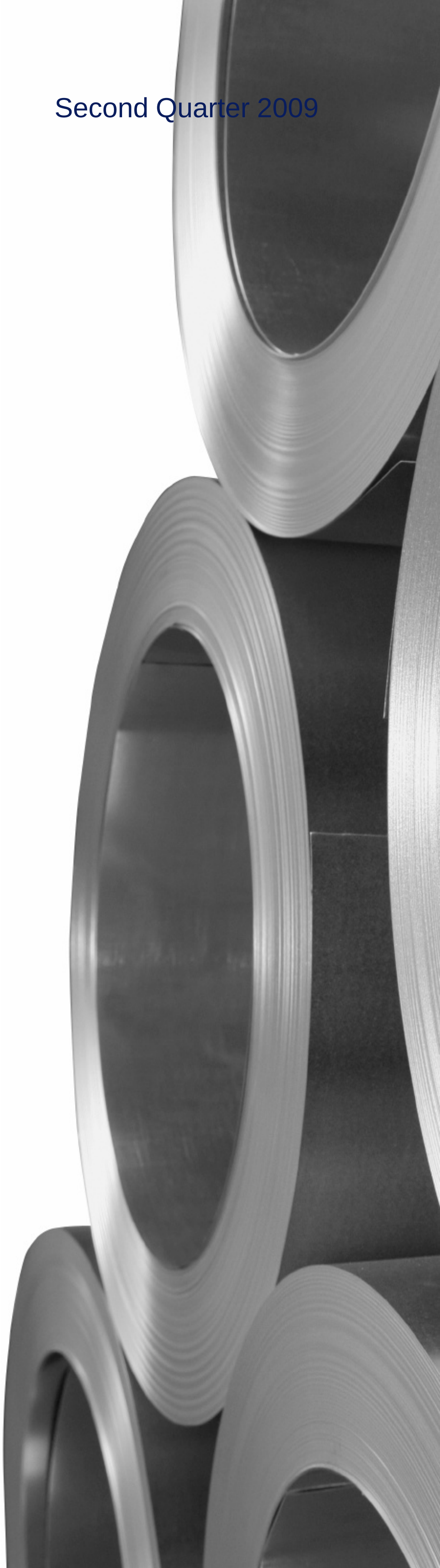
Second Quarter 2009

Metals Update

Deloitte Corporate Finance LLC



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Transaction Highlight

American Piping Products, Inc.

has sold a majority equity interest to

Edgewater Growth Capital Partners II, L.P.

The undersigned acted as exclusive financial advisor to American Piping Products, Inc.

Deloitte Corporate Finance LLC

Deloitte Corporate Finance LLC ("DCF") is pleased to announce its role as the exclusive financial advisor to American Piping Products, Inc. ("APP") regarding the sale of a majority of equity interest to The Edgewater Funds ("Edgewater"). The majority stock sale transaction positions APP for continued growth by providing capacity for expanding its product offering and investing further in scalable operating assets. The transaction is another example of DCF's role as a leading middle market, sell-side financial advisor within the Metals sector.

About APP and Edgewater

American Piping Products is a rapidly growing distributor of specialty steel pipe, fittings, and valves to global infrastructure customers in the energy, manufacturing, and construction industries.

The Edgewater Funds is a private equity firm specializing in middle market growth capital investments.

Additional Recent Transactions

I. Waxman & Sons Ltd

has been acquired by

American Iron and Metal Co. Inc.

The undersigned acted as exclusive financial advisor to I. Waxman & Sons

Deloitte & Touche Corporate Finance Canada Inc.

Disposal of

Evonik's North American Sodium Cyanide Operations

to

Oaktree Capital Management

The undersigned acted as financial advisor to Evonik Degussa GmbH

Deloitte LLP, United Kingdom

a wholly-owned subsidiary of

Rank Group Limited

has sold its Medical Packaging Business to

The undersigned acted as financial advisor to Reynolds Packaging Group

Deloitte Corporate Finance LLC

Industry Trends

Metals Industry Trends

The impact of the financial crisis continued to weigh on the metals sector in Q2, highlighted by lower overall demand, excess global capacity and relatively static pricing throughout the first half of 2009. As a result, M&A activity has been put on the back-burner, as producers and service centers have withdrawn from external activities to focus on short-term liquidity initiatives and to look for opportunities to leverage excess capacity within existing operations. In Q2 2009, M&A activity was down 39% from a year ago to 100 observed deals and is forecasted to decrease over 40% in 2009, when compared to 2008. Concurrently, announced global metals transactions average deal size has fallen significantly to $57 million, as acquirers concentrate on smaller tuck-in deals to complement their existing businesses.

