



## In this Issue...

- ▶ **Dresner Partners Market Insights:**  
*Outlook and analysis.....1*
- ▶ **In the News:**  
*Recent transactions and economic updates.....2*
- ▶ **Equity & Debt Capital Markets:**  
*Overview.....3*
- ▶ **Dresner Partners:**  
*Metals Group and recent transaction experience .....4*

## It's a global economy....isn't it?

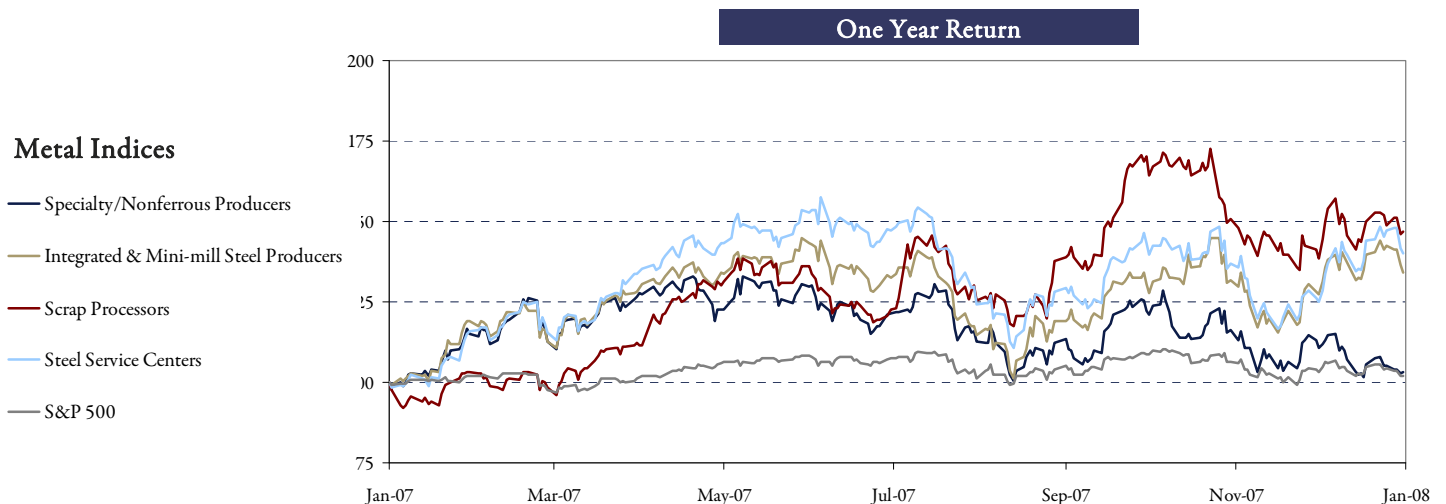
As the financial markets try to recover from the problems created from the subprime residential mortgage crisis and economic slow down, there are still some rays of hope. Two years ago, everyone was talking about how strong our economy was and China was growing at rates people feared were not sustainable. Now that the U.S. economy has slowed, it may be that Chinese growth is just what we need to have a "soft landing". Certain steel mills and manufacturers are anticipating growth in volume for 2008. Maybe it really is a global economy.

The mills, anticipating an increase in volume for the calendar year 2008, are exporting finished goods. Two factors are contributing to the increase. First, the decrease in the value of the dollar against almost every foreign currency has made the U.S. a lower cost manufacturer than it was just a couple years ago. This is the adjustment that classic economics would predict and more importantly, may provide a smoother transition. The second factor is that while U.S. demand has softened, it has not disappeared completely. Manufacturing order books have remained solid. The classic manufacturing model will, in the long term, produce product in the region where there is demand. This is a lesson that Honda, Toyota, BMW, SeverStal, Thyssen and others must understand, having built manufacturing facilities in the U.S. in the recent past.

Interestingly enough, the factors affecting the companies that can export product are having a positive effect on the producers and manufacturers that do not export (or could not economically). As long as the producers who can export continue to do so opportunistically, other producers will continue to make up the needed demand locally. Additionally, the manufacturers that had product go off shore due to high cost structures are now seeing inquiries to bring back those products for two reasons: i) the cost to produce here versus the cost to produce overseas and import back to the U.S. has equalized (shipping cost has also helped here) and ii) the quality control in developing countries has not yet reached that seen domestically and does not justify the movement of the product.

