to production rigs or wells. However, there is a shortage of cold drawn seamless mechanical pressure tubes in the smaller sizes at 2” and below. Major producers such as Sharon Tube, a subsidiary of Wheatland Tube, part of the John Manely Companies, and Lakeside Steel in Welland, Ontario are the major producers in North America of this size range for cold drawn seamless.

There are concerns in terms of demand and market stability with the advent of the Boomerang greenfield OCTG mill in Texas and Ontario’s Lakeside Steel’s recent groundbreaking of a new \$40 million mill in Thomasville, Alabama. The Lakeside plant construction is expected to be completed in mid-2011 and operational by October 31, 2011. The new plant is expected to produce oil well casing in the 4.5” to 9.625” outside diameter range as well as line pipe in the 4.5” to 10.75” outside diameter range and add 192,000 net tons to Lakeside’s existing 250,000 NT capacity.

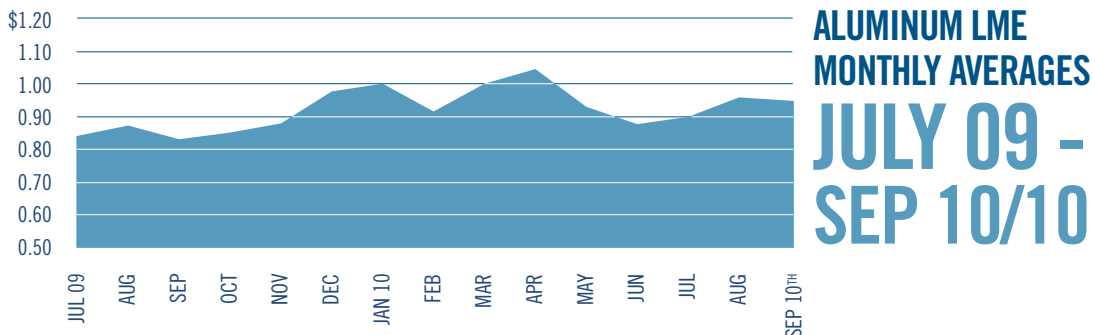
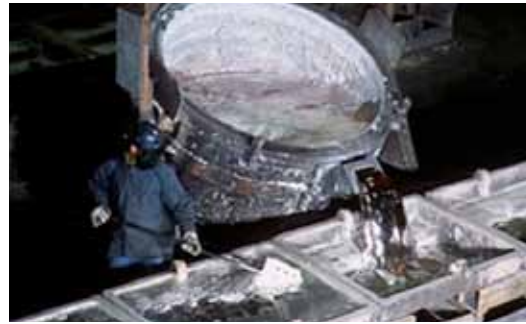
ALUMINUM

After climbing nearly \$0.06/lb. in August, primary aluminum values on the LME are basically flat as of September 10, down just \$0.005/lb. from the August month-end average. The Midwest premium, used to account for freight and handling, and equalized throughout the U.S. and Canada, has remained firm but flat to date in September. The LME value of P-1020 primary is now \$0.9547/lb. and with the Midwest premium the cost to casting and rolling mills is now \$1.0187/lb. The official LME warehouse stocks of P1020 primary aluminum are basically flat from August to September, falling only 895 metric tons (MT = 2,204.62 pounds) in recent weeks after seven consecutive months of decline. As of September 10, the LME stocks are at 4,420,709 MT.

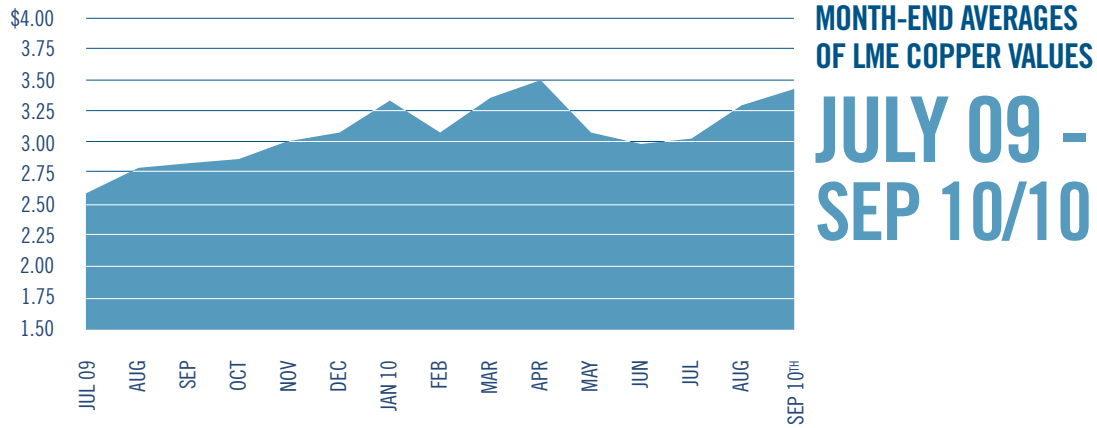
The National Labor Relations Board (“NLRB”) scheduled a formal hearing in which California-based Century Aluminum has until September 13 to answer a complaint filed by the United Steelworkers (“USW”) union. The complaint claims that Century Aluminum threatened to close its 244,000 MT smelting plant in Hawesville, Kentucky unless the USW accepted the company’s last and final contract offer.

