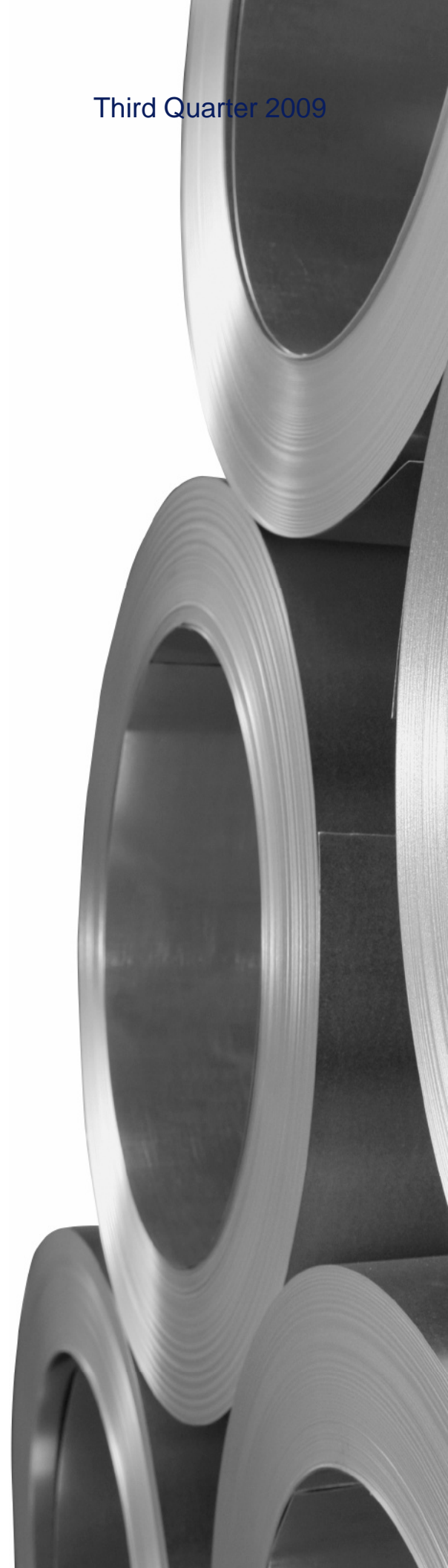


Metals Update

Deloitte Corporate Finance LLC

Investment Banking Advisory Services

- Sale & Divestiture
- Acquisition, Joint Venture & Alliance
- Capital Raising
- Corporate Development Advisory
- Fairness Opinion



Transaction Highlight



American Piping Products, Inc.

has sold a majority equity interest to

the edgewater funds

**Edgewater Growth Capital
Partners II, L.P.**

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

Deloitte.

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

AIG Systems Solutions Pvt. Ltd.

has been acquired by



Mphasis Limited

The undersigned acted as exclusive financial
advisor to AIG Global Services, Inc.,
a wholly-owned subsidiary of
American International Group, Inc.

Deloitte.

Deloitte Corporate Finance LLC



**The Film Division of CPI Plastics
Group Inc.**

has been sold to

Mid-America Bag LLC

The undersigned assisted and advised Deloitte
& Touche Inc. (Canada), interim receiver and
manager of CPI Plastics Group Ltd.

Deloitte.

Deloitte Financial Advisory Services LLP



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.

Deloitte Corporate Finance LLC

Industry Trends

Metals Industry Trends

While Q3 2009 presented metals sector participants with many of the same challenges exhibited during the first half of the year, some interesting developments occurred late in the quarter that would suggest a recovery may be in sight. Economic activity in the manufacturing sector expanded in August after 18 months of consecutive declines. As an indication of this growth, the Purchasing Managers Index (PMI) in August and September increased to 52.9 and 52.6 respectively, where PMI above 50 indicates an expanding economy. While this should be viewed as a positive, it is important to note that certain one-time gains, such as economic stimulus funds, may be partially responsible and would not indicate longer term sustainability. Cash for Clunkers, most notably from a metals perspective, was considered by many as a huge success, but critics will argue the program simply pulled volumes forward with little net benefit. Additionally, significant stimulus capital is being invested in infrastructure and transportation projects, approximately \$100 billion or one-third of total stimulus capital which likely propped-up metals volumes for the quarter.