On the high end non-ferrous and precious metal side, producers and manufacturers are experiencing the same thing. **(continued on page 2)**

## Metals Public Market Trends (Relative Stock Price Performance)





# METALS

## INDUSTRY DEVELOPMENTS

### Sector Spotlight (continued)

They have been shipping product around the world for far longer and have experienced slow downs but not at the magnitudes you would expect from reading the morning paper (or worst extrapolating the stock market reactions). They have been living in a global economy far longer and have positioned themselves to serve world consumption; an enviable position at this point.

A word of hesitation before anyone rejoices in the streets. The growth in Asia (particularly China and India) is critical to the equation. A slow down in Asia would have a seriously negative effect on the above optimism. A global slow down would be just that. It would impact us all.

In the meantime, if you can fill the ships that are on the way back to China and India, it will benefit everyone.

- Vincent J. Pappalardo  
Group Head, Dresner Partners Metals Group

### Highlighted Transactions

On August 26, 2007, **United States Steel Corp.** acquired **Stelco Inc.** for \$992.9 million in cash plus the assumption of \$722.6 million in debt. The acquisition of Stelco Inc. is expected to strengthen United States Steel Corp.'s position as a supplier of flat-rolled steel products to the North American market.

On September 12, 2007, **General Cable Corp.** acquired **Phelps Dodge International Corp.** from Freeport-McMoRan Copper & Gold Inc. for \$735 million. Based in Coral Gables, Florida, Phelps Dodge International Corp. manufactures and distributes cable and wire.

On September 13, 2007, **Nucor Corp.** agreed to acquire **Nelson Steel Inc.** for \$54 million in cash. Based in New Salem, Pennsylvania, Nelson Steel Inc. manufactures wire mesh. The acquisition will expand Nelson Steel's wire mesh business. The deal is expected to close in the fourth quarter of 2007.

On September 18, 2007, **Reliance Steel & Aluminum Co.** acquired **Metalweb** for an undisclosed amount. Metalweb provides a comprehensive metals service. The acquisition expands Reliance Steel & Aluminum's global market presence.

On September 19, 2007, **Commercial Metals** acquired **Economy Steel** for an undisclosed amount. Based in Las Vegas, Nevada, Economy Steel is a rebar fabricator, placer, construction-related products supplier and steel service center. The acquisition is part of Commercial Metals' strategy to expand into a new geographic market.

On October 1, 2007, **Steel Dynamics** acquired **OmniSource**, one of the largest North American scrap recycling companies, for \$1.05 billion. Steel Dynamics is the fifth largest producer of carbon steel in the United States.

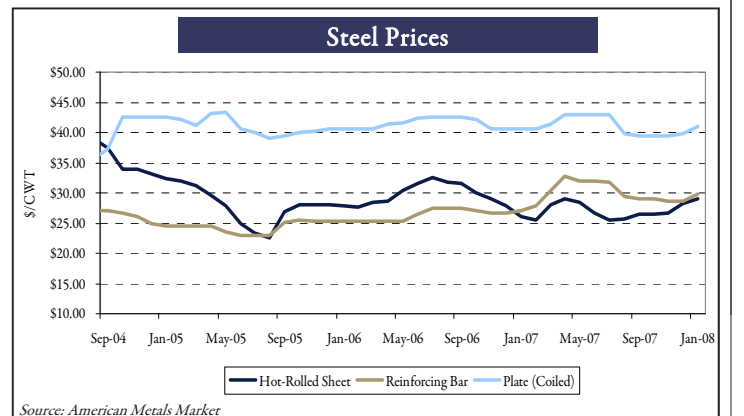
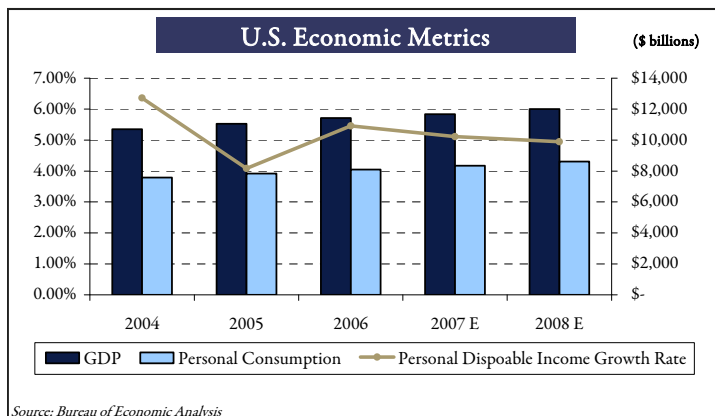
On October 10, 2007, a group led by its management acquired **Pioneer Metal Finishing** for an undisclosed amount. Pioneer Metal Finishing Corp is a provider of innovative and professional metal finishes. The management group was joined by **Prairie Capital** in the transaction.