"Getting Back in the Water: Consolidation in the global steel industry", a global online survey and case study interviews conducted by Deloitte Touche Tohmatsu's Global Manufacturing Industry Group, found that M&A remains critically important to the business strategy of steel company executives, with a vast majority of respondents believing that acquisitions will be a key growth driver in the metals sector. Additionally, while only one-quarter of the respondents believe that the market for M&A is very competitive today, almost two-thirds expect competition for acquisitions to increase over the next three years. Other highlights from the study include:

- 75% of respondents said that achieving economies of scale, increasing negotiating power with customers and vendors, and entering into new geographies were important objectives when evaluating acquisitions.
- Deal economics and financial factors ultimately determine whether a deal is executed. More than 90% of respondents indicated growth prospects, financial performance and financial strength are significant factors in determining if a potential deal proceeds.
- Integration remains problematic for acquirers. Although a majority of respondents said their goal was to fully integrate the operations of acquired companies, only 40% believed that those acquisitions were partly integrated or remain independent operations.

Although the near-term metals sector outlook is expected to remain stagnant, long-term recovery will require price stability and continued capacity rationalization, which could be ushered in by renewed industry consolidation. Buyers with solid cash positions are expected to gauge when metals sector valuations have leveled-off before making acquisitions, likely focusing their attention on smaller deals and distressed situations to enhance their competitive positions. Despite the recently observed declines in deal volume, the expectation is that smaller accretive opportunities and distressed asset sales, combined with historically low valuations, could drive the recovery of M&A within the industry.

General Economic Trends

The economy remained depressed during the second quarter, tempered by slight optimism that declines are slowing. Deloitte economists note that "inventory overhang is correcting, and manufacturers' new orders have risen," which are positive signs. However, retail sales for January through May 2009 were down 10.2% as consumers, nervous about unemployment and businesses and nervous about sales prospects, chose to reuse rather than replace. This thrifty trend, in combination with tight credit terms for businesses, continued to strain financial statements, and the M&A market.

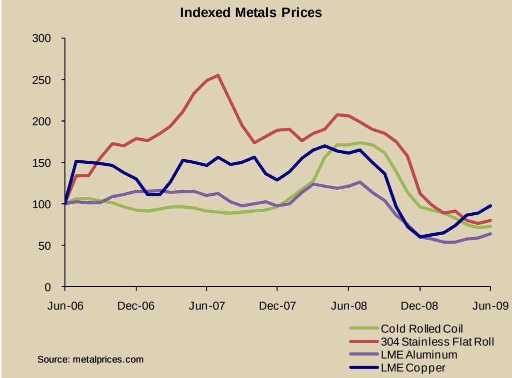
M&A buyers mimicked consumers' cautious behavior. Poor economic prospects for the immediate future continued to depress M&A transaction activity. Valuation multiples, total value of transactions and total number of transactions all remained low through the second quarter of 2009. Notable characteristics of the current M&A market include:

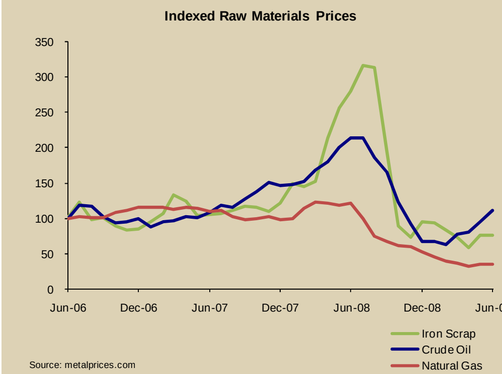
- Private equity buyers played a timid role, comprising only 5.0% of announced deal value in the last twelve months ending June 2009, compared to 14.3% for the same period last year.
- As a result of the economic downturn, the number of distressed transactions has more than doubled globally from the second quarter of 2008; however, the size of these transactions is decreasing as compared to the same period last year The total value of these transactions was $1.8 billion, compared to an average of $2.4 billion per quarter during 2007 and 2008.

