

GREAT AMERICAN GROUP ADVISORY & VALUATION SERVICES

Metals Monitor
February 2011

In this Issue:

Overview	3
Recent Appraisal Trends	5
Monitoring Points	5
Carbon Steel	6
Copper	12
Aluminum	13
Nickel	14
Stainless Steel	15
Metals Reference Sheet	16



Introduction

Welcome to the February 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

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.

Recovery values related to some metal manufacturers and industrial manufacturing have increased due to higher demand for industrial products, as macroeconomic factors showed signs of improvement, albeit minor ones. Both aluminum and steel pricing climbed as a result of increased demand for product, especially towards the end of 2010 and into 2011.

A few companies in the aluminum segment experienced NOLV increases of up to five percentage points based primarily on increased market prices over the prior year. Higher demand for aluminum product during 2010, especially later in the year, caused a decrease in aluminum inventory levels, signaling an increase in aluminum consumption and firming the increase in pricing.

In the steel segment, several companies experienced NOLV increases varying from zero to 10 percentage points based on increases in steel market pricing for almost all products during 2010. The steel markets saw scrap prices increase through the end of 2010 and into January of 2011. With the increased steel scrap inputs, mills announced expected price hikes on most products including flat rolled products and tubular goods.

ABOUT GREAT AMERICAN GROUP

Great American Group 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 metals inventory valuations include appraisals for the following types of companies throughout the entire metal supply chain:

- 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.

While our clients remain confidential, they 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 29 locations across the U.S., with \$900 million in annual sales and over \$150 million in inventory.

GA also 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.

GA has also 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, and Valley Brass Foundry.

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

One year ago, metal industry players were trying to predict what might be in the making for their businesses. After a taxing 2009, there was some hope that 2010 would experience an improvement in the business climate.

Although conditions did improve slightly, the year left much to be desired. The economic recovery is underway, but is continuing at a rate that has been insufficient to bring about a significant improvement in labor market conditions.

OVERVIEW

AUTOMOTIVE

Both General Motors Company (“GM”) and Ford Motor Corporation (“Ford”) reported strong sales of pickup trucks that outstripped gains for the market as a whole. Pickup trucks are often used by small-business owners, and analysts track that category of demand as a leading indicator for business investment. Sales for Ford’s F-Series trucks jumped 30% in January 2011 versus 2010. Combined sales for GM’s Chevy Silverado and GMC Sierra increased 29%.

The American Iron and Steel Institute (“AISI”) estimates GM will use more than 120,000 tons of advanced alloy flat rolled steel this year, up from 40,000 tons in 2006. As one steel scrap dealer in Detroit stated, “Flat rolled is driving the market.”

In North America, the automotive steel market is dominated by United States Steel Corp. (“US Steel”); ArcelorMittal S.A. (“ArcelorMittal”); Nucor Corp. (“Nucor”); Severstal North America (“Severstal”), a unit of Russia’s OAO Severstal; and AK Steel Corp. (“AK Steel”).

MANUFACTURING

The U.S. manufacturing sector, a large consumer of metals, started 2011 on an extremely strong note. The industry reported robust new orders, production, and employment, driving the Institute for Supply Management’s purchasing managers index (“PMI”) to its highest level since May 2004. The PMI registered at 60.8 for January – more than two points higher than the seasonally adjusted December 2010 level of 58.5, indicating continued expansion in the manufacturing sector for the 18th consecutive month and expansion in the overall economy for the 20th consecutive month, according to *Steel Business Briefing* (“SBB”).

IHS Global Insight economist Brian Bethune indicated that production and employment will likely have to be ramped up even further this month for the manufacturing industries to catch up with the recent strength in orders.

The following table reveals the positive trends for various indicators in the PMI:

	January 2011	December 2010	Change
PMI	60.8	58.5	2.3
New Orders	67.8	62.0	5.8
Production	63.5	63.0	0.5
Employment	61.7	58.9	2.8
Supplier Deliveries	58.6	56.7	1.9
Inventories	52.4	51.8	0.6
Customers’ Inventories	45.5	40.0	5.5
Prices	81.5	72.5	9.0
Backlog of Orders	58.0	47.0	11.0
Exports	62.0	54.5	7.5
Imports	55.0	50.5	4.5

ENERGY

The energy market is a large consumer of metals used for pipelines and oil rigs. The Baker Hughes Rig Counts represent an important business barometer for the drilling industry and its suppliers. Active drilling rigs consume products and services produced by the oil service industry. The active rig count therefore serves as a leading indicator of demand for products used in drilling, completing, producing, and processing hydrocarbons.

The energy sector continues to make strides. According to Baker Hughes data from February 4, 2011, the U.S. rig count totaled 1,739 rigs actively exploring for or developing oil or natural gas. The count increased by seven rigs from the previous week and 404 rigs from last year. The Canadian rig count totaled 626 rigs for the week, and was up 69 rigs from a year ago. International rigs decreased by 12 rigs from November to December 2010.

	United States	Canada	International
Date of Recent Rig Count	February 4, 2011	February 4, 2011	December 2010
Count	1,739	626	1,118
Date of Prior Rig Count	January 28, 2011	January 28, 2011	November 2010
Change From Prior Count	7	(11)	(12)
Date of Last Year’s Rig Count	February 7, 2010	February 7, 2010	December 2009
Change From Last Year’s Count	404	69	94

RECENT APPRAISAL TRENDS

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. Year-over-year sales trends in 2010 experienced single-digit increases on a dollar basis for most companies appraised, while the most recent three-month sales exhibited trends increasing into the double digits primarily based on market price hikes, but also driven by higher demand in the industrial sector. Trends were relatively consistent across the major metals segments.

We have seen relatively stable indicators in weeks of supply as companies have reacted to the changing demand levels over the past year. With the stable inventories and weeks of supply and the increased market value of inventory, GA has seen improvement in NOLVs for some companies from a market approach for both aluminum and steel products. As with all commodity-based deals such as metals, the gross recovery rates are based on discounts from market pricing.

The strongest factor in a company's gross recovery trend is the exposure of that company's inventory at cost to the changing market rates. Recently, several companies have experienced a widening spread between cost and market price due to rising market prices, which has increased NOLVs. However, should inventory costs increase or exceed market prices, this negative relationship to market price would result in lower-recovering inventory.

Flat rolled products (both steel and aluminum) generally received high gross recovery rates based on the width of the steel coil. Slit coil widths typically receive lower recovery rates versus coil widths of 36 inches or greater, as the distribution channels are more limited for narrower coil widths. Competitors and service centers are generally targeted for the purchase of slit coils, with a certain quantity sold to the scrap market due to the narrow and sometimes customer-specific widths.

Steel tubular inventories, both welded and seamless, experienced a tough start to 2010, but sales trends recovered throughout 2010 with double-digit increases over the prior year, and into 2011. Price increases have recently been announced for mechanical, structural, and OCTG tubular goods.