Overseas demand, particularly in China, has also appeared to be improving. While China's growth has historically been tied to US consumption, the primary driver currently appears to be China's \$586 billion stimulus package, of which 72% or \$422 billion is earmarked for public infrastructure, rural development or earthquake reconstruction projects. Unlike the US, China's stimulus package is almost entirely dedicated to infrastructure projects, including transportation and public housing, and will consume huge amounts of raw materials, especially metals. As inventory and capacity rationalization worked their course during Q3 and positive demand signals were observed, ferrous and non-ferrous prices continued to increase. Concurrently, however, working capital availability will be stretched, as inventories are restocked in an environment of rising commodity prices. Given the continued softness in the capital markets, borrowers should closely evaluate their liquidity requirements and borrowing base capacity in order to determine a viable financing plan.

M&A activity remained weak through Q3, with 111 deals completed, a 21% decline when compared to Q3 2008. Concurrently, average deal value plummeted approximately 78% in Q3 2009 when compared to Q3 2008, suggesting smaller strategic and distressed deals have been prevalent in the sector. For potential sellers with strong balance sheets and sufficient liquidity, 2009 has not yet exhibited the positive trends that would indicate an optimal time to approach the investor community. Likewise, buyers with strong cash positions remain proactive, but have struggled to find quality assets available in the market, as healthy sellers are unwilling to transact at the lower valuations being exhibited in the sector. Should a viable recovery emerge and metals prices remain elevated, it is likely that a surge of new, high quality M&A opportunities will present themselves.

General Economic Trends

Economic data from the quarter was mixed, as the recession persisted. Deloitte's monthly economic report for September observed, "A financially weakened consumer suggests that year end holiday spending could be stifled, and that manufacturing might well be the stronger growth engine over the next several months."

- Rather than boosting retail sales, hesitant consumers whose spending comprises two thirds of U.S. GDP, paid off household debt, which dropped for the fourth consecutive quarter.
- U.S. manufacturers experienced some benefit from a weak dollar making exports more attractive, particularly in foreign markets that were again on a growth path.

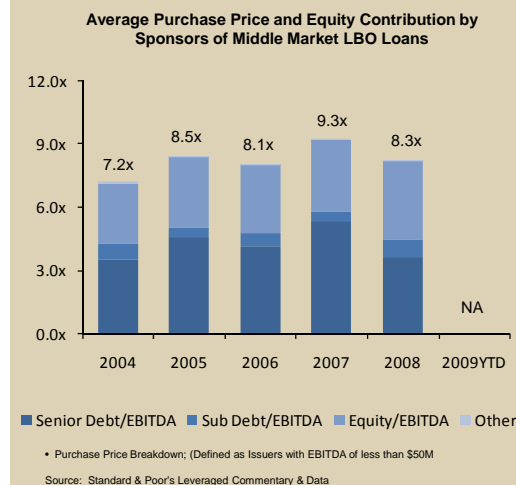
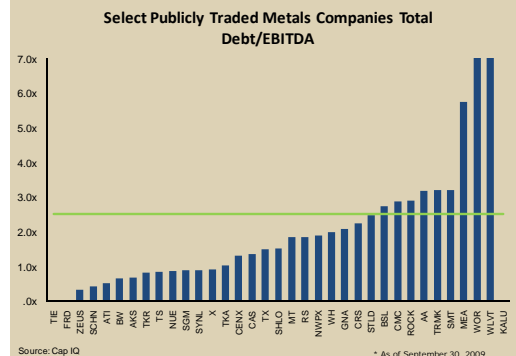
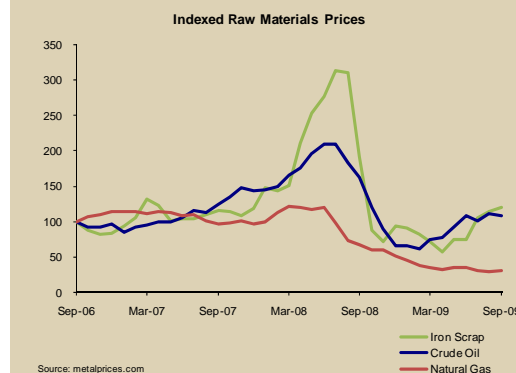
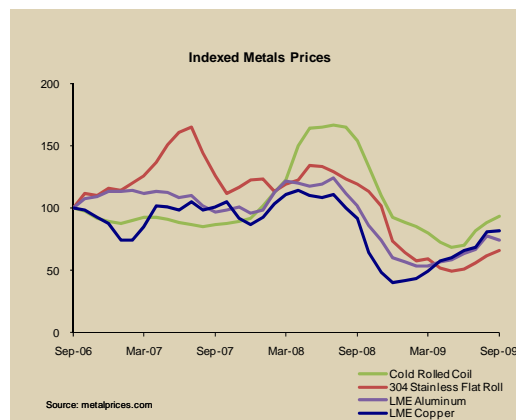
Meanwhile, weakness in the global and national economic environments continued to impact deal activity in the third quarter.