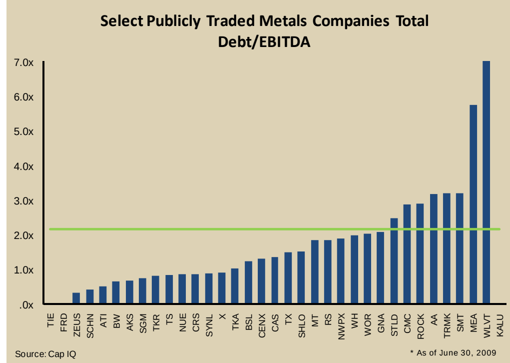
Unlike the overall M&A market, carve-out divestitures volumes have increased in 2009 and account for over 30 percent of M&A activity this year to date.

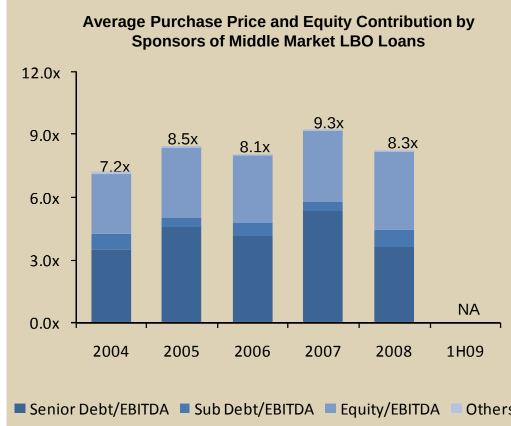
Uncertainty regarding credit conditions, inflation, U.S. monetary and fiscal policies, and federal stimulus funding continues to loom over the economy and transaction decisions. Factors including the low level of private equity participation, low valuations, and distressed M&A activity will likely continue to shape the M&A market for the remainder of 2009. But, if the economy shows signs of improvement, transaction activity could also improve.

Sources: Thomson Reuters, Federal Reserve.





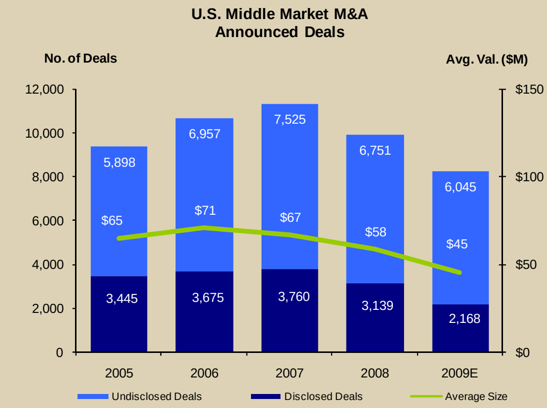




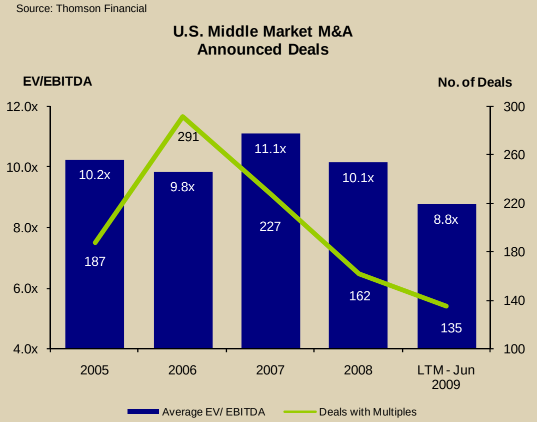
- Purchase Price Breakdown; (Defined as Issuers with EBITDA of less than $50M

Source: Standard & Poor's Leveraged Commentary & Data

Highlighted Transactions



Source: Thomson Financial



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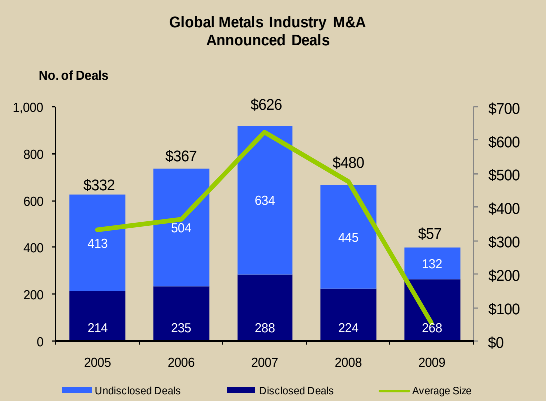