Century Aluminum must respond to the NLRB complaint by September 13, but the federal board hearing is not scheduled until November 29. The previous contract had been extended three times but the union chose not to extend again in early May.

Aluminum extrusion makers are paying more for raw materials as the billet extra over Midwest aluminum ingot pricing is now over \$0.10/lb. The billet up-charge has been at \$0.095/lb. for a long period and has now been at or above \$0.10/lb. for the third month. What most analysts believed was a short-term hike has now grown a full cent to \$0.105/lb., thereby adding to the primary metal cost increases.



COPPER

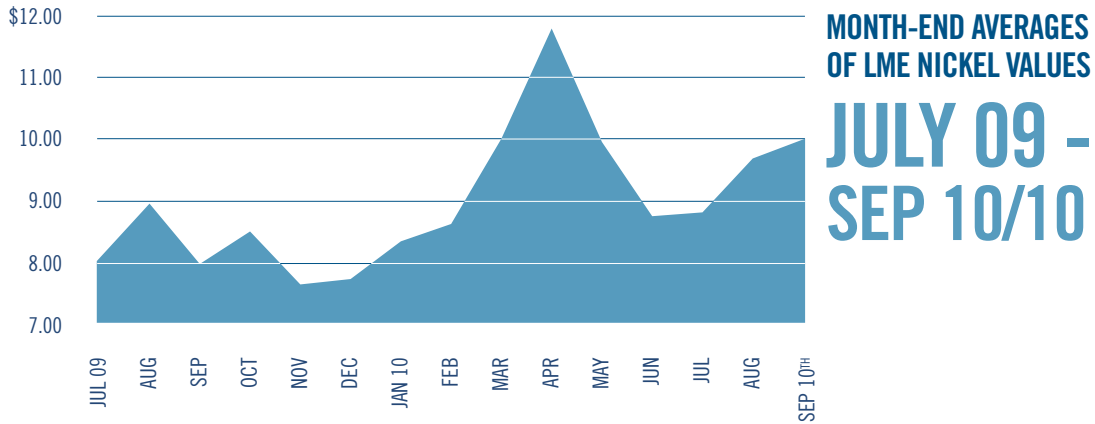


LME values for high-grade copper and copper cathode continue to increase with the average value for August up \$0.2841/lb. over the July average and up more than \$0.39/lb. over the June low. LME warehouse stocks of copper are dropping significantly with the level falling another 26,700 MT from the July month-end. Copper stocks in LME warehouses have declined more than 138,800 MT, or over 26% since March 2010. With construction not seeing any recession recovery to date, the copper stocks are at the lowest point in nearly two years.

Copper values on the LME have increased another \$0.14/lb. from the August average, which was up nearly \$0.25/lb. over July. The current copper value of \$3.4691/lb. as of September 10 is still slightly below the highest price in nearly two years. Some analysts believe the near-term pricing will exceed \$3.62/lb. this year. Prices were nearly \$0.06/lb. higher than the level on Wednesday, September 8, but a selloff in Asia caused the fall in price.



NICKEL



Nickel values continued upward with the August average settling at more than \$0.86/lb. higher than the July average. The August average nickel pricing was \$9.7129/lb., and September's average value was \$9.9663/lb. through the 10th. Nickel is still well under the \$11.00/lb. levels of April 2010, as recent increases have come in large increments.

Nickel is one of the driving forces in austenitic and martensitic grades of stainless steels. Stainless surcharges are based on elemental metallic content values of two months prior. October's delivered prices for stainless steel will be up fairly significantly due to the August metals values. This helps stainless distributing service centers with their stock values and these distributors are where the market's inventories are held. The nickel increases will impact much of the alloy and specialty steel values including some tool steels. High nickel alloys surcharges are based on nickel values four months prior, in concert with their longer lead times.