- The total disclosed value of M&A transactions fell 29% globally from Q2 and fell 52% in the U.S., but the total number of transactions showed little change from Q2.
- The total value of distressed M&A in the last twelve months (Q4 08-Q3 09) was 4.6 times higher than in the previous twelve month period (Q4 07-Q3 08), as struggling companies restructure.

The stock markets rose broadly in the third quarter, but the "real" economy as measured by production, sales and employment levels had yet to experience a similar rise. Until fundamentals improve, companies of all sizes and sectors are likely to be watching to determine whether stabilization will be sustained, thus avoiding a "double-dip" recession.

Deloitte Economic Update - September 2009

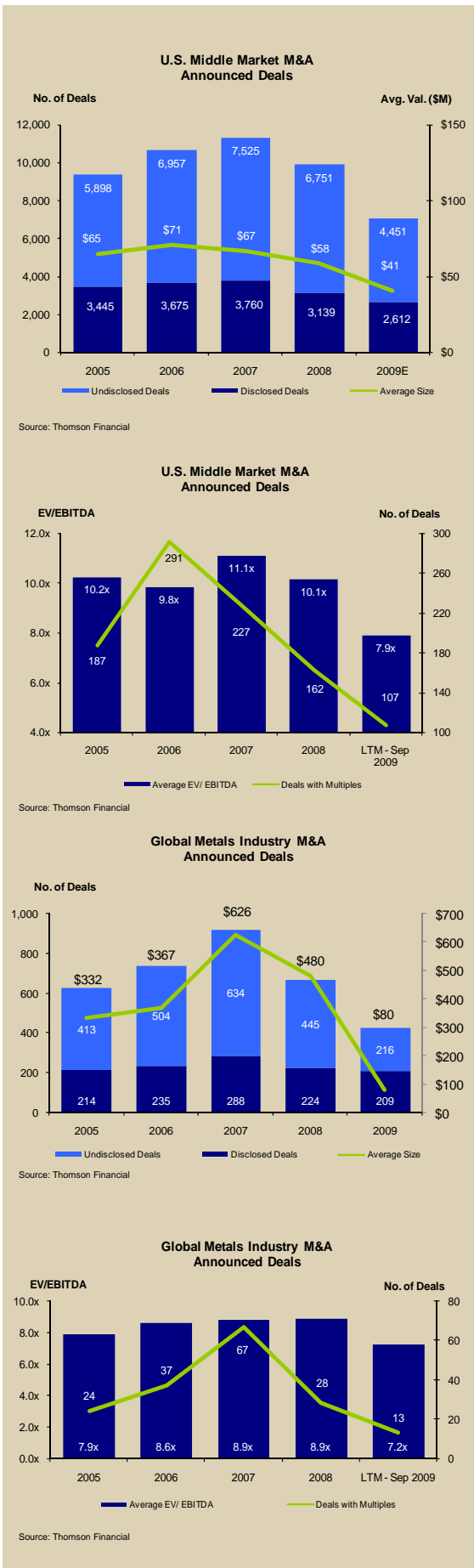
Sources: Thomson Financial, Deloitte Economic Updates