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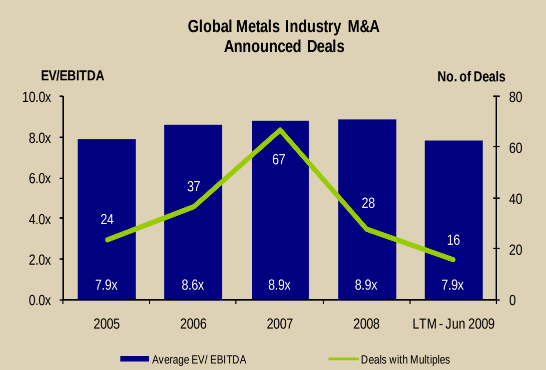


Source: Thomson Financial

Deals Announced

- June 25, 2009 – **Mitsubishi Steel Mfg Co Ltd** of Japan planned to acquire a 57% interest in **Meritor Suspension Systems Co**, a Chatham-based manufacturer and wholesaler of motor vehicles parts, from its joint venture partner **ArvinMeritor Inc**.
- June 23, 2009 – **Vetorial Siderurgia Ltda** agreed to acquire the pig iron plant of **MMX Corumba Metalicos Ltda**, a Corumba-based iron mining company, and a unit of **EBX Capital Partners' MMX Mineracao e Metalicos SA** subsidiary, for BRL 100 mil (USD 50.515 mil).
- June 17, 2009 – **Sapa AB**, a unit of **Orkla ASA**, agreed to acquire bankrupt **Indalex Aluminum Solutions**, a Bannockburn-based manufacturer of soft alloy extrusions, from **Indalex Holding Corp**, a unit of **Sun Capital Partners Inc**. The transaction was to include 10 aluminum plants in Canada and US.
- June 8, 2009 – **Armtec Infrastructure Income Fund** agreed to acquire the entire share capital of **Pre-Con Inc**, a Brampton-based manufacture of architectural and structural precast/prestressed concrete building components, from **Lafarge SA**, for an estimated CAD 48.4 mil (USD 43.358 mil).
- June 1, 2009 – **Worthington Industries Inc (Worthington)** planned to acquire **Pacific Cylinders Inc**, a Placerville-based wholesaler of cylinder products. Concurrently, **Worthington** planned to acquire **Piper Metal Forming Corp** and **US Respiratory Inc**.
- May 29, 2009 – **Sumitomo Metal Mining Brass & Copper Co Ltd**, a subsidiary of **Sumitomo Metal Mining Co Ltd (Sumitomo)** agreed to acquire the flatting business of **Mitsui Mining and Smelting Co Ltd (Mitsui)**, a Shinagawa, Tokyo-based manufacturer and wholesaler of metal related products, in the formation of joint venture company.
- May 22, 2009 – **OAO Severstal (Severstal)** of Russia launched a tender offer to acquire the remaining 42.73% stake, or 277.391 mil common shares, which it did not already own, in **High River Gold Mines Ltd**, a Toronto-based gold mining company, for a total value of CAD 61.026 mil (USD 54.517 mil).
- May 8, 2009 – **Arcelor Mittal NV** agreed to acquire **Noble European Holdings BV**, an Amsterdam-based manufacturer of laser welding equipment, from **Noble International Ltd**.
- May 5, 2009 – **Alcoa Inc** of the USA agreed to acquire the remaining 45% stake, which it did not already own, in **Suriname Aluminum Co LLC (Suralco)**, a Paramaribo-based alumina and bauxite mining company, from **BHP Billiton Ltd**. Terms were not disclosed.
- May 1, 2009 – **Nyrstar NV** acquired the mine complex of Mid-Tennessee **Zinc Corp**, a Gordonsville-based zinc mining company, and a unit of **Strategic Resource Acquisition Corp**.
- April 30, 2009 – **TNR Gold Corp** acquired the **Moose 2** property, located in Yellowknife, Northwest Territories, a lithium and tantalum mining property.
- April 27, 2009 – **Furukawa Magnet Wire**, a wholly-owned unit of **Furukawa Electric Co Ltd**, agreed to acquire the coil manufacturing business of **Totoku Electric Co Ltd**, a Tokyo- based manufacturer of coils.
- April 6, 2009 – **Global Stainless Supply Inc** acquired **Specialty Valve & Fitting Co**, a Paramount-based manufacturer of steel pipes and fittings.
- April 6, 2009 – **Colson Group Inc** of the US acquired **RHOMBUS Rollen Holding-GmbH**, a Wermelskirchen-based manufacturer of casters and wheels, from **Albert Schulte Sohne Gmbh & Co**.