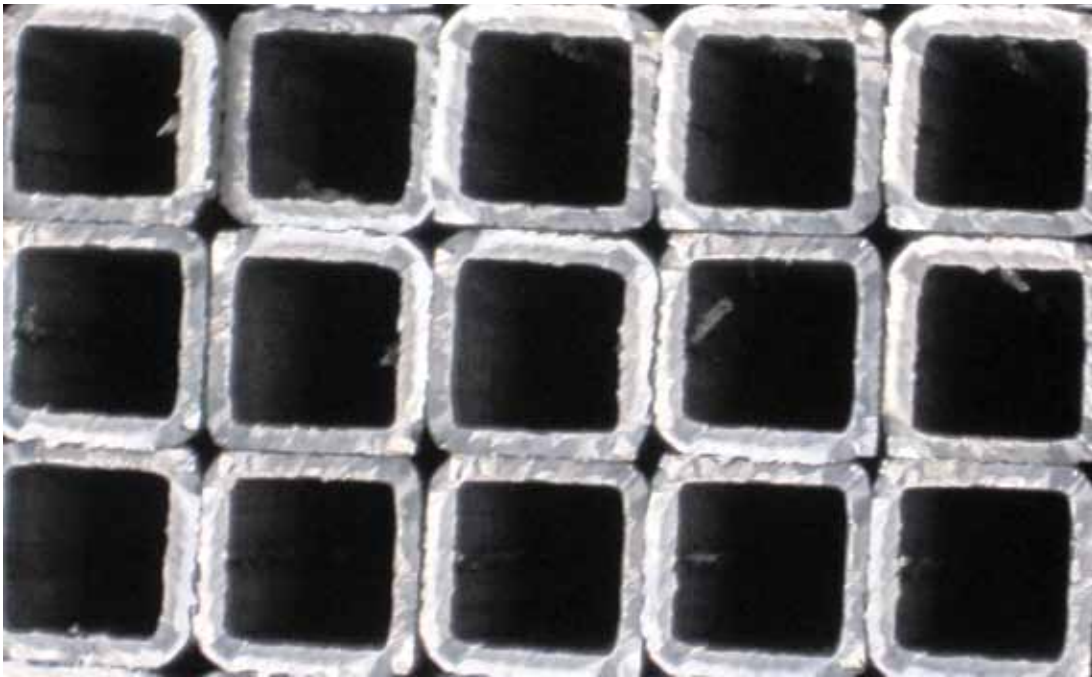
LME warehouse stocks of nickel climbed 2,463 MT in September over the August average but remain 44,845 MT less than January and February levels. The current LME stock levels are 119,716 MT.

STAINLESS STEEL

Stainless steel mill prices are largely dependent on monthly adjusted surcharges, which are based on nickel and other metallic values from two months prior. The two-month lag is to account for normal lead times of stainless steel products. In theory, the stainless steel for delivery to customers in October was made from nickel and other metallics purchased by the mill in August. As a result, we know the full stainless prices for October on September 1.

The price for stainless steel sheet coils in T304/T304L and T316/316L are increasing for October by \$0.0768/lb. and \$0.1305/lb., respectively.

Other metallics and items effecting stainless steel surcharges include, in order of importance, chrome, molybdenum (moly), iron (referring to ferrous scrap), titanium, manganese, copper, and energy (natural gas prices). Surcharges typically account for over 55% of the stainless steel pricing in common austenitic and martensitic grades.



METALS REFERENCE SHEET

CARBON STEEL SCRAP VALUES - CHICAGO MARKET

	YEAR AGO	JULY	AS OF SEPTEMBER 10TH
AUTO SHRED	\$268/GT	\$338/GT	\$358/GT (\$319.64/NT)
HMS (HEAVY MELT STEEL)	\$244/GT	\$326/GT	\$341/GT (\$304.89/NT)
BUSHELING	\$314/GT	\$410/GT	\$421/GT (\$376.28/NT)

CARBON STEEL VALUES IN MAJOR COMMODITY FORMS

CARBON FLAT ROLLED SHEET COIL BASE PRICE

	JULY 2010	AUG 2010	SEPT 2010
HOT BANDS	\$560 - \$600/NT	\$580 - \$620/NT	\$580 - \$620/NT
COLD ROLLED	\$680 - \$710/NT	\$680 - \$700/NT	\$690 - \$720/NT
HOT DIPPED COATED GALVANIZED*	\$690 - \$720/NT	\$700 - \$720/NT	\$700 - \$720/NT

* 0.040" x 48/60" wide coil with G90 coating = \$845 to \$865/NT

CARBON STEEL PLATES

		BASE PRICE
PLATE COILS AND STRIP MILL COILS		\$620 - \$680
DISCRETE PLATES	CARBON STEEL	\$700 - \$760 depending on producer and thickness limits
	ALLOYS PLATES	\$1,055/NT and subject to grade extras up to \$600/NT