Highlighted Transactions

Deals Announced

- September 23, 2009 – **Southwire Co Inc** acquired **Maxis LLC**, a Mesa-based manufacturer of tools and equipment. Terms were not disclosed.
- September 22, 2009 – **Allegheny Technologies Inc (Allegheny)** agreed to acquire **Crucible Research**, a Pittsburgh-based provider of metallurgical testing services and a unit of **Crucible Materials Inc**. Concurrently, **Allegheny** acquired **Crucible Compaction Metals**. The two transactions have a combined value of USD 40.95 mil.
- September 18, 2009 – **CST Industries Inc** acquired **Temcor Inc**, a Gardena-based provider of aluminum contracting services from **Solis Capital Partners LLC**. Terms were not disclosed.
- September 15, 2009 – **Steel Dynamics Inc (Steel)** acquired the certain assets of **Heidman Steel Products Inc**, a Toledo-based manufacturer of sheet and coiled steel products. Concurrently, **Steel** acquired the certain assets of **HS Processing LP (HSP)**. The two transactions had a combined value of USD 18.6 mil. The transaction was to include the related tools and equipment of **HSP's** real estate property located in Butler, Indiana.
- August 31, 2009 – **Samuel Manu-Tech Inc** acquired **Piling Products Inc**, a Green Cove Springs-based distributor of steel sheet piling, for USD 14.8 mil/assets. The consideration consisted of USD 12.6 mil/ assets and USD 2.2 mil in profit-related payments/assets.
- August 31, 2009 – **Noranda Aluminum Holding Corp (Noranda)** acquired the remaining 50% interest, which it did not already own, in **St Ann Bauxite Ltd**, a bauxite mining company, from **Noranda's** joint venture partner **Century Aluminum Co**. Concurrently, **Noranda** acquired the remaining 50% interest, which it did not already own in **Gramercy Alumina LLC**.
- August 27, 2009 – **Lakeside Steel Inc** planned to acquire the Ontario production assets of **United States Steel Corp**, a Pittsburgh-based manufacturer and wholesaler of steel products.
- August 3, 2009 – **General Cable Corp (General)** acquired **Gepco International Inc**, a Des Plaines-based manufacturer and wholesaler of audio and video cable products. Concurrently, **General** acquired **Isotec Inc**.
- July 23, 2009 – **Patrick Aluminum Inc** acquired certain assets of the aluminum extrusion operation located in Mishawaka, Indiana, of **Patrick Industries Inc**, an Elkhart-based manufacturer and wholesaler of building products and materials, for an estimated USD 7.4 mil.
- July 8, 2009 – **Baosteel Group Shanghai Ergang Co Ltd** agreed to acquire the remaining 25% stake, which it did not already own, in **Shanghai Shenjia Metal Products Co Ltd**, a manufacturer of concrete strands and wires, from its joint venture partner **Everlite Century Ltd**, for CNY 40 mil (USD 5.855 mil) in cash.
- July 3, 2009 – **Sims Metal Management Ltd** of Australia acquired **Fairless Iron & Metal LLC**, a Morrisville-based wholesaler of scrap and waste material. Terms were not disclosed.
- July 1, 2009 – **Ball Corp** acquired 4 metal beverage can and lid manufacturing plants, located in Fort Atkinson, Wisconsin; Columbus, Ohio; Rome, Georgia; and Gainesville, Florida, of **Metal Container Corp**, a St Louis-based manufacturer of metal beverage cans and lids and a unit of **Stichting Interbrew SA's Anheuser-Busch Inbev** 52.96% subsidiary, for USD 577 mil in cash.