On October 16, 2007, **Global Brass & Copper**, a subsidiary of **KPS Capital Partners**, acquired **Olin Corp.'s** metals business for \$400 million. The metals business is engaged in the copper and copper alloy sheet, strip, foil, rod, welded tube, plate, fabricated parts and stainless steel and aluminum strip manufacturing and distribution business.

On December 27, 2007, **PNA Group**, a portfolio company of **Platinum Equity**, acquired **Precision Flamecutting & Steel** for an undisclosed price. Platinum Equity acquired PNA Group in 2006. Precision Flamecutting & Steel provides cutting and plasma cutting carbon plate, alloy plate, and HSLA steel plate.

On January 3, 2007, **AM Castle & Co.** acquired **Metals UK Group** for an undisclosed amount. Metals UK Group distributes and processes metal. The acquisition expands AM Castle & Co.'s market presence overseas. Metals UK Group reported revenues of approximately \$72 million for the fiscal year 2007.

### Economic Metric Update



# METALS INDUSTRY

## MARKET METRICS

### Metals Public Trading Statistics

#### Steel Service Centers

(\$ in millions, except per share data)

| Company Name                               | Stock Price | Market Cap | TEV      | LTM Revenue | LTM EBITDA | Enterprise Value to: |             |             |             | Price to:   |              |              |
|--|-------------|------------|----------|-------------|------------|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|
|  |             |            |          |             |            | EBITDA               |             | EBIT        |             | LTM EPS     | NFY          |              |
|  |             |            |          |             |            | LTM                  | NFY         | LTM         | NFY         |             |              |              |
| AM Castle & Co. (NYSE:CAS)                 | \$22.32     | \$493.23   | \$608.61 | \$1,420.3   | \$117.1    | 5.2x                 | 5.3x        | 6.1x        | 6.6x        | 8.4x        | 8.6x         |              |
| Gibraltar Industries, Inc. (NasdaqNM:ROCK) | \$12.80     | 382.5      | 903.4    | 1,350.5     | 124.6      | 7.2x                 | 7.5x        | 10.3x       | 10.2x       | 13.1x       | 10.3x        |              |
| Olympic Steel Inc. (NasdaqNM:ZEUS)         | \$34.84     | 373.8      | 391.6    | 1,019.0     | 51.2       | 7.6x                 | 7.3x        | 7.7x        | 9.0x        | 15.4x       | 14.3x        |              |
| Reliance Steel & Aluminum Co. (NYSE:RS)    | \$50.14     | 3,752.0    | 4,926.0  | 7,119.2     | 792.7      | 6.2x                 | 6.1x        | 6.6x        | 6.7x        | 9.3x        | 9.4x         |              |
| Shiloh Industries Inc. (NasdaqNM:SHLO)     | \$9.27      | 151.6      | 244.5    | 590.4       | 56.2       | 4.3x                 | NA          | NA          | NA          | 16.9x       | 18.9x        |              |
| Worthington Industries, Inc. (NYSE:WOR)    | \$16.64     | 1,357.3    | 1,701.0  | 2,936.4     | 144.7      | 11.8x                | 7.5x        | 8.7x        | 13.6x       | 18.7x       | 12.2x        |              |
|  |             |            |          |             |            | High                 | 11.8x       | 7.5x        | 10.3x       | 13.6x       | 18.7x        | 18.9x        |
|  |             |            |          |             |            | Low                  | 4.3x        | 5.3x        | 6.1x        | 6.6x        | 8.4x         | 8.6x         |
|  |             |            |          |             |            | Mean                 | 7.1x        | 6.8x        | 7.9x        | 9.2x        | 13.6x        | 12.3x        |
|  |             |            |          |             |            | Median               | <b>6.7x</b> | <b>7.3x</b> | <b>7.7x</b> | <b>9.0x</b> | <b>14.2x</b> | <b>11.3x</b> |