Market Snapshot

$U.S. in millions

Producers	Reported Date	Market Cap	Enterprise Value	Enterprise Value to: Sales	Enterprise Value to: EBITDA	EBITDA Margin	Reported P/E	Stock Performance: Quarter	Stock Performance: LTM
AK Steel Holding Corp.	03/31/09	$2,097	$3,681	0.5x	5.5x	9.9%	N.M.	169.5%	(72.2%)
Alcoa, Inc.	03/31/09	$10,064	$22,930	1.0x	11.6x	8.2%	N.M.	40.7%	(71.0%)
Allegheny Technologies Inc.	03/31/09	$3,424	$3,986	0.8x	5.3x	15.8%	8.0x	59.3%	(41.1%)
Arcelor Mittal	12/31/08	$51,181	$83,196	0.8x	5.9x	12.9%	4.8x	61.5%	(66.8%)
Bluescope Steel Ltd.	12/31/08	$3,721	$5,659	0.7x	4.9x	14.0%	2.5x	14.2%	(81.2%)
Brush Engineered Materials Inc.	04/03/09	$338	$438	0.5x	10.2x	5.3%	N.M.	20.8%	(31.4%)
Carpenter Technology Corp.	03/31/09	$917	$1,022	0.6x	5.0x	12.4%	8.7x	47.4%	(52.3%)
Century Aluminum Co.	03/31/09	$463	$783	0.5x	4.2x	10.9%	N.M.	196.2%	(90.6%)
Commercial Metals Co.	02/28/09	$1,804	$3,038	0.4x	8.0x	4.5%	12.5x	38.8%	(57.5%)
Gerdau Ameristeel Corp.	03/31/09	$2,954	$5,370	0.7x	4.6x	15.4%	N.M.	122.1%	(64.7%)
Kaiser Aluminum Corporation	03/31/09	$727	$936	0.7x	N.M.	(6.5%)	N.M.	55.3%	(32.9%)
Northwest Pipe Co.	03/31/09	$321	$414	1.0x	7.0x	13.9%	10.7x	22.1%	(37.7%)
Nucor Corporation	04/04/09	$13,962	$15,189	0.7x	5.3x	13.5%	11.2x	16.4%	(40.5%)
OAO TMK	12/31/08	$2,424	$5,502	1.0x	5.5x	17.6%	12.2x	211.1%	(67.4%)
Steel Dynamics Inc.	03/31/09	$3,111	$5,609	0.8x	7.1x	11.2%	11.9x	68.0%	(62.1%)
Synalloy Corp.	04/04/09	$52	$57	0.3x	6.4x	5.1%	12.0x	58.1%	(46.2%)
Tenaris SA	03/31/09	$15,961	$16,751	1.4x	4.8x	29.4%	9.8x	34.1%	(63.7%)
Ternium S.A.	03/31/09	$3,460	$5,324	0.7x	3.1x	22.3%	17.0x	152.0%	(58.9%)
ThyssenKrupp AG	03/31/09	$11,493	$20,893	0.3x	5.4x	5.9%	7.7x	41.7%	(60.5%)
Timken Co.	03/31/09	$1,653	$3,118	0.6x	4.9x	12.2%	8.9x	22.3%	(48.1%)
Titanium Metals Corp.	03/31/09	$1,664	$1,671	1.6x	7.2x	21.8%	11.8x	68.0%	(34.3%)
United States Steel Corp.	03/31/09	$5,122	$11,015	0.5x	4.1x	12.6%	2.9x	69.1%	(80.7%)
Wolverine Tube Inc.	12/31/08	$4	$163	0.2x	N.M.	0.8%	N.M.	0.0%	(87.5%)
WSP Holdings Ltd.	12/31/08	$380	$628	0.6x	3.6x	18.1%	6.6x	74.9%	(9.0%)
Average Producers				**0.7x**	**5.9x**	**12.0%**	**9.4x**	**69.3%**	**(56.6%)**