GA recognizes recovery values for each company are unique based on their costing, gross margin trends, inventory mix and levels, and other business indicators. Therefore, while rising market prices for most metals have pushed NOLVs upwards for several companies, the range of NOLV increases varies by company, with certain companies experiencing decreases due to poor inventory management 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

Rumors that major U.S. mini mills are short of scrap are causing metal markets to heat up further. In early February, busheling scrap sales were reportedly conducted at prices over \$500 per gross ton. Since the beginning of December, scrap prices were expected to rise in January, but the severe weather in much of the U.S. has slowed the flow of scrap into yards across the nation, thus tightening supplies and pushing prices higher.

Steel producers have been hit hard by rising raw material costs, and they have responded with a barrage of price increases. Producers are extremely concerned about what to expect in the coming months.

Shredded No. 2 scrap increased approximately \$69 per gross ton to prices of \$476 per gross ton in the North Central/East region, \$468 per gross ton in the Northern Midwest, and \$469 per gross ton in the South. SBB indicated U.S. shredded scrap approximated \$477 per gross ton, delivered mill, according to a recent survey.

No. 1 heavy melting scrap increased by an average of \$71 per gross ton month-over-month. The material rose to \$437 per gross ton in the North Central/East region, reached \$439 per gross ton in the Northern Midwest, and hit \$425 per gross ton in the South.

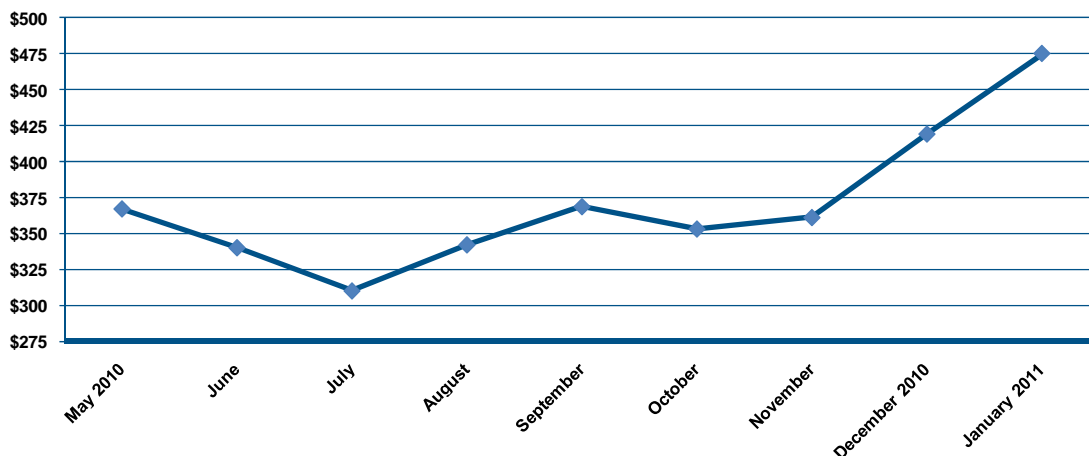
With prime grades surging \$110 in the last three months, certain industry sources believe flat rolled products are driving the market. While demand has improved, the prevailing sentiment is that rising scrap prices are the key drivers for the massive increases. In addition, some industry sources believe the shredded scrap benchmark price used to set surcharges on long and plate steel products could rise by as much as \$70 per gross ton this month due to inclement winter weather, increasing exports, and higher mill production.

The Raw Material Data Aggregation Service index compiled by Management Science Associates shows prices increasing \$65 to \$71 per gross ton on a delivered-mill basis, depending on the grade and region. Echoing the recent comments of other scrap market observers, executives at U.S. mini mill and recycler Steel Dynamics Inc. (“SDI”) said they expect domestic scrap prices to be flat in February.

“I think they [mills] jumped in [to the market] in January, in all honesty, and that’s why you saw such a sharp move [up in price],” said Mark Millett, who heads the company’s scrap operations. “We were anticipating an up market in both January and February, but it sort of all got sucked up in January itself. So we would anticipate the market being somewhat flat in February.”

Scrap processor and lead product fabricator Metalico, Inc. continues to widen its regional footprint in the Lake Erie area with the acquisition of scrap metal recycler Goodman Services, Inc.

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



CARBON STEEL

UTILIZATION RATES

For the week ended January 29, 2011, domestic raw steel production totaled 1,782,000 net tons, increasing 14.8% from 1,552,000 net tons for the week ended January 29, 2010. The AISI also reported capability utilization reached 73.7% versus 64.2% the prior year. In addition, production climbed 0.9% from 1,766,000 net tons for the previous week ended January 22, 2011, with the capability utilization rising slightly from 73.0%.

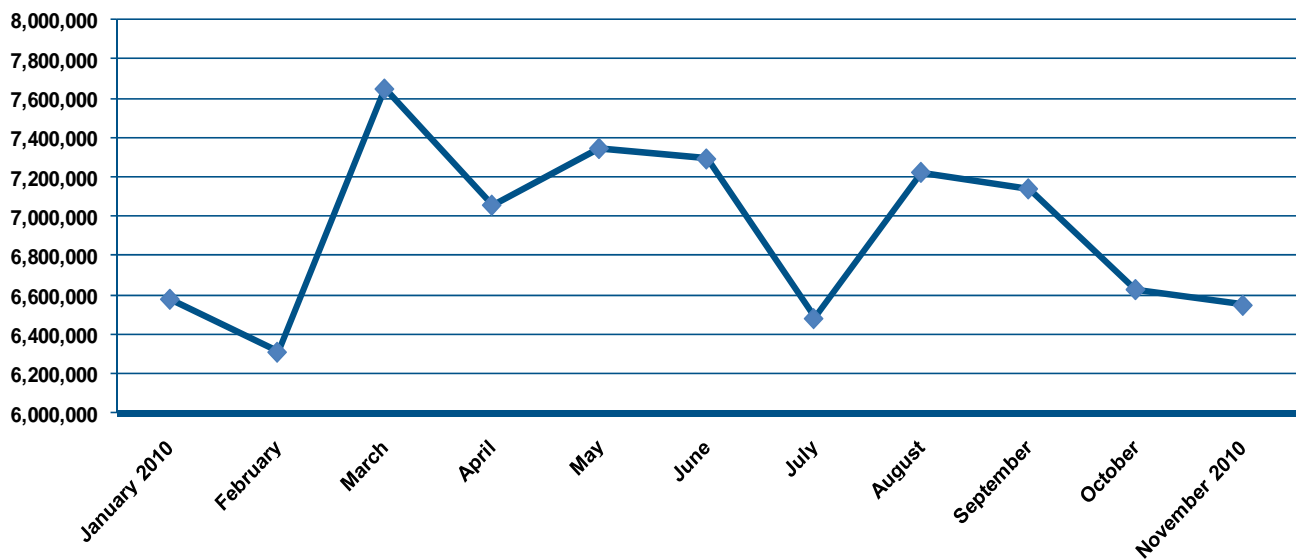
Adjusted year-to-date production through January 29, 2011 totaled 7,246,000 net tons, with a capability utilization rate of 72.3%. The year-to-date figure represents a 12.7% increase from 6,428,000 net tons during the same period the prior year, when the capability utilization rate was 64.2%.