#### Integrated & Mini-mill Steel Producers

(\$ in millions, except per share data)

| Company Name                        | Stock Price | Market Cap | TEV        | LTM Revenue | LTM EBITDA | Enterprise Value to: |             |             |             | Price to:   |              |              |
|-------------------------------------|-------------|------------|------------|-------------|------------|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|
|                                     |             |            |            |             |            | EBITDA               |             | EBIT        |             | LTM EPS     | NFY          |              |
|                                     |             |            |            |             |            | LTM                  | NFY         | LTM         | NFY         |             |              |              |
| AK Steel Holding Corp. (NYSE:AKS)   | \$39.73     | \$4,430.01 | \$4,669.71 | \$6,893.3   | \$777.8    | 6.0x                 | 5.8x        | 8.2x        | 7.5x        | 19.9x       | 12.9x        |              |
| United States Steel Corp. (NYSE:X)  | \$99.01     | 11,694.9   | 14,608.9   | 16,873.0    | 1,670.0    | 8.7x                 | 7.7x        | 10.6x       | 10.2x       | 13.1x       | 10.2x        |              |
| Commercial Metals Co. (NYSE:CMC)    | \$27.75     | 3,235.2    | 3,905.1    | 8,552.3     | 645.4      | 6.1x                 | 5.6x        | 7.3x        | 6.9x        | 10.1x       | 9.2x         |              |
| Nucor Corp. (NYSE:NUE)              | \$53.28     | 15,342.9   | 16,245.5   | 15,664.8    | 2,995.8    | 5.4x                 | 5.7x        | 6.3x        | 6.6x        | 10.9x       | 10.9x        |              |
| Steel Dynamics Inc. (NasdaqNM:STLD) | \$53.60     | 5,174.6    | 6,366.2    | 3,773.3     | 811.8      | 7.8x                 | 7.6x        | 9.3x        | 9.1x        | 13.7x       | 12.9x        |              |
|                                     |             |            |            |             |            | High                 | 8.7x        | 7.7x        | 10.6x       | 10.2x       | 19.9x        | 12.9x        |
|                                     |             |            |            |             |            | Low                  | 5.4x        | 5.6x        | 6.3x        | 6.6x        | 10.1x        | 9.2x         |
|                                     |             |            |            |             |            | Mean                 | 6.8x        | 6.5x        | 8.3x        | 8.0x        | 13.6x        | 11.2x        |
|                                     |             |            |            |             |            | Median               | <b>6.1x</b> | <b>5.8x</b> | <b>8.2x</b> | <b>7.5x</b> | <b>13.1x</b> | <b>10.9x</b> |

#### Scrap Processors

(\$ in millions, except per share data)

| Company Name                                    | Stock Price | Market Cap | TEV        | LTM Revenue | LTM EBITDA | Enterprise Value to: |             |             |             | Price to:   |              |              |
|---|-------------|------------|------------|-------------|------------|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|
|   |             |            |            |             |            | EBITDA               |             | EBIT        |             | LTM EPS     | NFY          |              |
|   |             |            |            |             |            | LTM                  | NFY         | LTM         | NFY         |             |              |              |
| Schnitzer Steel Industries Inc. (NasdaqNM:SCHN) | \$63.65     | \$1,817.79 | \$1,954.10 | \$2,572.3   | \$248.7    | 7.9x                 | 7.5x        | 9.4x        | 8.8x        | 14.7x       | 13.8x        |              |
| Metal Management Inc. (NYSE:MM)                 | \$51.30     | 1,341.1    | 1,389.5    | 2,575.7     | 161.0      | 8.6x                 | 8.1x        | 10.1x       | 10.4x       | 16.4x       | 16.3x        |              |
|   |             |            |            |             |            | High                 | 8.6x        | 8.1x        | 10.1x       | 10.4x       | 16.4x        | 16.3x        |
|   |             |            |            |             |            | Low                  | 7.9x        | 7.5x        | 9.4x        | 8.8x        | 14.7x        | 13.8x        |
|   |             |            |            |             |            | Mean                 | 8.2x        | 7.8x        | 9.8x        | 9.6x        | 15.6x        | 15.1x        |
|   |             |            |            |             |            | Median               | <b>8.2x</b> | <b>7.8x</b> | <b>9.8x</b> | <b>9.6x</b> | <b>15.6x</b> | <b>15.1x</b> |