Market Snapshot

\$U.S. in millions

	Reported	Market	Enterprise	Enterprise Value to:		EBITDA	Reported	Stock Performance	
	Date	Cap	Value	Sales	EBITDA	Margin	P/E	Quarter	LTM
Producers									
AK Steel Holding Corp.	06/30/09	\$2,158	\$3,815	0.7x	10.5x	6.8%	N.M.	2.8%	(23.9%)
Alcoa, Inc.	06/30/09	\$12,784	\$25,989	1.2x	N.M.	3.7%	N.M.	27.0%	(41.9%)
Allegheny Technologies Inc.	06/30/09	\$3,432	\$4,219	1.0x	8.1x	12.8%	13.8x	0.2%	18.4%
Arcelor Mittal	06/30/09	\$56,342	\$85,336	1.0x	12.1x	8.0%	N.M.	13.9%	(24.4%)
Bluescope Steel Ltd.	06/30/09	\$4,714	\$5,455	0.7x	N.M.	4.0%	N.M.	26.7%	(55.3%)
Brush Engineered Materials Inc.	07/03/09	\$494	\$572	0.8x	N.M.	3.7%	N.M.	46.0%	31.7%
Carpenter Technology Corp.	06/30/09	\$1,030	\$1,230	0.9x	9.9x	9.1%	21.4x	12.4%	(8.8%)
Century Aluminum Co.	06/30/09	\$693	\$1,052	0.8x	N.M.	2.0%	N.M.	49.6%	(66.2%)
Commercial Metals Co.	05/31/09	\$2,014	\$2,975	0.4x	7.5x	4.7%	26.7x	11.7%	6.0%
Gerdau Ameristeel Corp.	06/30/09	\$3,432	\$5,580	0.9x	7.5x	12.4%	N.M.	16.1%	(19.5%)
Kaiser Aluminum Corporation	06/30/09	\$737	\$931	0.8x	N.M.	(7.3%)	N.M.	1.3%	(15.3%)
Northwest Pipe Co.	06/30/09	\$310	\$389	1.0x	8.1x	12.4%	12.9x	(3.5%)	(23.1%)
Nucor Corporation	07/04/09	\$14,793	\$15,722	0.9x	9.1x	10.3%	28.5x	5.8%	19.0%
QAO TMK	12/31/08	\$3,117	\$6,195	1.1x	6.2x	17.6%	15.7x	28.6%	(35.1%)
Steel Dynamics Inc.	06/30/09	\$3,301	\$5,427	1.0x	12.3x	8.2%	N.M.	3.6%	(10.2%)
Synalloy Corp.	07/04/09	\$59	\$56	0.4x	N.M.	2.4%	N.M.	14.3%	(30.0%)
Tenaris SA	06/30/09	\$0	\$130	0.0x	0.0x	28.7%	29.9x	31.7%	(4.5%)
Ternium S.A.	06/30/09	\$5,333	\$5,425	0.8x	5.2x	16.3%	N.M.	54.1%	50.8%
ThyssenKrupp AG	06/30/09	\$15,947	\$25,016	0.4x	13.2x	3.0%	N.M.	38.8%	16.3%
Timken Co.	06/30/09	\$2,268	\$3,524	0.8x	7.7x	10.2%	N.M.	37.2%	(17.4%)
Titanium Metals Corp.	06/30/09	\$1,732	\$1,696	1.7x	9.5x	18.5%	16.9x	4.4%	(15.4%)
United States Steel Corp.	06/30/09	\$6,359	\$11,658	0.7x	9.1x	7.7%	14.2x	24.1%	(42.8%)
Wolverine Tube Inc.	07/05/09	\$4	\$162	0.3x	N.M.	(0.6%)	N.M.	22.2%	(69.4%)
WSP Holdings Ltd.	12/31/08	\$484	\$732	0.8x	4.9x	16.3%	4.9x	(26.6%)	(25.4%)
Average Producers				0.8x	8.3x	8.8%	18.5x	18.4%	(16.1%)