The following chart lists production by districts for the week ended January 29, 2011 in net tons:

District	Production
Northeast Coast	73,000
Pittsburgh/Youngstown	124,000
Lake Erie	44,000
Detroit	110,000
Indiana/Chicago	439,000
Midwest	284,000
Southern	618,000
Western	90,000

Steel production for the 66 countries tracked by the World Steel Association totaled 116.2 million metric tons, up 7.8% from 107.8 million metric tons in December 2009 and rising from 114 million metric tons in November 2010. World-wide crude steel output totaled 1.4 billion metric tons in 2010, marking a 15% increase over 2009 and a new record for annual global steel production.

Steel Shipments In Net Tons January 2010 Through November 2010



CARBON STEEL

UTILIZATION RATES

Steel imports are also on the rise. According to the AISI's latest data, annualized steel imports to the U.S. are estimated at 24.1 million net tons in 2010, up 48% from 2009. Imports of finished steel climbed to 18.9 million net tons in 2010, increasing 34% from a year earlier. Since peaking at 24% in July 2010, the finished steel import market share has remained above 20%.

Shipments from U.S. metals service centers have increased, as well. The Metals Service Center Institute reported steel shipments rose to nearly 35.7 million tons in 2010, up 20.6% from 2009. In December alone, steel shipments approximated 2.82 million tons, 25.6% above the December 2009 level. Steel inventories at the end of the year totaled 7.71 million tons, rising 25.6% versus 2009 and representing a nearly three-month supply at current shipping rates.

The U.S. Geological Survey's latest primary metals index also experienced a growth spike in December, climbing 1.8% from the November reading. In December, the index's six-month smoothed growth rate – a compound annual rate that tracks near-term trends – jumped 2.5% versus the previous month. The survey results indicated “the recovery in the U.S. primary metals industry will likely remain strong in the near term.”

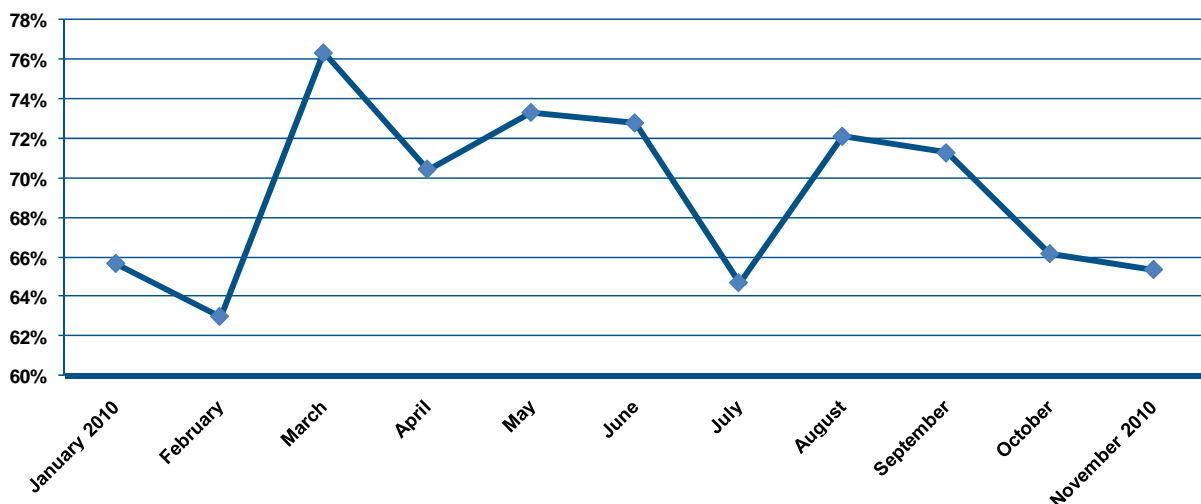
CARBON FLAT ROLLED SHEET COIL

The North American flat rolled carbon steel industry has demonstrated a gradual recovery in demand, although the industry will likely continue to experience fits and starts in 2011. Industry players generally agree that better times lie ahead, with several key indicators boding well for a pick-up, albeit a slow one.

Mills have been raising prices rapidly since late November, citing increasing scrap costs and improving demand. Prices have climbed steadily since mid-November, which steelmakers attributed to rising input costs as well as higher demand for sheet steel. Buyer sources agree that demand is better but not particularly strong, and indicate the price increases are more directly tied to the mills' attempts to recoup margins lost to rising scrap costs. Steel prices also have been affected by rising prices for iron ore and metallurgical coal, with the latter recently driven up in part by record rains in Australia that have hampered mining operations and limited coal supplies.

The market for flat rolled steel has also been driven by increasing demand from the North American automotive sector. After bottoming out at nearly 10.6 million units in 2009, new car and light truck sales surged approximately 10% in 2010, reaching just under 11.6 million units by year-end. However, this sales figure remains well below the peak of 17.4 million units in 2005, before the recession took its toll on the North American automotive industry.

Steel Utilization Rates
January 2010 Through November 2010



CARBON STEEL

CARBON FLAT ROLLED SHEET COIL

Nevertheless, the 2010 numbers were a move in the right direction, and one million additional units translates into a large quantity of flat rolled steel, which in turn signifies a much higher demand for prime grades of scrap. Sales of light-duty trucks, which use substantially more steel than the typical automobile, were even more positive, increasing in excess of 25% from December 2009 totals. Sales of minivans also climbed more than 25%. Midsize SUVs led the automotive sales increase in 2010.

The most recent reference prices released by The Steel Index reveal U.S. coil and plate prices moving upwards, with hot rolled coil (“HRC”) and cold rolled coil (“CRC”) prices at 12-month highs. The U.S. HRC reference price FOB Midwest mill increased 3% to \$719 per net ton; hot-dipped galvanized (“HDG”) coil is 2.4% higher. The average delivery lead time for HRC is longer at 6.1 weeks, while lead times for CRC and HDG deliveries are shorter. The U.S. plate price FOB Midwest mill is at a 12-month high of \$832 per net ton.

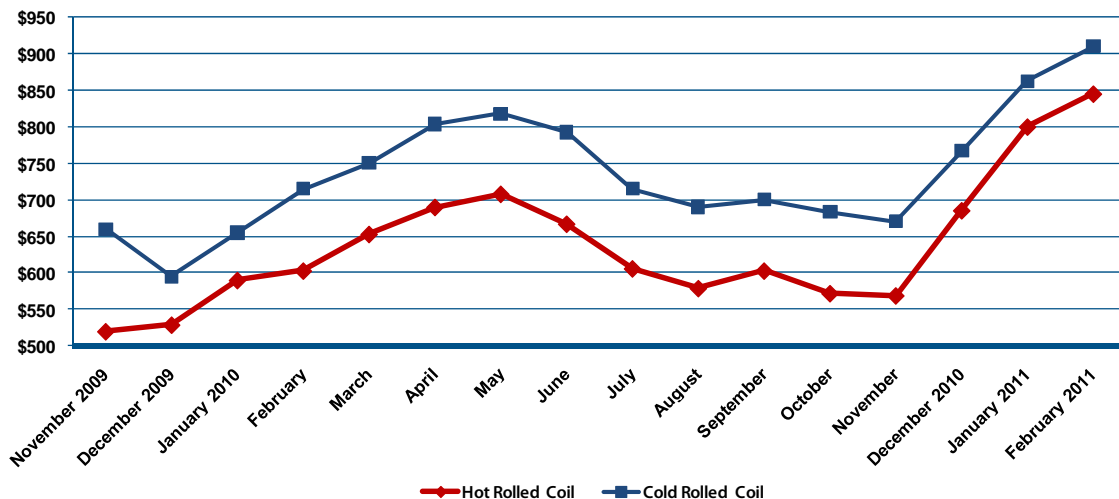
SBB reported that HRC has been sold for at least \$800 per net ton recently, while CRC and HDG material have been priced from \$900 to \$920 per net ton and \$950 to \$1,100 per net ton, respectively. In the first week of February 2011, the spot settlement price for HRC on the CME was \$790 per net ton, which represents a \$15 increase from the prior week’s spot settlement price of \$775 per net ton.