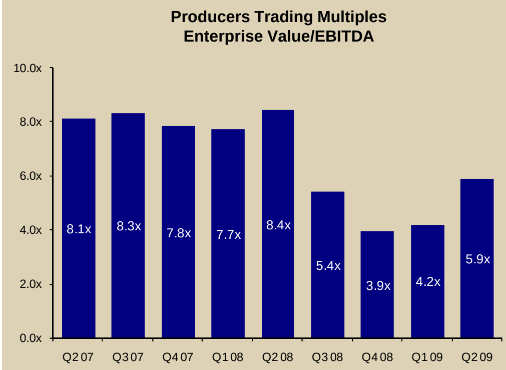
$U.S. in millions

Service Centers	Reported Date	Market Cap	Enterprise Value	Enterprise Value to: Sales	Enterprise Value to: EBITDA	EBITDA Margin	Reported P/E	Stock Performance: Quarter	Stock Performance: LTM
AM Castle & Co.	03/31/09	$277	$365	0.3x	5.6x	4.8%	N.M.	35.4%	(57.8%)
Friedman Industries Inc.	03/31/09	$37	$20	0.1x	0.9x	10.8%	2.7x	10.4%	(32.8%)
Gibraltar Industries, Inc.	03/31/09	$208	$533	0.5x	6.2x	7.5%	N.M.	46.2%	(56.8%)
Barzel Industries Inc.	02/28/09	$7	$294	0.5x	N.M.	(0.7%)	N.M.	(29.0%)	(91.5%)
Olympic Steel Inc.	03/31/09	$266	$354	0.3x	6.3x	5.1%	9.1x	61.3%	(67.8%)
Reliance Steel & Aluminum Co.	03/31/09	$2,815	$4,280	0.5x	5.2x	9.8%	7.1x	45.8%	(50.2%)
Samuel Manu-Tech Inc.	03/31/09	$92	$209	0.3x	5.6x	4.9%	N.M.	(10.4%)	(67.1%)
Shiloh Industries Inc.	04/30/09	$60	$126	0.3x	5.6x	6.1%	N.M.	94.2%	(61.2%)
Worthington Industries, Inc.	02/28/09	$1,010	$1,230	0.4x	11.8x	3.4%	N.M.	46.8%	N/A
Average Service Centers				**0.3x**	**5.9x**	**5.8%**	**6.3x**	**33.4%**	**(60.6%)**

$U.S. in millions

Scrap	Reported Date	Market Cap	Enterprise Value	Enterprise Value to: Sales	Enterprise Value to: EBITDA	EBITDA Margin	Reported P/E	Stock Performance: Quarter	Stock Performance: LTM
Yangtze Telecom Corp.	09/30/08	$2	$2	0.2x	1.2x	13.6%	1.9x	142.9%	(79.8%)
Schnitzer Steel Industries Inc.	02/28/09	$1,493	$1,635	0.5x	5.8x	8.7%	10.1x	68.4%	(53.9%)
Metalico Inc.	03/31/09	$176	$300	0.4x	14.6x	2.9%	N.M.	174.1%	(73.4%)
Average Scrap				**0.4x**	**7.2x**	**8.4%**	**6.0x**	**128.5%**	**(69.0%)**