\$U.S. in millions

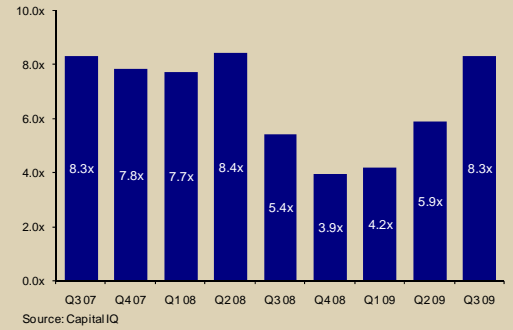
	Reported	Market	Enterprise	Enterprise Value to:		EBITDA	Reported	Stock Performance	
	Date	Cap	Value	Sales	EBITDA	Margin	P/E	Quarter	LTM
Service Centers									
AM Castle & Co.	06/30/09	\$228	\$309	0.3x	8.1x	3.3%	N.M.	(17.7%)	(42.5%)
Friedman Industries Inc.	06/30/09	\$41	\$19	0.1x	1.2x	10.0%	4.3x	10.5%	(9.8%)
Gibraltar Industries, Inc.	06/30/09	\$400	\$693	0.7x	11.8x	5.8%	N.M.	92.3%	(29.1%)
Barzel Industries Inc.	05/30/09	\$2	\$311	0.7x	N.M.	(10.4%)	N.M.	(76.1%)	(96.1%)
Olympic Steel Inc.	06/30/09	\$312	\$343	0.4x	N.M.	(5.1%)	N.M.	17.2%	(2.7%)
Reliance Steel & Aluminum Co.	06/30/09	\$3,127	\$4,253	0.6x	7.5x	7.5%	13.4x	10.9%	12.1%
Samuel Manu-Tech Inc.	06/30/09	\$151	\$259	0.4x	N.M.	1.4%	N.M.	64.8%	(50.0%)
Shiloh Industries Inc.	07/31/09	\$74	\$138	0.5x	N.M.	2.5%	N.M.	22.0%	(46.7%)
Worthington Industries, Inc.	05/31/09	\$1,099	\$1,284	0.6x	N.M.	(3.1%)	N.M.	8.7%	N/A
Average Service Centers				0.5x	7.1x	1.3%	8.8x	14.7%	(33.1%)

\$U.S. in millions

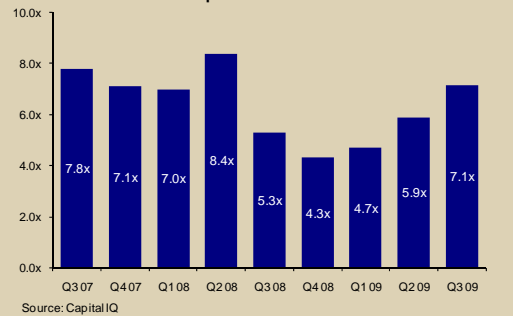
	Reported	Market	Enterprise	Enterprise Value to:		EBITDA	Reported	Stock Performance	
	Date	Cap	Value	Sales	EBITDA	Margin	P/E	Quarter	LTM
Scrap									
Sims Metal Management Limited	06/30/09	\$3,635	\$3,726	0.5x	N.M.	2.3%	N.M.	(3.3%)	(13.7%)
Schnitzer Steel Industries Inc.	05/31/09	\$1,504	\$1,583	0.6x	8.9x	6.7%	17.9x	0.7%	35.7%
Metalico Inc.	06/30/09	\$194	\$310	0.7x	N.M.	(1.4%)	N.M.	(10.5%)	(29.3%)
Average Scrap				0.6x	8.9x	2.5%	17.9x	(4.4%)	(2.4%)

Source: Capital IQ

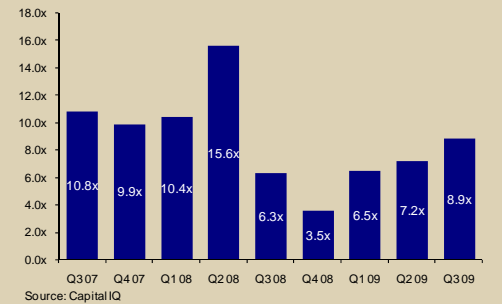
Producers Trading Multiples
Enterprise Value/EBITDA