Nucor and other mills implemented a price hike of \$100 per net ton for February, as scrap and other input costs have spiked in recent weeks. US Steel informed customers its HRC is \$740 per net ton for February deliveries, bringing it in line with Nucor, which raised HRC prices by \$30 at the end of January to \$740 per net ton, FOB mill. US Steel indicated its CRC was priced at \$850 per net ton, \$10 more than Nucor’s CRC price. SBB reported mills including US Steel and Severstal were quoting HRC at \$850 per net ton FOB for new orders in early February, and Nucor was expected to issue a letter to customers regarding a similar increase.

Spot CRC prices approximate \$850 to \$890 per net ton, while HDG prices range from \$900 to \$920 per net ton, per SBB. The mills, which have ratcheted up sheet prices by nearly \$200 per net ton since November, could use the recent scrap price hikes to launch another spot sheet hike in the near future.

ArcelorMittal USA is moving to get its carbon flat rolled steel prices in line with the rest of the North American market. The company is notifying customers that it is sold out for March with only a few exceptions, and has set its price for hot rolled sheet at \$800 per ton, with cold rolled sheet and the base price for HDG sheet both at \$920 per ton.

**Hot Rolled Coil and Cold Rolled Coil
North America Domestic FOB U.S. Midwest Mill
Monthly Average Price Per Net Ton
November 2009 Through February 2011**



CARBON STEEL

On February 10th, AK Steel announced it is increasing current spot market base prices by \$50 per net ton for all of its carbon flat rolled products, effective with new orders. The Ohio-based steelmaker indicated the increase is necessary “to recover higher costs for steelmaking inputs, and reflects the continuing strong demand for carbon steel products.” In addition, AK Steel advised its customers that a \$430-per-ton surcharge will be added to invoices for electrical steel products shipped in March 2011.

ATI Allegheny Ludlum, a subsidiary of Allegheny Technologies Inc., is increasing its surcharge for grain-oriented electrical steels to \$485 per ton effective March 1st.



One source indicated certain U.S. plate makers are offering grade A36 material in spot prices ranging from \$880 to \$920 per net ton FOB, with moderate discounts for large tonnages. However, buying activity is light.

A new coating line is under construction in Buffalo, New York: Galvstar LLC is being built in the former American Axle & Manufacturing plant on the East Side of Buffalo. According to one of the principals at Galvstar LLC, the line will be capable of coating approximately 250,000 tons of material annually at peak capacity. The product range will span from 0.06 inches to 0.012 inches in widths of up to 60 inches.

The mill is projected to begin production in June 2011. The mill will apply a zinc/aluminum coating called Galfan to its substrate in sheet or coil form, allowing for applications in cladding, roofing, patrician walls, doors, ceilings, steel framing, window frames, snow guards, nail board, and spiral ducts in the building and construction markets. The products would also maintain various uses in the appliance, industrial, and automotive markets.

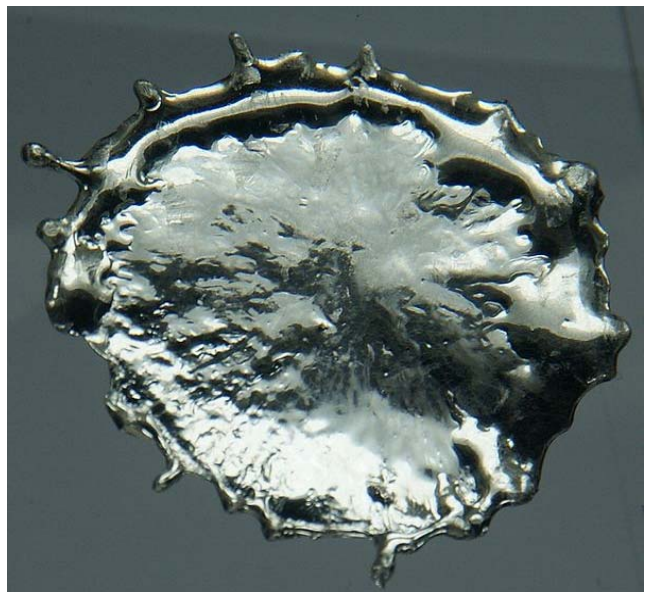
In addition, a potential new flat rolled mill project for U.S. flat and long product manufacturer SDI is also in progress. SDI is “pretty far down the trail with engineering now,” SDI Chief Executive Officer Keith Busse said.

TIN

The London Metal Exchange (“LME”) price for tin reached \$28,510 to \$28,515 per metric ton (cash) in early February, which had marked a new record high until that point. Duncan Hobbs of Macquarie Research revealed the increase is a result of “strong demand plus problems with supply.” Solder producers, who consume more than half of the world’s tin, are restocking due to a strong pick-up in the electronics industry.

“On supply, the world’s largest tin producer, Indonesia, has seen a large fall in mine output,” said Hobbes, citing poor weather for the output. Local tin smelters have also been affected. PT Timah, Indonesia’s largest producer, experienced output of less than 40,000 metric tons in 2010 versus 45,000 metric tons in 2009; its target for 2010 had been 48,000 to 50,000 metric tons.

Independent tinplate analyst Phil Rogers indicated the price increase will take some time to be reflected in the price of tinplate, which accounts for 18.8% of tin usage, according to the tin industry body ITRI Ltd. However, tinplate producers will also be paying a premium for low lead content, high quality tin, Rogers notes. The increase also comes at a time of seasonally strong demand for tinplate.



CARBON STEEL

ZINC

More zinc and lead were produced than sold in the first 11 months of 2010, according to the International Lead and Zinc Study Group. World supply of refined zinc metal exceeded demand by 223,000 metric tons during this period, with production at 11,677,000 metric tons and usage at 11,454,000 metric tons. The surplus for the same period in 2009 was 381,000 metric tons.

After accounting for 50,000 metric tons of refined zinc released by the Chinese State Reserve Bureau in November, total reported stock levels increased by 201,000 metric tons. Increases in Belgium, Brazil, Peru, China, India, the U.S., and a number of other countries resulted in an overall global rise in world refined zinc metal production of 14.5% versus the same period in 2009. The 16.7% increase in world usage of refined zinc was primarily influenced by strong recoveries in demand in Europe, Japan, and South Korea combined with further growth of 14.9% in Chinese apparent demand. Global zinc mine production increased 9.7% compared to the first 11 months of 2010, largely due to higher output in Australia, China, Mexico, and the Russian Federation.