Source: Capital IQ



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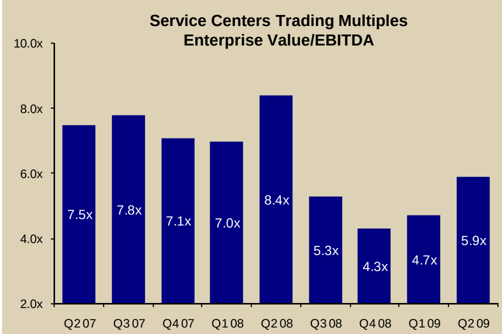
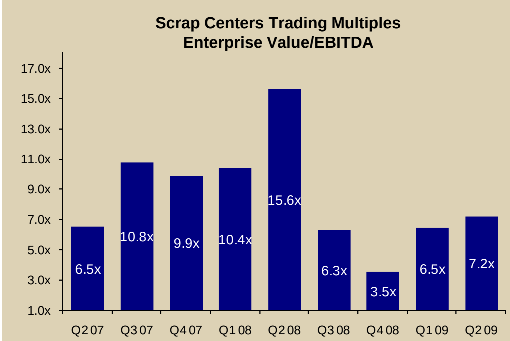
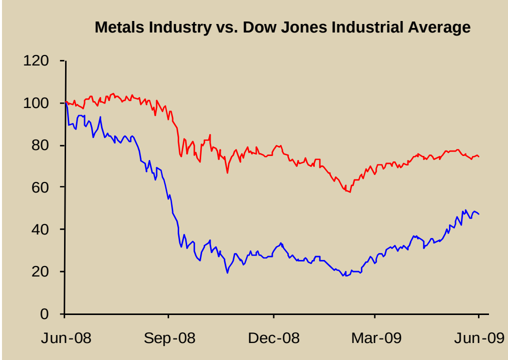


Source: Capital IQ



Source: Capital IQ



Source: Capital IQ

Related Content

In addition to information regarding the metals industry being provided by DCF, you may be interested in additional events and informational sources available through DCF and the subsidiaries of Deloitte LLP.

Dbriefs Webcasts

Stay on top of the latest issues and strategies. Deloitte LLP and its subsidiaries offer Dbriefs, live webcasts that provide you with insights on important developments affecting your business. Webcasts are complimentary, 1-hour live sessions; you can participate from the convenience of your office.

Manufacturing

The American Recovery and Reinvestment Act: Fueling New Growth Strategies for Manufacturers

Archived Webcast; Host: Tim Hanley, vice chairman, U.S. Process & Industrial Products leader, Deloitte & Touche LLP

The American Recovery and Reinvestment Act (ARRA) could help manufacturers build the foundation for economic growth through infrastructure, alternative energy, energy efficiency, green jobs and other opportunities. In what ways might manufacturing executives strategically plan to capitalize on the ARRA?

Explore how new markets and products may fuel growth and learn about strategies for potentially leveraging the ARRA to create new opportunities.

Click here to view the archived webcast.

Survey

Getting back in the water

In the report “Getting back in the water: Consolidation in the global steel industry”, Deloitte Touche Tohmatsu’s Global Manufacturing Industry Group captures the perspectives of some of the major players in the steel industry. The study looks at their overall M&A strategies, the impact of the credit crisis and economic downturn, and the challenges they face in planning and executing acquisitions.

Click here to read the full survey report.

Article

Are We There Yet?

Downturn strategies for manufacturers

In a recent online seminar conducted by Deloitte, more than 800 participants from the world of manufacturing were asked when they anticipated the economy to rebound. Most expect a rebound sometime in 2010. That’s an eternity for companies that have already lived the recession for 12 months or more and taken a hit.

Our recent study, "Are We There Yet?" provides fundamental strategies to consider for navigating continued market volatility – and positioning the business for new market realities.

Click here to read the full article.

Report

Fueling the U.S. Economy

Article by Deloitte's Tom Marriott and Tim Hanley featured in Inside Supply Management magazine

In “Reigniting the Growth Engine,” an article featured in *Inside Supply Management* magazine, authors Tom Marriott and Steve Ramig, both principals within Deloitte Consulting LLP, discuss how companies can take the reins and find the opportunities that the American Recovery and Reinvestment Act can provide.

Click here to read the full report.

Point of View

Private Companies and the Financial Crisis

The dual imperative…Managing risk, preserving cash

In "Private Companies and the Financial Crisis," Deloitte discusses this dual imperative for private companies – managing risk and preserving cash. While these goals are important in any environment, today they are imperative. Private companies that move swiftly to increase their cash positions and reduce debt, will likely find themselves better protected than more highly leveraged entities. Taking these steps now can help private companies to keep working toward their long-term goals through and beyond the recession.

Learn about ways for private companies to manage risk and preserve cash through the downturn, and prepare for eventual economic recovery.

Click here to read the full POV article.

Deloitte Corporate Finance LLC

DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity and venture capital firms. DCF and its affiliates maintain a presence in key U.S. financial centers.