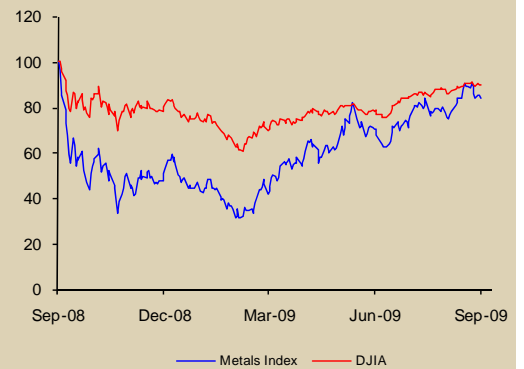
Service Centers Trading Multiples
Enterprise Value/EBITDA



Scrap Centers Trading Multiples
Enterprise Value/EBITDA



Metals Industry vs. Dow Jones Industrial Average



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

[Are We There Yet? Preparing Manufacturers for the Upside of the Downturn](#)

Thursday, November 05, 2009 1:00 PM Eastern Time; Host: Tim Hanley, Partner - Deloitte Consulting LLP

Many companies are beginning to focus on the economic upturn, but are caught between the competing demands of managing cash and structural costs while targeting smart investments and growth. How do you move your business from a reactive to proactive stance? We'll discuss:

- Key phases of the upturn response, including managing structural costs, optimizing revenue, aligning talent, and driving a new growth culture.
- Using scenario and operations planning to assess and prepare the business for next steps.
- Leading practices for managing risk and success with customers, suppliers, and employees.

Learn how taking action now could help your organization capture growth, manage risk, and drive value in a rebounding economy.

[Click here](#) to view the archived webcast from November 5, 2009

Transaction & Business Events

[Bridging the Value Gap: Using Contingent Value Rights as an M&A Tool](#)

Monday, November 09, 2009 1:00 PM Eastern Time; Host: David Williams, Principal - Deloitte Financial Advisory Services LLP

More businesses are using contingent value rights (CVR) as a deal strategy and earn-outs to bridge the value gap between buyer and seller. How can a CVR help buyers positioned to do deals? We'll discuss:

- A legal overview of a CVR and the pros and cons of its use.
- Due diligence around understanding the value gaps precipitating the need for a CVR.
- SFAS 141(R) implications – new financial reporting and disclosure guidance related to contingent payments in transactions and related issues that registrants need to consider.

Learn how CVRs may play an important role in transactions as the M&A market begins to rebound.

[Click here](#) to register for the webcast (or visit www.deloitte.com/us/dbriefs to view the archived webcast after November 9, 2009).

Point of View

[A Metals Point of View: Ready to be Rational?](#)

Deloitte LLP

Imagine you are given one extra day next month — one more day to be more profitable. What raw materials would you buy, at what cost, to make which products, to sell at what price, to which customers? In a rational business, daily operating decisions are made based on facts — accurate and timely facts about costs, products, margins, productivity, customers and profitability. But for most metals companies, facts are hard to come by. For this reason, in the words of a retired vice president of sales from a now-gone steel company, "Sure, we made decisions; we based them on bad data, and we were often wrong."

[Click here](#) to learn more and download the POV.

[Distressed M&A: Leveraging Opportunity in a Downturn](#)

With upheaval in the economy, a surge of bankruptcies and a general fear of "what's next," there has been a marked decline in traditional Merger & Acquisition (M&A) activity. However, could this economic shakeout present a powerful opportunity for some companies, especially those with an eye toward growth and an appetite for acquisitions?

Having the tools and knowledge to navigate and capitalize on distressed M&A opportunities is a distinct competitive advantage in the current deal environment. It is equally important to understand that the distressed M&A market is quite different from a healthy market, and transactions need to be looked at with very different perspectives in these environments.

[Click here](#) to read the full POV article.

Reports

[2009 Industry Outlook: Process & Industrial Products](#)

Expect the process and industrial products sector to "hunker down" in 2009, as manufacturing companies focus on right-sizing, managing costs and working capital, and taking additional steps to weather a rapidly deteriorating global economy.