Refined lead production increased to 8,550,000 metric tons in the first 11 months of 2010 while usage totaled 8,509,000 metric tons, resulting in a surplus of 41,000 metric tons compared to 77,000 metric tons during the same period in 2009. Total reported inventory levels increased by 53,000 metric tons. Global production of refined lead metal rose 5.8% primarily due to further growth in Chinese output.

The main drivers behind the 6.3% increase in global demand for refined lead were a 8.2% spike in Chinese apparent usage in addition to recoveries in Europe and Japan after sharp reductions in 2009. A 7.8% rise in world lead mine production, compared to the first 11 months of 2010, was primarily influenced by increased production in Australia, China, India, Mexico, and the Russian Federation, which more than offset declines in Ireland and Peru.

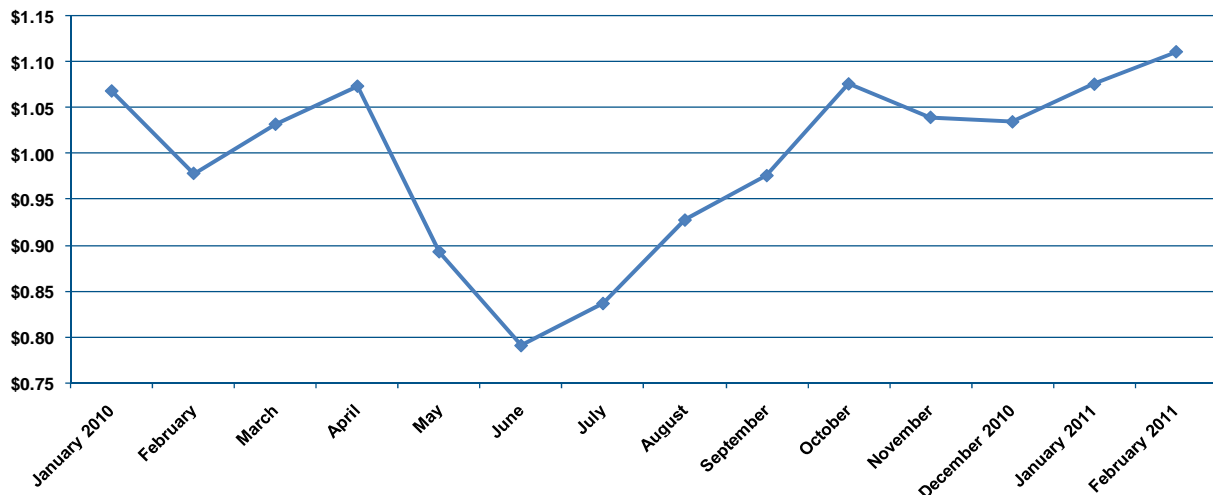
CARBON STEEL LONG PRODUCTS

PTC Alliance Corp. (“PTC”) recently announced plans to raise prices by 8% for non-contract drawn-over-mandrel (“DOM”) tubing, effective with all new and existing orders scheduled to ship on or after February 21st. This price hike follows a 7% DOM price increase implemented by PTC in January, and comes after ArcelorMittal indicated its tubular operations in Shelby, Ohio would halt orders until February 7th as it works to keep up with demand. PTC also announced that it was ramping up capacity at its facility in Hopkinsville, Kentucky and reopening a plant in Chicago Heights, Illinois that had been idle since 2004.

Moreover, PTC plans to raise prices on all non-contract hot and cold rolled electric-resistance welded (“ERW”) products by \$105 per ton, effective with all new and existing orders scheduled to ship on or after February 21st.

Wheatland Tube (“Wheatland”) and TMK Ipsco (“TMK”) have implemented \$80-per-net-ton base price hikes for ERW standard pipe products. TMK informed its customers that a second \$80-per-net-ton increase on standard pipe would go into effect for shipments beginning March 1st due to rising raw material costs.

**Zinc LME Monthly Average Price Per Pound
January 2010 Through February 2011**



CARBON STEEL

	Carbon Steel Tubular Imports (Tonnes)			Change 2010 vs. 2008	Change 2010 vs. 2009	Top Suppliers
	2008	2009	2010			
Line Pipe	2,920,000	1,450,000	1,350,000	(54%)	(7%)	Korea, India, and Italy
OCTG	3,540,000	1,410,000	2,120,000	(40%)	50%	Korea, Canada, and Japan
Standard	1,070,000	583,330	702,240	(34%)	30%	Canada, India, and Korea
Mechanical	550,600	301,780	386,040	(30%)	28%	Mexico, Canada, and China
Structural	442,240	230,555	282,110	(36%)	22%	Canada, Mexico, and Korea

Concurrently, Wheatland raised base prices for continuous weld pipe and fence framework and shapes by 8%. “The continued escalation of hot rolled steel costs as well as other input costs necessitates this increase,” Wheatland explained in a letter to customers.

Pennsylvania specialty steel producers Carpenter Technology Corp (“Carpenter”) and Latrobe Specialty Steel (“Latrobe”) are increasing base prices for their tool steel product lines. Carpenter will raise base prices by 5% to 7% for its tool steel and specialty powder metal products scheduled to ship in March, according to SBB. Latrobe will boost prices by 5% to 15% for its tool and high-speed steel lines, as well as its powder metal products, air-melt stainless steels, and remelted alloys.

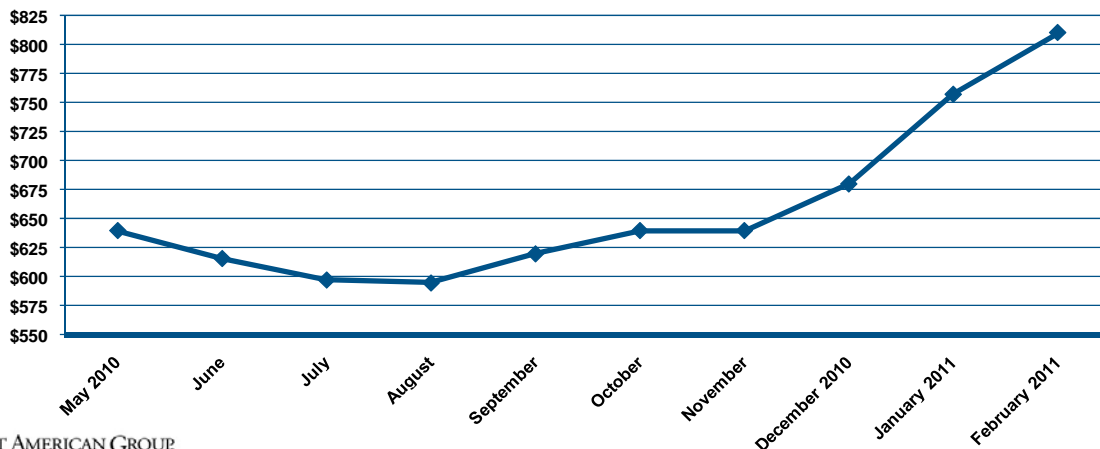
The LME steel billet cash price settled at \$546.50 per metric ton in early February, decreasing \$22.50 from the previous week’s settlement of \$569 per metric ton. The LME billet three-month price settled at \$580, falling \$12 per metric ton from of the prior week’s settlement of \$592.