For additional information or to find out more about how DCF can assist the deal initiation and execution process, please contact one of our DCF Managing Directors:

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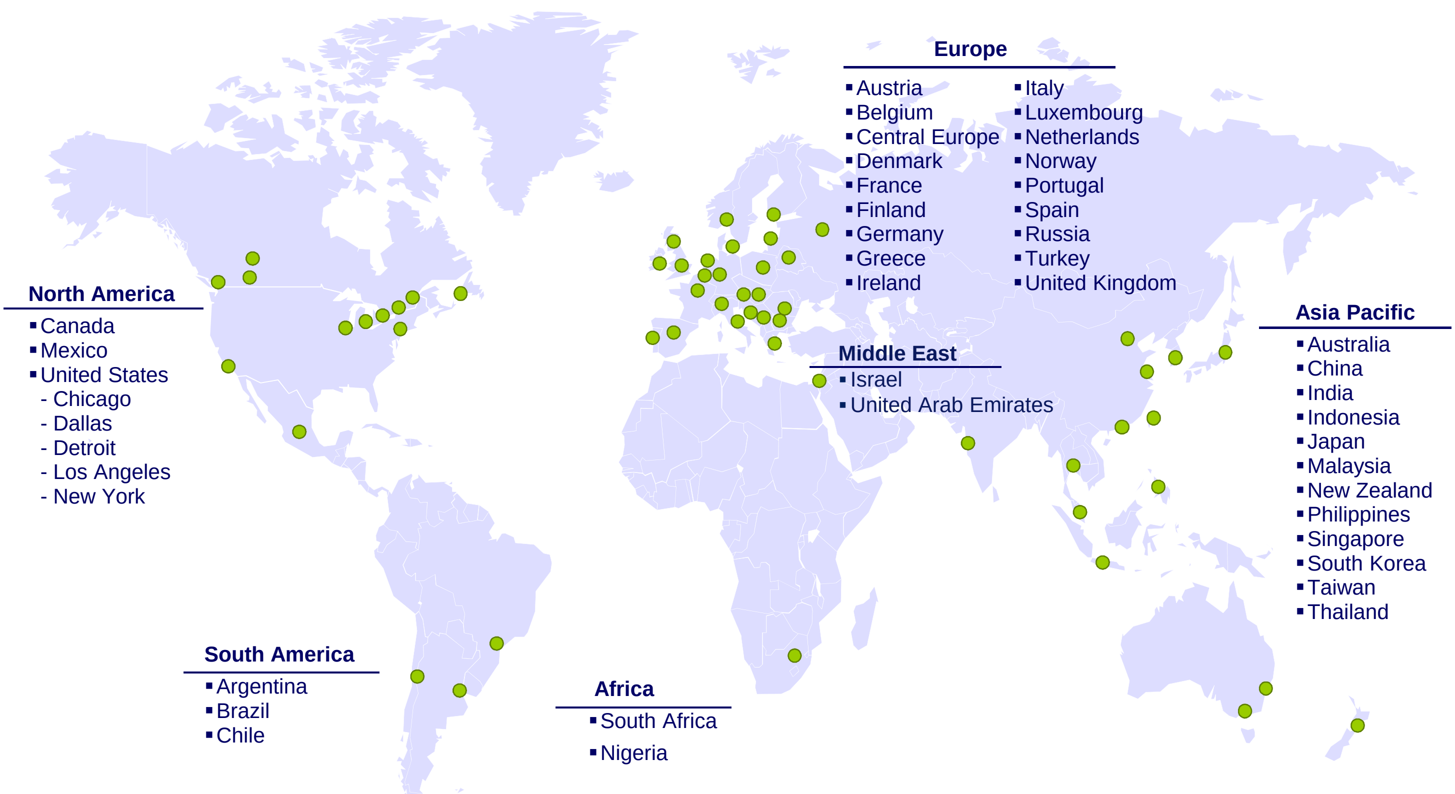
Corporate Finance Practices of DTT Member Firms and Affiliates

DCF and the corporate finance practices of the member firms of Deloitte Touche Tohmatsu (DTT) or their affiliates are able to work together to provide industry-specific experience and execution capabilities to assist in the completion of M&A advisory assignments around the globe.



* In all office locations outside the United States listed above, corporate finance services are offered by the DTT member firm of the applicable country or an affiliate thereof. Each of the DTT member firms is a separate and independent legal entity.

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