[Click here](#) to read the full 2009 Outlook report.

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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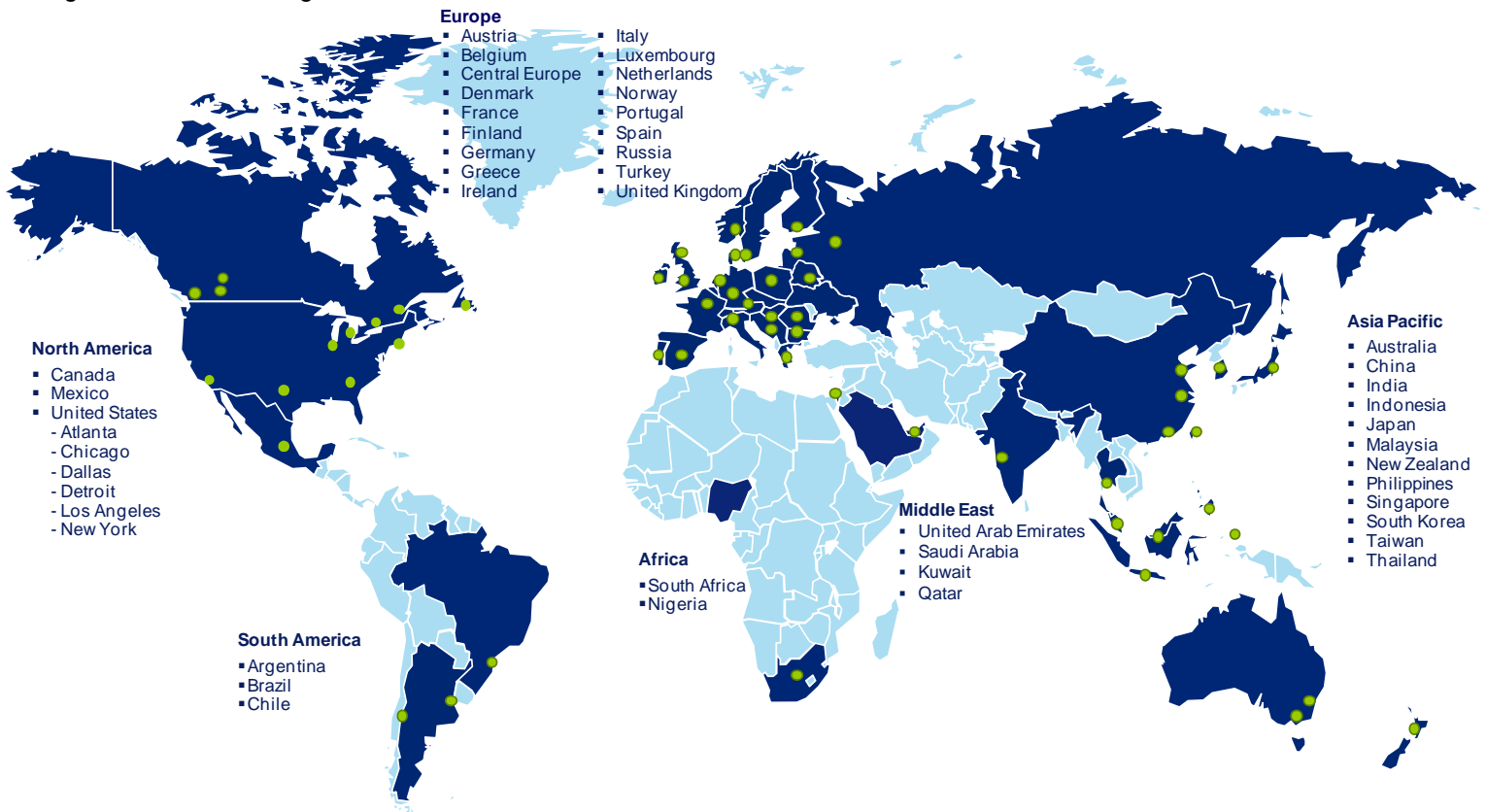
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Corporate Finance Practices of DTT Member Firms and Affiliates

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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