ArcelorMittal will close its Harriman, Tennessee bar mill by the end of March due to market conditions. The mill maintains an annual rolling capacity of 250,000 net tons and produces merchant bar shapes including angles, channels, flats, rounds, and squares. Many of the products currently produced at the facility would be moved to ArcelorMittal’s billet mill in LaPlace, Louisiana.

Nucor obtained an air quality permit for its proposed DRI plant in St. James Parish, Louisiana and can now begin ordering equipment and starting construction on two facilities with a combined capacity of 5.5 million tons per year.

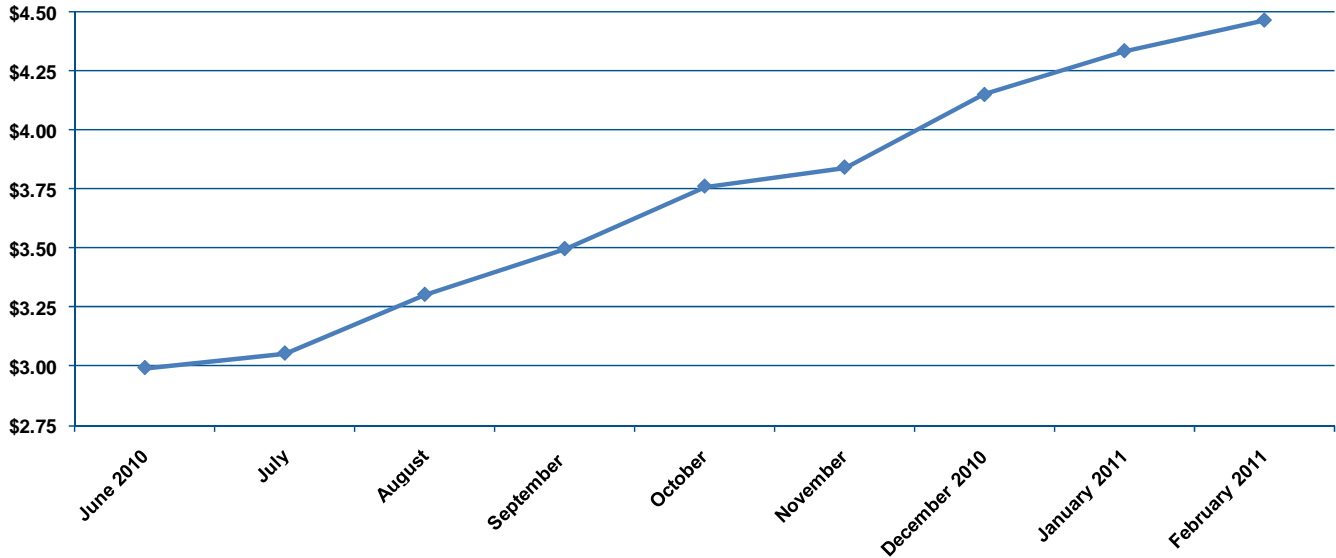
Nucor will initially build only one of these DRI facilities, but the permit allows a second facility to be constructed if the company decides to proceed with expansion plans, with other phases of Nucor’s plan including a coke plant, blast furnace, pellet plant, and steel mill. To date, Nucor has invested more than \$50 million in the purchase of nearly 4,000 acres of property on the Mississippi River.

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



COPPER

Copper LME Monthly Average Price Per Pound June 2010 Through February 2011



Copper prices have been rising due to the expectation that the market will experience a supply squeeze in the not-too-distant future. According to VM Group, “Dominating copper’s allure are its supply-side shortfalls, which are now well established. Mine supply has not kept pace with demand for many years, nor has it responded with alacrity to the meteoric price rise, implying that structural difficulties exist.”

China, the largest consumer of copper, expected a pick-up in copper demand after the Lunar New Year holiday in early February, and copper is therefore poised for its seventh monthly gain on speculation as investors attempt to hedge against rising consumer prices. Despite high prices, copper demand should continue to exhibit strong growth in emerging markets including China.

The U.S. is the second largest consumer of copper. The Commerce Department reported the U.S. gross domestic product expanded at an annual rate of 3.2% in the fourth quarter of 2010, following a 2.6% increase the prior quarter, signaling improvement in the economy. In 2010, the economy grew 2.9%, marking the highest increase in five years. Three-month copper on the LME increased as much as 1.8% to \$4.40 per pound in early February. The metal, which reached a record of \$4.44 per pound on January 19th, ended the month at \$4.35 per pound.

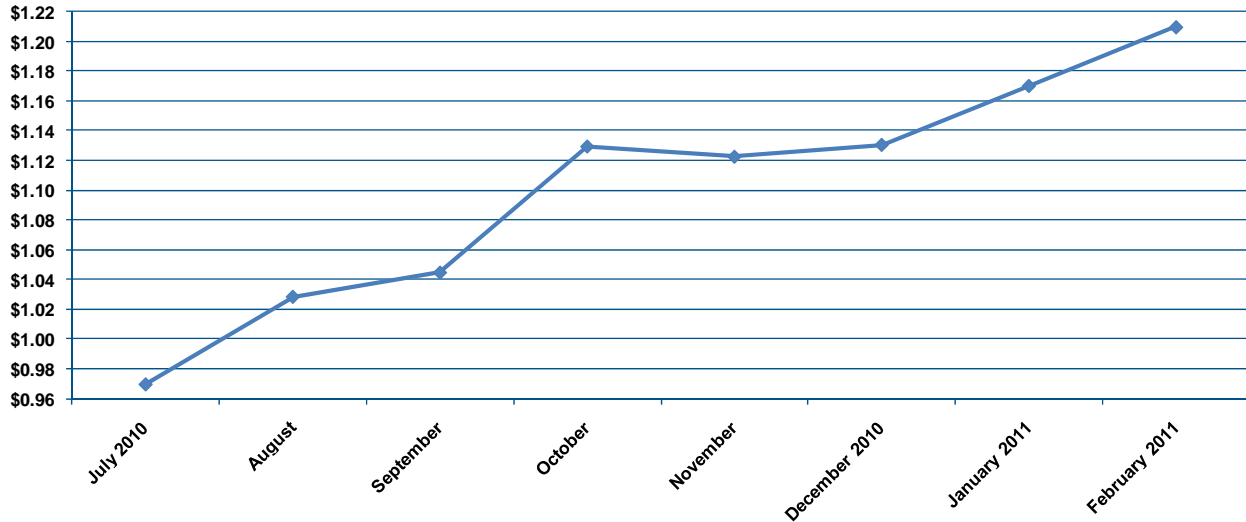
Copper output has not met expectations in recent years due to natural disasters, declining ore grades, worker strikes, and project delays. As a result, global copper supplies remain tight, and will likely push prices to \$5.44 per pound by mid-year. Prices may exceed the \$5.44 mark as output trails healthy demand, and given the lack of large mines. However, new smaller mines will ensure continued growth in global copper production, along with increased momentum on several projects initiated last year. Among these projects is Antofagasta’s Esperanza mine in Chile, which is expected to produce approximately 195,000 metric tons per year.



“Mining companies are operating at full capacity at the moment, as supply cannot meet demand,” said Andres MacLean, head of Chile’s state-run copper think tank Cochilco.