#### Specialty/Nonferrous Producers

(\$ in millions, except per share data)

| Company Name                              | Stock Price | Market Cap | TEV        | LTM Revenue | LTM EBITDA | Enterprise Value to: |             |             |             | Price to:   |              |              |
|---|-------------|------------|------------|-------------|------------|----------------------|-------------|-------------|-------------|-------------|--------------|--------------|
|   |             |            |            |             |            | EBITDA               |             | EBIT        |             | LTM EPS     | NFY          |              |
|   |             |            |            |             |            | LTM                  | NFY         | LTM         | NFY         |             |              |              |
| Allegheny Technologies Inc. (NYSE:ATI)    | \$78.14     | \$7,990.60 | \$7,856.50 | \$5,575.8   | \$1,284.2  | 6.1x                 | 6.2x        | 6.6x        | 6.7x        | 11.2x       | 9.8x         |              |
| Brush Engineered Materials Inc. (NYSE:BW) | \$33.95     | 692.4      | 715.7      | 922.6       | 105.6      | 6.8x                 | NA          | 8.9x        | NA          | 10.3x       | 15.7x        |              |
| Carpenter Technology Corp. (NYSE:CRS)     | \$69.32     | 3,406.9    | 3,202.2    | 2,015.3     | 391.6      | 8.2x                 | 7.4x        | 9.4x        | 9.0x        | 16.2x       | 13.6x        |              |
| RTI International Metals Inc. (NYSE:RTI)  | \$61.40     | 1,417.3    | 1,338.5    | 606.8       | 157.2      | 8.5x                 | 8.5x        | 9.4x        | 9.5x        | 15.7x       | 15.3x        |              |
| Titanium Metals Corp. (NYSE:TIE)          | \$23.58     | 3,824.5    | 3,841.2    | 1,303.9     | 469.1      | 8.2x                 | 8.4x        | 8.9x        | 9.2x        | 14.4x       | 16.0x        |              |
|   |             |            |            |             |            | High                 | 8.5x        | 8.5x        | 9.4x        | 9.5x        | 16.2x        | 16.0x        |
|   |             |            |            |             |            | Low                  | 6.1x        | 6.2x        | 6.6x        | 6.7x        | 10.3x        | 9.8x         |
|   |             |            |            |             |            | Mean                 | 7.6x        | 7.6x        | 8.6x        | 8.6x        | 13.5x        | 14.1x        |
|   |             |            |            |             |            | Median               | <b>8.2x</b> | <b>7.9x</b> | <b>8.9x</b> | <b>9.1x</b> | <b>14.4x</b> | <b>15.3x</b> |

# DRESNER PARTNERS

## METALS INDUSTRY GROUP

### Dresner Partners Metals Group

Dresner Partners Metals Industry Group has advised many business owners, companies, and institutions around the country in executing strategic transactions such as a company or divisional sale, strategic acquisition, or a private placement. We provide financial and tactical advice that enables companies to make informed decisions about their options and understand the value of their strategic assets. We assist companies in executing their financial and strategic alternatives.

Our role as financial advisor requires independent and objective advice and seasoned execution. Please contact one of our Metals Industry Group professionals to discuss how our experience can help you.

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### Recent Transaction Experience



(AMEX: MEA)  
has acquired the assets of



The undersigned initiated and assisted in the negotiation of this transaction as financial advisor to Metalico, Inc.



January 2008

### Project Abbey

We are currently advising this publicly traded specialty non-ferrous/precious metal producer in regard to its strategic alternatives and potential sale.

### Project Meridian

We are currently advising this leading Northeastern regional processor of ferrous and non-ferrous scrap in the sale of the company.

### Project Wishbone

We are currently advising this Midwest-based manufacturer of structural components and assemblies for Tier 1 light truck suppliers.

### Project Granite

We are currently advising this leading Southeastern regional processor of ferrous and non-ferrous scrap in the sale of the company.

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