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

	SEPTEMBER DELIVERY
½" X 4" FLATS	\$770 - \$780/NT (variances include West Coast markets)
2" X 2" X ¼" ANGLES	\$736 - \$766/NT (variances include East to West Coast markets)
HR ROUND M1020 / 1" DIAMETER M1020/A 36	\$764 - \$794/NT (variances include East to West Coast markets)
REBAR, GRADE 60: #3 TO #5 SIZES	\$575 and \$558/NT, respectively
REBAR COILS, GRADE 60: #3 TO #5 SIZES	\$585 and \$563/NT, respectively

METALS REFERENCE SHEET

SBQ BARS (INCLUDING SURCHARGES)

	SEPTEMBER
HOT ROLLED, C1018 1-2" DIA.	August at \$829 - \$849/NT
HOT ROLLED 4140 AS ROLLED - 4" DIA.	August at \$56.59 - \$57.59/Cwt. (\$1,131 - \$1,151/NT)
HOT ROLLED 4140 Q & T - 4" DIA.	\$72.09 - \$73.59/Cwt. (\$1,441.80 - \$1,471.80/NT)
COLD FINISHED C1018, 1" DIA.	August at \$59.46/Cwt. (\$1,189.20/NT) ~ 2" dia. - \$56.96/Cwt (\$1,139.20/NT)

PIPE AND TUBULARS

	SEPTEMBER 2010 (NET OF REBATES)
A500 GR B- SQUARE AND RECTANGULAR STRUCTURAL TUBING (HSS) 3" - 12"	\$780 - \$840/NT
A53 GR B - 3/4" IPS - 8" IPS	\$920 - \$1,030/NT

OCTG AND LINE PIPE SAMPLING

	SEPTEMBER 2010 (NET OF REBATES)
J55 ERW	\$1,080 - \$1,190/NT ~ N/L80 (Alloy) - \$1,535 - \$1,680/NT
P110 SEAMLESS ALLOY	\$1,460 - \$1,840/NT
LINE PIPE - ERW	\$1,030 - \$1,145/NT ~ Line Pipe - Seamless - \$1,390 - \$1,540/NT

PRIMARY MAJOR NON-FERROUS METALS

ALUMINUM

	JUNE 2010	JULY 2010	AUGUST 2010	SEPTEMBER MTD
ALUMINUM LME (HIGH GRADE P1020)	\$0.9256/LB	\$0.9019/LB	\$0.9608/LB	\$0.9547/LB
MWTP (MIDWEST PREMIUM)	\$0.065/LB	\$0.065/LB	\$0.065/LB	\$0.064/LB

Resulting:

- Direct Chill Cast Sheet Coil Values:
 - 3003-H14, 0.040"/.063" x 48" x coil = \$1.4633/LB
 - 5052 H32 = \$1.4933/LB
- Continuous Cast:
 - Building Products Grade 3105 = \$1.3033/LB
 - Grade 3003-H14 = \$1.3333/LB

METALS REFERENCE SHEET

ALUMINUM EXTRUSION ALLOY 6061/6063

(Billet premium is added to LME + Midwest Premium for extrusion billet.)

	JUNE 2010	JULY 2010	AUGUST 2010	SEPTEMBER MTD
BILLET PREMIUM	\$0.095/LB	\$0.097/LB	\$0.1023/LB	\$0.1045/LB

Standard 6061 T651 solid extrusions – 2" x 2" x 1/4" x 24ft = \$1.5332/LB

NICKEL & COPPER	JUNE 2010	JULY 2010	AUGUST 2010	AS OF SEPTEMBER 10, 2010
NICKEL, LME VALUES	\$8.795/LB	\$8.8543/LB	\$9.7129/LB	\$9.9663/LB
COPPER HIGH GRADE A, LME VALUES	\$3.1015/LB	\$2.9481/LB	\$3.3657/LB	\$3.4391/LB

STAINLESS STEEL FLAT ROLLED SHEET COIL VALUES

* Product Prices (Using current average distributor discount)

0.044" X 48 / 60" WIDE X COIL	SEPTEMBER DELIVERY	OCTOBER DELIVERY
T304	\$1.5575/LB	\$1.6343/LB
T316/316L	\$2.1241/LB	\$2.2546/LB

*The above changes in product prices are driven by changes in monthly elemental metallic surcharges. These are the 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 effected month. Below is tracking of the most recent four months of surcharges of the most prevalent two grades of stainless steels.

SURCHARGES (FROM NORTH AMERICAN STAINLESS)

	JULY 2010	AUGUST 2010	SEPTEMBER 2010	OCTOBER 2010
T304/304L	\$1.0838/LB	\$0.9632/LB	\$0.9391/LB	\$1.0159/LB
T316/316L	\$1.8330/LB	\$1.5794/LB	\$1.3769/LB	\$1.3461/LB