ALUMINUM

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



Aluminum, which was dealt a blow during the recession, is slowly rising in demand despite heavy restocking. The global aluminum market is poised for slow and steady growth this year, primarily driven by demand from developing nations and their rapid urbanization.



“China will boast a 20% growth in aluminum demand in 2011 compared with a 6% increase in North America, while Brazilian demand will grow 16% and India 14%,” said Alcoa, Inc. (“Alcoa”) Chief Executive Officer Klaus Kleinfeld.

Aluminum prices increased 1.2% on the LME to \$1.16 per pound in early February after touching \$1.17, the highest price since September 22, 2008. The demand for industrial metals has been rising since the second half of 2009, with aluminum consumption increasing by 20%, boosted by stockpiling. Demand for aluminum in the U.S., the second-largest aluminum consumer, may be supported by restocking this year.

Capacity utilization in the North American flat rolled product market is projected to rise steadily from a low of 70% in 2009 to 80% this year, reaching 90% by 2015, according to Jean-Marc Germain, president of U.S. aluminum sheet maker Novelis Inc.

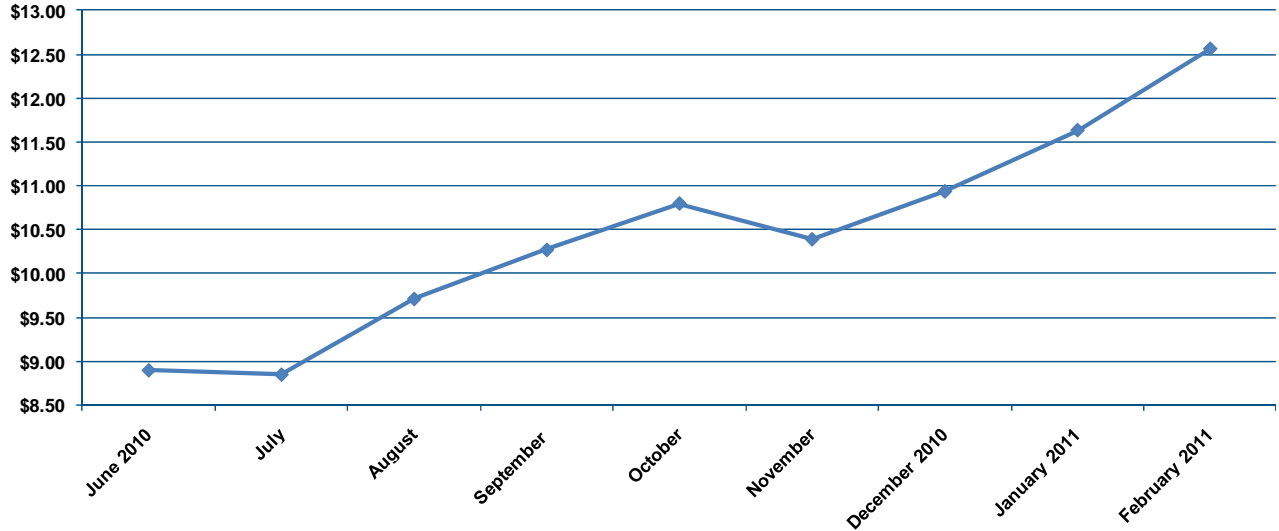
“The rebound has been very spectacular,” Germain said. North American consumption of flat rolled products should increase from 4.5 million metric tons in 2011 to 5.2 million metric tons in 2015 as North American demand recovers and capacity efficiency improves further. In addition, sheet imports demonstrated growth following the recession and are expected to rise 5.6% from 2010 through 2015.

American Aluminum Extrusion Co. LLC, which maintains a capacity of nearly 70 million pounds per year, expects to increase its capacity to between 145 million and 150 million pounds by 2014 as its new extrusion plant in Roscoe, Illinois commences operations.

U.S. aluminum giant Alcoa is building a large aluminum complex in Saudi Arabia with state-run miner Saudi Arabian Mining Co (Maaden) in Ras Az Zawr on the coast of the Arabian gulf. The first phase of the project features the construction of a smelter and rolling mill, which are expected to be in operation by 2013, while the bauxite mine and alumina refinery are slated to begin by 2014.

NICKEL

**Nickel LME Monthly Average Price Per Pound
June 2010 Through February 2011**



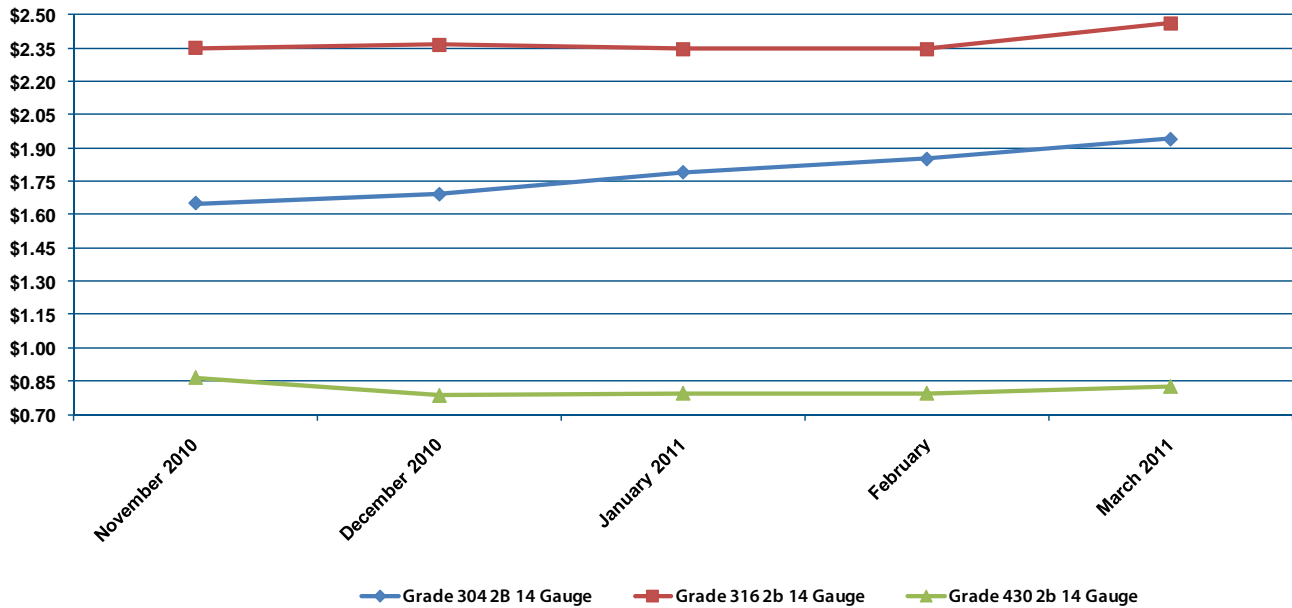
For quite some time, the nickel market has demonstrated erratic behavior. Recently, LME stocks have been rising, and nickel output is higher after the prolonged strike at Vale S.A. has come to an end and the Sudbury, Ontario operations have returned to normal rates.

Although demand for nickel from stainless steel producers has been lower than anticipated as producers are using more stainless scrap and less prime nickel, LME nickel prices have become less negotiable. LME cash settlement prices increased nearly 7% from \$10.90 per pound on January 10th to \$11.67 per pound ton on January 13th.



STAINLESS STEEL

**Stainless Steel
Monthly Average Transaction Price Per Pound
Including Surcharges
November 2010 Through March 2011**



As 2011 began, Universal Stainless & Alloy Products boasted a \$69 million order backlog – a two-year high – and positive momentum in key market segments such as power generation, as shipments for this market increased 22% in the fourth quarter of 2010 versus 2009.

SBB reported that in early February, pricing for grade 304 stainless CRC, a bellwether product, increased 5.8% week-over-week in the U.S. market. During the week of January 17th through 23rd, reported prices ranged from a low of \$1.76 per pound FOB Midwestern U.S. mill to a high of \$1.82 per pound, with lead times remaining steady at approximately seven weeks. In February, a surcharge hike of approximately \$0.06 per pound will likely shift this to a range of \$1.82 per pound to \$1.88 per pound.

In recent weeks, U.S. demand has increased for high-carbon ferrochrome with 65% chrome content, which is used by specialty steel foundries and is primarily sourced from Turkey and Kazakhstan. A two-tier market has emerged between this higher-quality steel and stainless products with only 60% chrome content from India and Zimbabwe. As a result of this boost in demand, the metal's overall price has increased from a range of \$1.30 to \$1.35 per pound to a range of \$1.30 to \$1.40 per pound.

Stainless and special steel consulting firm Steel & Metals Market Research projects stainless steel production growth at 7% in 2011. Global stainless steel production reached a record high of 32.2 million metric tons in 2010, primarily driven by nickel-rich 300 grades, which represented 57.5% of production.

METALS REFERENCE SHEET

CARBON STEEL SCRAP VALUES — CHICAGO MARKET

	YEAR AGO	DECEMBER 2010	JANUARY 2011	FEBRUARY 2011 MTD
AUTO SHRED	\$345.00/GT	\$400.26/GT	\$457.00/GT	\$470.00/GT
HMS (HEAVY MELT STEEL)	\$305.00/GT	\$368.16/GT	\$415.25/GT	\$440.00/GT
BUSHELING	\$400.00/GT	\$434.21/GT	\$484.00/GT	\$495.00/GT

CARBON STEEL VALUES IN MAJOR COMMODITY FORMS

CARBON FLAT ROLLED SHEET COIL BASE PRICE

	NOVEMBER 2010	DECEMBER 2010	JANUARY 2011	FEBRUARY 2011 MTD
HOT BANDS	\$568.00 Avg/NT	\$658.40 Avg/NT	\$777.00 Avg/NT	\$840.00 Avg/NT
COLD ROLLED	\$686.00 Avg/NT	\$776.40 Avg/NT	\$880.00 Avg/NT	\$940.00 Avg/NT
HOT DIPPED COATED GALVANIZED	\$774.00 Avg/NT	\$873.40 Avg/NT	\$983.60 Avg/NT	\$1,045.00 Avg/NT

CARBON STEEL PLATES BASE PRICE

		DECEMBER 2010	JANUARY 2011	FEBRUARY 2011
PLATE COILS AND STRIP MILL COILS		\$600 - \$700/NT	\$700 - \$740/NT	\$840 - \$900/NT
DISCRETE PLATES*	CARBON STEEL	\$790.60/NT	\$820/NT	\$900/NT
	ALLOYS PLATES	\$980.60/NT	\$1,006/NT	\$1,060/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)

	DECEMBER 2010 DELIVERY	JANUARY 2011 DELIVERY	FEBRUARY 2011 DELIVERY
1/2" X 4" FLATS*	\$815 Avg/NT	\$855 Avg/NT	\$870 Avg/NT
2" X 2" X 1/4" ANGLES*	\$810 Avg/NT	\$850 Avg/NT	\$865 Avg/NT
REBAR COILS, GRADE 60: #3 TO #5 SIZES	\$666 Avg/NT	\$715 Avg/NT	\$785 Avg/NT
MERCHANT BAR (FOB MIDWEST MILL)	\$825 - \$845/NT	\$870 - \$890/NT	\$935 - \$955/NT

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

METALS REFERENCE SHEET

SBQ BARS (INCLUDING SURCHARGES, NET OF REBATES)

	DECEMBER 2010 DELIVERY	JANUARY 2011 DELIVERY	FEBRUARY 2011 DELIVERY
HOT ROLLED 1000 1" DIAMETER	\$41.95/CWT (\$839/NT)	\$46.45/CWT (\$929/NT)	\$49.25/CWT (\$985/NT)
HOT ROLLED 4100 1" DIAMETER	\$45.50/CWT (\$910/NT)	\$50.00/CWT (\$1,000/NT)	\$52.75/CWT (\$1,055/NT)
COLD FINISHED C1018 1" DIAMETER	\$52.00/CWT (\$1,040/NT)	\$56.50/CWT (\$1,130/NT)	\$59.50/CWT (\$1,190/NT)

OCTG AND LINE PIPE SAMPLING

	DECEMBER 2010 DELIVERY	JANUARY 2011 DELIVERY	FEBRUARY 2011 DELIVERY
J55 ERW 4 1/2" TO 8 5/8"	\$1,100 - \$1,200/NT	\$1,200 - \$1,300/NT	\$1,400 - \$1,500/NT
LINE PIPE ERW 4" BLACK	\$900 - \$1,000/NT	\$900 - \$1,050/NT	\$1,000 - \$1,150/NT

PRIMARY MAJOR NON-FERROUS METALS

ALUMINUM

	NOVEMBER 2010	DECEMBER 2010	JANUARY 2011	FEBRUARY 2011 MTD
ALUMINUM NA (HIGH GRADE P1020)	\$1.058/LB	\$1.066/LB	\$1.120/LB	\$1.145/LB
MWTP (MIDWEST PREMIUM)	\$0.065/LB	\$0.065/LB	\$0.065/LB	\$0.065/LB
ALUMINUM ALLOY A380.1, LME VALUES	\$1.110/LB	\$1.108/LB	\$1.130/LB	\$1.153/LB

NICKEL & COPPER

NICKEL & COPPER	NOVEMBER 2010	DECEMBER 2010	JANUARY 2011	FEBRUARY 2011 MTD
NICKEL, LME VALUES	10.3915/LB	10.9367/LB	11.1670/LB	\$12.6127/LB
COPPER HIGH GRADE A, LME VALUES	3.8419/LB	4.1491/LB	4.3172/LB	\$4.5044/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	NOVEMBER 2010 DELIVERY	DECEMBER 2010 DELIVERY	JANUARY 2011 DELIVERY	FEBRUARY 2011 DELIVERY
T304*	\$1.7018/LB	\$1.7445/LB	\$1.7151/LB	\$1.7782/LB
T316/316L*	\$2.3579/LB	\$2.4061/LB	\$2.3857/LB	\$2.4652/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)

	NOVEMBER 2010	DECEMBER 2010	JANUARY 2011	FEBRUARY 2011
T304/304L	\$1.0860/LB	\$1.1281/LB	\$1.0991/LB	\$1.1622/LB
T316/316L	\$1.5601/LB	\$1.6076/LB	\$1.5877/LB	\$1.6672/LB